FORM 10-K

RPM INTERNATIONAL INC/DE/ - rpm

Filed: July 28, 2009 (period: May 31, 2009)

Annual report which provides a comprehensive overview of the company for the past year

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended May 31, 2009

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File No. 1-14187

RPM INTERNATIONAL INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**02-0642224**
(State or Other Jurisdiction of Incorporation or Organization)	*(IRS Employer Identification No.)*
P.O. Box 777, 2628 Pearl Road, Medina, Ohio	**44258**
(Address of Principal Executive Offices)	*(Zip Code)*

Registrant's telephone number, including area code:
(330) 273-5090

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.01	New York Stock Exchange
Rights to Purchase Shares of Common Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of the Common Stock of the Registrant held by non-affiliates (based upon the closing price of the Common Stock as reported on the New York Stock Exchange on November 28, 2008, the last business day of the Registrant's most recently completed second fiscal quarter) was approximately $1,518,195,750. For purposes of this information, the 1,758,826 outstanding shares of Common Stock which were owned beneficially as of November 28, 2008 by executive officers and Directors of the Registrant were deemed to be the shares of Common Stock held by affiliates.

As of July 23, 2009, 128,915,309 shares of Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's 2009 Annual Report to Stockholders for the fiscal year ended May 31, 2009 (the "2009 Annual Report to Stockholders") are incorporated by reference into Parts I and II of this Annual Report on Form 10-K. Portions of the definitive Proxy Statement to be used in connection with the Registrant's Annual Meeting of Stockholders to be held on October 8, 2009 (the "2009 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K.

Except as otherwise stated, the information contained in this Annual Report on Form 10-K is as of May 31, 2009.

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PART I

Item 1. *Business.*

THE COMPANY

RPM International Inc., a Delaware corporation, succeeded to the reporting obligations of RPM, Inc., an Ohio corporation, following a 2002 reincorporation transaction. RPM, Inc. was incorporated in 1947 under the name Republic Powdered Metals, Inc., and changed its name to RPM, Inc. in 1971. In connection with the 2002 reincorporation from Ohio to Delaware, we established a new legal structure, which included the formation of two new, wholly owned subsidiaries of RPM International Inc., the RPM Consumer Holding Company and the RPM Industrial Holding Company. These two holding companies, in addition to RPM, Inc., which remained as one of our subsidiaries following the reincorporation, own the various operating companies and other legal entities that make up RPM International Inc.

As used herein, the terms “RPM,” the “Company,” “we,” “our” and “us” refer to RPM International Inc. and all of our subsidiaries, unless the context indicates otherwise. Our principal executive offices are located at 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258, and our telephone number is (330) 273-5090.

BUSINESS

Our subsidiaries manufacture, market and sell various specialty chemical product lines, including high-quality specialty paints, protective coatings, roofing systems, sealants and adhesives, focusing on the maintenance and improvement needs of both the industrial and consumer markets. Our family of products includes those marketed under brand names such as Carboline, DAP, Day-Glo, Dryvit, EUCO, Fibergrate, Flecto, illbruck, Rust-Oleum, Stonhard, Tremco, Watco and Zinsser. As of May 31, 2009, our subsidiaries marketed products in 147 countries and territories and operated manufacturing facilities in approximately 92 locations in the United States, Argentina, Belgium, Canada, China, Colombia, The Czech Republic, France, Germany, Italy, Malaysia, Mexico, The Netherlands, New Zealand, Norway, Poland, South Africa, Sweden, the United Arab Emirates and the United Kingdom. Approximately 37% of our sales are generated in international markets through a combination of exports and direct sales in foreign countries. For the fiscal year ended May 31, 2009, we recorded net sales of $3.4 billion.

Available Information

Our Internet website address is www.rpminc.com. We make available free of charge on or through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to these reports, as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the Securities and Exchange Commission.

Segment Information

Our business is divided into two reportable segments: the consumer reportable segment (“consumer segment”) and the industrial reportable segment (“industrial segment”). Within each reportable segment, we aggregate three operating segments which comprise individual reporting units and product lines that generally address common markets, utilize similar technologies and are able to share manufacturing or distribution capabilities. The industrial segment (Tremco Group, StonCor Group and RPM II/Industrial), which comprises approximately 67% of our total net sales, includes maintenance and protection products for roofing and waterproofing systems, flooring, corrosion control and other specialty applications. The consumer segment (Rust-Oleum/Zinsser Group, DAP Group and RPM II/Consumer) comprises approximately 33% of our total net sales and includes rust-preventative, special purpose and decorative paints, caulks, sealants, primers and other branded consumer products. See Note J (Segment Information) of the Notes to Consolidated Financial Statements, which appears in the 2009 Annual Report to Stockholders, and is incorporated herein by reference, for financial information relating to our two reportable segments and financial information by geographic area.

Industrial Segment

Our industrial segment products are sold throughout North America and also account for the majority of our international sales. Our industrial product lines are sold directly to contractors, distributors and end-users, such as owners of industrial manufacturing facilities, public institutions and other commercial customers. Our industrial segment generated $2.3 billion in net sales for the fiscal year ended May 31, 2009 and is composed of the following major product lines and brand names:

Tremco Group:

- sealants and institutional roofing systems used in building protection, maintenance and weatherproofing applications marketed under our Tremco, Republic, Vulkem and Dymeric brand names;
- basement waterproofing sealants marketed under our Tuff-N-Dri and Watchdog Waterproofing brand names, and specialized roofing maintenance and related services marketed under our Weatherproofing Technologies brand name;
- specialty adhesives and sealants marketed under our Compacta and Pactan brand names;
- concrete and masonry additives and related construction chemicals marketed under our EUCO, Increte and Tamms brand names; and
- joint sealing tapes, flashing tapes, cartridge sealants and adhesives, strips, foils and accessories marketed under our illbruck, Festix, Perennator and Coco brand names;

StonCor Group:

- high-performance polymer flooring systems for industrial, institutional and commercial facility floor surfaces marketed under our Stonhard brand name;
- industrial and commercial tile systems marketed under our Lock-Tile and Ecoloc brand names;
- fiberglass reinforced plastic gratings and shapes used for industrial platforms, staircases and walkways marketed under our Fibergrate, Chemgrate, Corgrate and Safe-T-Span brand names; and
- high-performance, heavy-duty corrosion-control coatings, fireproofing products and containment linings for a wide variety of industrial infrastructure applications marketed under our Carboline, Nullifire, A/D Fire, Nu-Chem and Plasite brand names;

RPM II/Industrial Group:

- exterior insulating finishing systems, including textured finish coats, sealers and variegated-aggregate finishes marketed under our Dryvit brand name;
- a variety of products for specialized applications, including powder coatings for exterior and interior applications marketed under our TCI brand name;
- fluorescent colorants and pigments marketed under our Day-Glo, Radiant and Dane Color brand names;
- commercial carpet and floor cleaning solutions marketed under our Chemspec brand name;
- fuel additives marketed under our Valvtect brand name;
- wood treatments marketed under our Kop-Coat and Tru-Core brand names;
- pleasure marine coatings marketed under our Pettit, Woolsey and Z-Spar brand names;
- waterproofing and flooring products marketed under our RPM Belgium brand names; and
- waterproofing and concrete repair products marketed under our Vandex brand name.

Consumer Segment

Our consumer segment manufactures and markets professional use and do-it-yourself ("DIY") products for a variety of mainly consumer applications, including home improvement and personal leisure activities. Our consumer segment's major manufacturing and distribution operations are located primarily in North America, along with a few locations in Europe. Consumer segment products are sold directly to mass merchandisers, home improvement centers, hardware stores, paint stores, craft shops and to other smaller customers through distributors. Our consumer segment generated $1.1 billion in net sales in the fiscal year ended May 31, 2009 and is composed of the following major product lines and brand names:

Rust-Oleum/Zinsser Group:

- a broad line of coating products to protect and decorate a wide variety of surfaces for the DIY and professional markets which are sold under several key Rust-Oleum brand names, including Stops Rust, American Accents, Painter's Touch, Specialty, Professional, Tremclad, Universal, Varathane, Watco, Epoxy Shield, Industrial Choice, Labor Saver, Road Warrior, Sierra Performance, Hard Hat, Mathys, CombiColor, Noxyde and Blackfriar. In addition, Rust-Oleum branded products in Canada are marketed under the Mono and Tremclad brand names;
- a broad line of specialty products targeted to solve problems for the paint contractor and the DIYer for applications that include surface preparation, mold and mildew prevention, wallpaper removal and application, and waterproofing, under our Zinsser, B-I-N, Bulls Eye 1-2-3, Cover-Stain, DIF, FastPrime, Sealcoat, Jomax, Gardz, Perma White, Shieldz, Watertite, Okon, Parks, Papertiger and Walworks brand names;
- deck and fence restoration products marketed by our Wolman Wood Care Products business;
- metallic and faux finish coatings marketed under our Modern Masters brand name; and
- an assortment of other products, including hobby paints and cements marketed under our Testors brand name;

DAP Group:

- a complete line of caulks, sealants, adhesives, insulating foam, spackling, glazing, and other general patch and repair products for home improvement and construction marketed through a wide assortment of DAP branded products, including '33', '1012', 2000, 4000, 7000, Alex, Alex Fast Dry, Alex Plus, Alex Ultra, Beats The Nail, Blend Stick, Blockade, Butyl-Flex, Caulk-Be-Gone, Crack Shot, Custom Patch, DAPtex, DAPtex Plus, DryDex, Dynaflex 230, Easy Solutions, Elastopatch, Fast 'N Final, Kwik Foam, Kwik Seal, Kwik Seal Plus, One Stik2, Patch Stick, Painter's Putty '53', Patch-N-Paint, Plastic Wood, Presto Patch, Quick Plug, Rely-On, Seal 'N Peel, SIDE Winder, StikARounds, StrongStik, Weldwood and Phenoseal, which is a brand of Gloucester Company Inc., which is a subsidiary of DAP Products Inc.;

RPM II/Consumer Group:

- wood furniture finishes and touch-up products marketed under our CCI, Mohawk, Chemical Coatings, Behlen and Westfield Coatings brand names; and
- shellac-based-specialty coatings for industrial and pharmaceutical uses, edible glazes and food coatings marketed under our Mantrose-Haeuser and NatureSeal brand names.

Foreign Operations

For the fiscal year ended May 31, 2009, our foreign manufacturing operations accounted for approximately 35% of our total net sales, excluding any direct exports from the United States. Our direct exports from the United States were approximately 2% of our total net sales for the fiscal year ended May 31, 2009. In addition, we receive license fees and royalty income from numerous international license agreements, and we also have several joint ventures, which are accounted for under the equity method, operating in various foreign countries. We have manufacturing facilities in Argentina, Belgium, Canada, China, Colombia, The Czech Republic, France, Germany, Italy, Malaysia, Mexico, The Netherlands, New Zealand, Norway, Poland, South Africa, Sweden, the

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

United Arab Emirates and the United Kingdom. We also have sales offices or warehouse facilities in Australia, Belgium, The Czech Republic, Canada, Finland, France, Germany, Hong Kong, Italy, Japan, Mexico, Poland, Russia, South Africa, Singapore, Sweden, the United Kingdom and several other countries. Information concerning our foreign operations is set forth in Management's Discussion and Analysis of Results of Operations and Financial Condition, which appears in the 2009 Annual Report to Stockholders, and is incorporated herein by reference.

Competition

We conduct our business in highly competitive markets, and all of our major products face competition from local, regional and national firms. Our markets, however, are fragmented, and we do not face competition across all of our products from any one competitor in particular. Several of our competitors have access to greater financial resources and larger sales organizations than we do. While third-party figures are not necessarily available with respect to the size of our position in the market for each of our products, we believe that we are a major producer of caulks, sealants, patch-and-repair products for the general consumer as well as for the residential building trade; roofing systems; urethane sealants and waterproofing materials; aluminum coatings; cement-based paints; hobby paints; pleasure-marine coatings; furniture-finishing repair products; industrial-corrosion-control products; consumer rust-preventative coatings; polymer floorings; fluorescent coatings and pigments; exterior-insulating-finish systems; fiberglass-reinforced-plastic gratings; and shellac-based coatings. However, we do not believe that we have a significant share of the total protective coatings market (on a world-wide basis). The following is a summary of the competition that our key products face in the various markets in which we compete:

Paints, Coatings, Adhesives and Sealants Products

The market for paints, coatings, adhesives and sealants has experienced significant consolidation over the past several decades. However, the market remains fragmented, which creates further consolidation opportunities for industry participants. Many leading suppliers tend to focus on coatings, while other companies focus on adhesives and sealants. Barriers to market entry are relatively high for new market entrants due to the lengthy intervals between product development and market acceptance, the importance of brand identity and the difficulty in establishing a reputation as a reliable supplier of these products. Most of the suppliers, including us, who provide these items have a portfolio of products that span across a wide variety of applications.

Consumer Home Improvement Products. Within the consumer segment, we generally serve the home improvement market with products designed for niche architectural, rust-preventative, decorative, special purpose, caulking and sealing applications. The products we sell for home improvement include those sold under our DAP, Phenoseal, Rust-Oleum, Watco and Zinsser brand names. Leading manufacturers of home improvement-related coatings, adhesives and sealants market their products to DIY users and contractors through a wide range of distribution channels. These distribution channels include direct sales to home improvement centers, mass merchandisers, hardware and paint stores, and sales through distributors and sales representative organizations. Competitors in this market generally compete for market share by marketing and building upon brand recognition, providing customer service and developing new products based on customer needs.

Industrial Protective Coatings Products. Anti-corrosion protective coatings must withstand the destructive elements of nature and operating processes under harsh environments and conditions. Some of the larger consumers of high-performance protective and corrosion control coatings are the oil and gas, pulp and paper, petrochemical, shipbuilding and public utility industries. In the public sector, corrosion control coatings are used on structures such as bridges and in water and wastewater treatment plants. These markets are highly fragmented. We and our competitors compete for market share by supplying a wide variety of high-quality products and by offering customized solutions. Our industrial coating products are marketed primarily under our Carboline, Plasite, Nullifire, A/D Fire and TCI brand names.

Roofing Systems Products

In the roofing industry, re-roofing applications have historically accounted for three-quarters of U.S. demand, with the remaining quarter generated by new roofing applications. The largest manufacturers of roofing systems products focus primarily on residential roofing as well as single-ply systems for low-end, commercial and

institutional applications, competing mainly on price and, to a lesser degree, on service. In contrast, we compete primarily for the higher-end, multi-ply and modified bitumen applications in the built-up and low-slope roofing industry. This specialty niche within the larger market tends to exhibit fewer commodity-market characteristics, with customers valuing the greater protection and longer life provided by these roofing systems, as well as ongoing maintenance, inspection and technical services. Typical customers demanding higher-performance roofing systems include governmental facilities, universities, schools, hospitals, museums and certain manufacturing facilities. Our roofing systems products are sold primarily under a number of our Tremco brand names.

Construction Chemical Products

Flooring Systems Products. Polymer flooring systems are used in industrial, commercial and, to a lesser extent, residential applications to provide a smooth, seamless surface that is impervious to penetration by water and other substances while being easy to clean and maintain. These systems are particularly well-suited for clean environments such as pharmaceutical, food and beverage and healthcare facilities. In addition, the fast installation time and long-term durability of these systems and products make them ideal for industrial floor repair and restoration. Polymer flooring systems are based on epoxy polyurethane and methylmethacrylate resins. Most of these flooring systems are applied during new construction, but there is also a significant repair and renovation market. Key performance attributes in polymer flooring systems that distinguish competitors for these applications include static control, chemical resistance, contamination control, durability and aesthetics. We market our flooring systems primarily under our Stonhard brand name.

FRP Grating and Structural Composites. Fiberglass reinforced plastic grating, or FRP, is used primarily in industrial and, to a lesser extent, commercial applications. FRP grating exhibits many specialized features, which make it a beneficial alternative to traditional steel or aluminum grating. These include a high strength-to-weight ratio, high corrosion resistance, electrical and thermal non-conductivity, and molded-in color, which eliminates the need for repainting. FRP grating is used for platforms, walkways, stairs and structures for a variety of applications, including those in the food and beverage, chemical processing, water-wastewater, pulp and paper, and offshore oil and gas industries. Key attributes that differentiate competitors in these markets include product quality, depth of product line, and design-and-fabrication services. Our products for these applications are sold under our Fibergrate, Chemgrate, Corgrate and Safe-T-Span brand names.

Sealants, Concrete and Masonry Products. Sealants, which are used in a variety of construction applications, primarily for commercial buildings, include urethane and silicone-based products designed for sealing windows, sealing concrete, for waterproofing and fireproofing. In the concrete and masonry additives market, a variety of chemicals can be added to cement, concrete and other masonry to improve the processability, performance, or appearance of these products. Chemical concrete admixtures are typically grouped according to their functional characteristics, such as water-reducers, set controllers, superplasticizers and air-entraining agents. The key attributes that differentiate competitors for these applications include quality assurance, on-the-job consultation and value-added, highly engineered products. We primarily offer products marketed under our Tremco, Euco, illbruck, Tamms, Republic, Vulkem, Dymeric, Increte, Tuff-N-Dri and Watchdog Waterproofing brand names for this line of business.

Intellectual Property

Our intellectual property portfolios include valuable patents, trade secrets and know-how, domain names, trademarks, trade and brand names. In addition, through our subsidiaries, we continue to conduct significant research and technology development activities. Among our most significant intangibles are our Day-Glo®, Rust-Oleum®, Carboline®, DAP®, illbruck® and Tremco® trademarks.

Day-Glo Color Corp., one of our subsidiaries, is the owner of 43 trademark registrations or applications for the trademark "Day-Glo®" in the United States and numerous other countries for a variety of fluorescent products. There are also many other foreign and domestic registrations or applications for other trademarks of the Day-Glo Color Corp., bringing the total number of registrations or applications to more than 70.

Rust-Oleum Brands Company and some of our other subsidiaries own more than 500 trademark registrations or applications in the United States and numerous other countries for the trademark "Rust-Oleum®" and other

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

trademarks covering a variety of rust-preventative, decorative, general purpose, specialty, industrial and professional coatings sold by Rust-Oleum Corporation and related companies.

Carboline Company, one of our subsidiaries, owns two United States trademark registrations for the trademark “Carboline®.” Carboline Company also owns more than 225 other trademark registrations or applications in the United States and numerous other countries covering the products sold by the Carboline Company.

DAP Brands Company and other subsidiaries of the Company own more than 450 trademark registrations or applications in the United States and numerous other countries for the “DAP®” trademark, the “Putty Knife design” trademark and other trademarks covering products sold under the DAP brand and related brands.

Tremco Incorporated and some of our other subsidiaries own more than 75 registrations for the trademark “Tremco®” in the United States and numerous countries covering a variety of roofing, sealants and coating products. There are also many other trademarks of Tremco Incorporated that are the subject of registrations or application in the United States and numerous other countries, bringing the total number of registrations and applications to more than 850.

Our other principal product trademarks include: Alumanation®, B-I-N®, Bitumastic®, Bulls Eye 1-2-3®, Chemgrate®, Dryvit®, Dymeric®, EUCO®, Flecto®, Fibergrate®, Floquil®, Geoflex®, illbruck®, Mohawk®, Outsulation®, Paraseal®, Permaroof®, Pettit™, Plasite®, Sanitile®, Stonblend®, Stonclad®, Stonhard®, Stonlux®, TCI®, Testors®, Varathane®, Vulkem®, Woolsey®, Zinsser® and Z-Spar®; and, in Europe, Flowcrete™, Nullifire®, Radglo® and Martin Mathys™. Our existing and pending trademark registrations are valid for a variety of different terms of up to 20 years, and may be renewable as long as the trademarks continue to be used and all other local conditions for renewal are met. Our trademark registrations are maintained and renewed on a regular basis as required.

Raw Materials

The sources and availability of the raw materials we use in our business continue to be adequate to meet our current and projected needs. On a short-term basis, principally over the last 12 months, raw material costs have been flat to down due to economic fall-off in demand. However, on a longer-term basis, we anticipate the costs of the raw materials we use will be subject to upward pressure due primarily to escalating energy and related feedstock costs, increased levels of emerging markets demand, improved levels of supplier pricing discipline and the falling value of the U.S. dollar.

Seasonal Factors

Our business is dependent, to a significant extent, on external weather factors. We historically experience stronger sales and net income in our first, second and fourth fiscal quarters, which are the three month periods ending August 31, November 30 and May 31, respectively, while we have experienced weaker performance in our third fiscal quarter.

Customers

Ten large consumer segment customers, such as DIY home centers, represented approximately 21%, 21% and 20% of our total net sales for the fiscal years ended May 31, 2009, 2008 and 2007, respectively. Except for sales to these customers, our business is not dependent upon any one customer or small group of customers, but is largely dispersed over a substantial number of customers.

Backlog

We historically have not had a significant backlog of orders, and we did not have a significant backlog at May 31, 2009.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Research and Development

Our research and development work is performed at various laboratory locations throughout the U.S. During fiscal years 2009, 2008, and 2007, we spent approximately $40.1 million, $40.2 million, and $34.7 million, respectively, on research and development activities. In addition to this laboratory work, we view our field technical service as being integral to the success of our research activities. Our research and development activities and our field technical service costs are both included as part of our selling, general and administrative expenses.

Environmental Matters

We are subject to a broad range of laws and regulations dealing with the environment, health and safety in the various locations around the world in which we conduct our business. These laws and regulations include, but are not limited to, the following major areas:

- the sale, export, generation, storage, handling, use and transportation of hazardous materials;
- the emission and discharge of hazardous materials into the soil, water and air; and
- the health and safety of our employees.

We are also required to obtain permits from various governmental authorities for certain operations. We cannot guarantee that our subsidiaries or their plants have been or will be at all times in complete compliance with all such laws, regulations and permits. If we or any of our subsidiaries violate or fail to comply with these laws, regulations or permits, we could be fined or otherwise sanctioned by regulators.

Certain environmental laws assess liability on current or previous owners or operators of real property for the cost of removal or remediation of hazardous substances. Persons who arrange for the disposal or treatment of hazardous substances also may be responsible for the cost of removal or remediation of these substances, even if such persons never owned or operated any disposal or treatment facility. Certain of our subsidiaries are involved in various environmental claims, proceedings and/or remedial activities relating to facilities currently or previously owned, operated or used by these subsidiaries, or their predecessors. In addition, we or our subsidiaries, together with other parties, have been designated as potentially responsible parties, or PRPs, under federal and state environmental laws for the remediation of hazardous waste at certain disposal sites. In addition to clean-up actions brought by federal, state and local agencies, plaintiffs could raise personal injury, natural resource damage or other private claims due to the presence of hazardous substances on a property. Environmental laws often impose liability even if the owner or operator did not know of, or was not responsible for, the release of hazardous substances.

We have incurred in the past, and will continue to incur in the future, costs to comply with environmental laws. Environmental laws and regulations are complex, change frequently and have tended to become increasingly stringent over time. In addition, the related costs may vary depending on the particular facts and development of new information. As a result, our operating expenses and continuing capital expenditures related to compliance with environmental laws may increase, and more stringent standards also may limit our operating flexibility. A significant increase in these costs and capital expenditures could adversely affect our business, results of operations, financial condition or cash flows. In addition, to the extent hazardous materials exist on or under our real property, the value and future use of that real property may be adversely affected. For information regarding environmental accruals, see Note I (Contingencies and Loss Reserves) of the Notes to our Consolidated Financial Statements, which appears in the 2009 Annual Report to Stockholders, and is incorporated herein by reference. For more information concerning certain environmental matters affecting us, see "Item 3 — Legal Proceedings — Environmental Proceedings" in this Annual Report on Form 10-K.

Employees

As of May 31, 2009, we employed 9,674 persons, of whom 460 were represented by unions under contracts which expire at varying times in the future. We believe that our relations with our employees and their unions are good.

Item 1A. ***Risk Factors.***

You should carefully consider the following risks, as well as the other information contained or incorporated by reference in this Annual Report on Form 10-K, in evaluating us, our business and your investment in us.

Our operations have been adversely affected by recent global market and economic conditions.

The current worldwide recession has had an adverse effect on our operating results. Both of our segments have felt the impact of the worldwide recession as sales growth and earnings have declined substantially over the prior year's levels. We anticipate that our operations will continue to be adversely affected by global economic conditions during fiscal 2010. The recession has resulted, and may result in the future, in decreased revenue, gross margin, earnings or growth rates and difficulty in managing inventory levels and collection of customer receivables. We also have experienced, and expect to continue to experience, increased competitive pricing pressure and customer turnover. In addition, customer difficulties have resulted, and could result in the future, in increases in bad debt write-offs and adjustments to our allowance for doubtful accounts receivable. We have also incurred severance and other expenses resulting from cost reduction initiatives in certain of our businesses to address the deteriorating business environment.

Global economic and capital market conditions may cause our access to capital to be more difficult in the future and/or costs to secure such capital more expensive.

We may need new or additional financing in the future to provide liquidity to conduct our operations, expand our business or refinance existing indebtedness. Any sustained weakness in general economic conditions and/or U.S. or global capital markets could adversely affect our ability to raise capital on favorable terms or at all. From time to time we have relied, and we may also rely in the future, on access to financial markets as a source of liquidity for working capital requirements, acquisitions and general corporate purposes. Our access to funds under our credit facility is dependent on the ability of the financial institutions that are parties to that facility to meet their funding commitments. Those financial institutions may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time. Moreover, the obligations of the financial institutions under our credit facility are several and not joint and, as a result, a funding default by one or more institutions does not need to be made up by the others. Longer term volatility and continued disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation of financial institutions, reduced alternatives or failures of significant financial institutions could adversely affect our access to the liquidity needed for our businesses in the longer term. Such disruptions could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged. The disruptions in the capital and credit markets have also resulted in higher interest rates on publicly issued debt securities, increased costs under credit facilities and less flexibility under applicable debt covenants. Continuation of these disruptions would increase our interest expense and capital costs and could adversely affect our results of operations and financial position including our ability to grow our business through acquisitions.

Volatility in the equity markets or interest rates could substantially increase our pension costs and required pension contributions.

We sponsor qualified defined benefit pension plans and various other nonqualified postretirement plans. The qualified defined benefit pension plans are funded with trust assets invested in a diversified portfolio of debt and equity securities and other investments. Among other factors, changes in interest rates, investment returns and the market value of plan assets can (i) affect the level of plan funding; (ii) cause volatility in the net periodic pension cost; and (iii) increase our future contribution requirements. A significant decrease in investment returns or the market value of plan assets or a significant decrease in interest rates could increase our net periodic pension costs and adversely affect our results of operations. A significant increase in our contribution requirements with respect to our qualified defined benefit pension plans could have an adverse impact on our cash flow.

The results of our annual testing of goodwill and other intangible assets have required, and in the future may require that we incur non-cash impairment charges.

As of May 31, 2009, we had approximately $1.2 billion in goodwill and other intangible assets. SFAS No. 142, "Goodwill and Other Intangible Assets," requires that goodwill be tested at least on an annual basis, or more frequently as impairment indicators arise, using a fair-value approach at the reporting unit level. We perform our annual required impairment tests, which involve the use of estimates related to the fair market values of the reporting units with which goodwill is associated, as of the first day of our fourth fiscal quarter. The evaluation of our long-lived assets for impairment includes determining whether indicators of impairment exist, which is a subjective process that takes into account both internal and external factors. Impairment assessment requires the use of significant judgment with regard to estimates and assumptions surrounding future results of operations and cash flows. For the fiscal year ended May 31, 2009, our impairment testing resulted in impairment charges related to reductions in the carrying value of goodwill and indefinite-lived tradenames, totaling $14.9 million and $0.5 million, respectively. Adverse equity market conditions and adverse effects of declining global economic conditions have had, and may continue to have, a significant impact on our results of operations and cash flows, and may further impact our estimates of such amounts for future periods. As a result, we may incur additional, substantial non-cash goodwill and other intangible asset impairment charges. The amount of any such impairment charge could have a material adverse effect on our results of operations.

Our significant amount of indebtedness or our asbestos liability could have a material adverse impact on our business.

Although our total debt decreased from $1.1 billion at May 31, 2008 to $0.9 billion at May 31, 2009, we have a significant amount of indebtedness and a large asbestos liability. Our asbestos reserve stood at $490.3 million at May 31, 2009. These items compare with $1.1 billion in stockholders' equity at May 31, 2009. Nevertheless, our level of indebtedness and our asbestos liability together or separately could have important consequences. For example, the presence of these items could:

- require us to dedicate a material portion of our cash flow from operations to make payments on our indebtedness or meet our current and future asbestos obligations, thereby reducing the cash flow available to fund working capital, capital expenditures, acquisitions, dividend payments, stock repurchases or other general corporate requirements;
- result in a downgrading of our credit rating, which would increase our borrowing costs, adversely affect our financial results, and make it more difficult for us to raise capital;
- restrict our operational flexibility and reduce our ability to conduct certain transactions, since our credit facility contains certain restrictive financial and operating covenants;
- limit our flexibility to adjust to changing business and market conditions, which would make us more vulnerable to a downturn in general economic conditions; and
- have a material adverse effect on our short-term liquidity if large debt maturities and asbestos-related cash outlays occur in close succession.

Changes to our asbestos liability could impact our results of operations, and ultimately the amount of cash required to settle our current and future obligations.

In the fourth quarter of 2008, we increased our asbestos liability on our balance sheet to cover the estimated cost of pending claims and unasserted-potential-future-claims, including defense-related costs, through our fiscal year ending May 31, 2028. The amount that we recorded for our asbestos-related liability was based on facts known to us at the time and the input of an independent third-party expert. In light of the uncertainties inherent in making long-term projections, we determined that a twenty-year period was the most reasonable time period over which reasonably accurate estimates might still be made for projecting asbestos liabilities and defense costs and, accordingly, the liability does not include asbestos liabilities for any period beyond 2028. The process and methodology used to develop our long-term asbestos liability estimate are set forth in Note I (Contingencies and Loss Reserves) of the Notes to Consolidated Financial Statements, which appears in the 2009 Annual Report to

Stockholders. Our actual expenses for asbestos could be significantly higher or lower than those estimated and recorded, if the assumptions that we used or relied upon vary significantly from actual results, or if new legislation governing asbestos claims is enacted. We review our assumptions and currently known facts on a periodic basis to determine whether any adjustments are required to our asbestos-related liability. Adjustments, if any, to the estimate of our asbestos-related liability could negatively impact our results of operations for the period or periods in which such adjustments are made and, ultimately, increase the amount of cash necessary to meet our asbestos-related obligations. We do not maintain a sinking fund for our asbestos liability. In addition, the timing and amount of payments may be subject to significant quarterly variation due to, among other things, the effect of changes in defense strategies and costs associated therewith, the timing of any adverse judgments in lawsuits (which are not included in incurred costs until available appeals are exhausted and the final payment amount is determined), and the payment terms of certain settlement arrangements. Any of these factors could have a significant impact on quarterly settlement costs. See Note I (Contingencies and Loss Reserves) of the Notes to Consolidated Financial Statements, which appears in the 2009 Annual Report to Stockholders, for additional information regarding asbestos claims.

Fluctuations in the supply and prices of raw materials may negatively impact our financial results.

We obtain the raw materials needed to manufacture our products from a number of suppliers. Many of our raw materials are petroleum-based derivatives, minerals and metals. Under normal market conditions, these materials are generally available on the open market and from a variety of producers. From time to time, however, the prices and availability of these raw materials fluctuate, which could impair our ability to procure necessary materials or increase the cost of manufacturing our products. The costs of the raw materials we use are under generally upward pressure due to escalating energy and related feedstock costs, increased levels of global demand, improved levels of supplier pricing discipline and the falling value of the U.S. dollar. If the prices of raw materials continue to increase and we are unable to pass these increases on to our customers, we could experience reduced gross profit margins.

The markets in which we operate are highly competitive and some of our competitors are much larger than we are and may have greater financial resources than we do.

The markets in which we operate are fragmented, and we do not face competition from any one company across all of our product lines. However, any significant increase in competition may cause us to lose market share or compel us to reduce prices to remain competitive, which could result in reduced gross profit margins. Increased competition may also impair our ability to grow or to maintain our current levels of revenues and earnings. Companies that compete in our markets include AkzoNobel, Carlisle, Degussa, Ferro, GE Plastics, H.B. Fuller, Masco, PPG, Sika Finanz, Sherwin-Williams and Valspar. Several of these companies are much larger than we are and may have greater financial resources than we do. Increased competition with these companies could prevent the institution of price increases or could require price reductions or increased spending to maintain our market share, any of which could adversely affect our results of operations.

We depend on a number of large customers for a significant portion of our net sales and, therefore, significant declines in the level of purchases by any of these key customers could harm our business.

Some of our operating companies, particularly in the consumer segment, face a substantial amount of customer concentration. Our key customers include Ace Hardware Stores, Rona, Cotter & Company, Do It Best, The Home Depot, Lowe’s Home Centers, Menards, Orgill, W.W. Grainger and Wal-Mart. Sales to our ten largest customers accounted for approximately 21%, 21%, and 20% of our consolidated net sales for the fiscal years ended May 31, 2009, 2008, and 2007, respectively, and 65%, 59%, and 55%, respectively, of the consumer segment’s net sales for those same fiscal years. If we were to lose one or more of our key customers, or experience a delay or cancellation of a significant order, or incur a significant decrease in the level of purchases from any of our key customers, or experience difficulty in collecting amounts due from a key customer, our net revenues could decline and our operating results could be reduced materially.

Many of our customers operate in cyclical industries, and downward economic cycles may have a material adverse effect on our business.

Many of our customers, across both reportable segments, are in businesses and industries that are cyclical in nature and sensitive to changes in general economic conditions, interest rates, construction activity, and other factors, including changes in consumer spending and preferences. As a result, the demand for our products by these customers depends, in part, upon general economic conditions. Downward economic cycles affecting the markets of our customers may reduce the sales of our products resulting in material reductions to our revenues and net earnings.

A loss in the actual or perceived value of our brands could limit or reduce the demand for our products.

Our family of products includes a number of well-known brand names that are used in a variety of industrial maintenance, consumer DIY and professional applications. We believe that continuing to maintain the strength of our brands is critical to increasing demand for our products and maintaining their widespread acceptance among our customers. The reputations of our branded products depend on numerous factors, including the successful advertising and marketing of our brand names, consumer acceptance, the availability of similar products from our competitors, and our ability to maintain our products' quality and technological advantages. A loss in the actual or perceived value of our brands could limit or reduce the demand for our products.

Our business and financial condition could be adversely affected if we are unable to protect our material trademarks and other proprietary information.

We have numerous valuable patents, trade secrets and know-how, domain names, trademarks and trade names, including certain marks that are significant to our business, which are identified under Item 1 of this Annual Report on Form 10-K. Despite our efforts to protect our trademarks and other proprietary rights from unauthorized use or disclosure, other parties, including our former employees or consultants, may attempt to disclose, obtain or use our proprietary information or marks without our authorization. Unauthorized use of our trademarks, or unauthorized use or disclosure of our other intellectual property, could negatively impact our business and financial condition.

The chemical and construction products industries in which we operate expose us to inherent risks of legal and warranty claims and other litigation-related costs, which could adversely impact our business.

As a participant in the chemical and construction products industries, we face an inherent risk of exposure to legal claims in the event that the failure, use or misuse of our products results, or is alleged to result, in bodily injury and/or property damage. Many of our industrial segment products are used in industrial, commercial or institutional building construction projects. In some instances, our companies offer extended term warranties and as a result, from time to time we may experience higher levels of warranty expense, which is typically reflected in selling, general and administrative expenses. For example, one of our subsidiaries, Dryvit Systems, Inc. ("Dryvit"), a manufacturer of coatings for exterior insulating finishing systems, or EIFS, is a defendant or co-defendant in various construction defect and property damage lawsuits related to the alleged defects of EIFS. Dryvit's and our insurers, which include First Continental Services Co., one of our wholly owned, captive insurance companies, have in the past paid for a substantial portion of Dryvit's defense and/or settlement costs in the EIFS-related litigation. Dryvit has sued certain of our third party insurers to cover certain of its EIFS claims. The status of this litigation is such that we have recorded an insurance receivable for amounts contractually due and payable to us under the related insurance policies. If, however, we are unable to secure payments from these insurers in an amount sufficient to cover this insurance receivable, our results of operations may be materially and adversely impacted in the period during which such non-payment occurs. For further information regarding our EIFS litigation and other loss contingencies, please refer to Note I (Contingencies and Loss Reserves) of the Notes to Consolidated Financial Statements, which appears in the 2009 Annual Report to Stockholders.

Compliance with environmental laws and regulations could subject us to unforeseen future expenditures or liabilities, which could have a material adverse impact on our business.

We are subject to numerous environmental laws and regulations in the U.S., Canada and other foreign countries where we conduct business. Governmental and regulatory authorities impose various laws and regulations on us that relate to environmental protection, the sale and export of certain chemicals or hazardous materials, and various health and safety matters, including the discharge of pollutants into the air and water, the handling, use, treatment, storage and clean-up of solid and hazardous wastes, and the investigation and remediation of soil and groundwater affected by hazardous substances. These laws and regulations include the Clean Air Act, the Clean Water Act, RCRA, CERCLA, TSCA, and various other federal, state, provincial, local and international statutes. In addition, these laws and regulations often impose strict, retroactive and joint and several liability for the costs of, and damages resulting from, cleaning up our, or our predecessors', past or present facilities and third party disposal sites. We are currently undertaking remedial activities at a number of facilities and properties and have received notices under the federal Comprehensive Environmental Response, Compensation and Liability Act or analogous state laws of liability or potential liability in connection with the disposal of material from our current or former operations. Further, we also could be subject to future liability resulting from conditions that are currently unknown to us that could be discovered in the future.

The environmental laws under which we operate are numerous, complicated and often increasingly stringent, and may be applied retroactively. As a result, we have not always been and may not always be in full compliance with all environmental, health and safety laws and regulations in every jurisdiction in which we conduct our business. In addition, if we violate or fail to comply with environmental laws, we could be fined or otherwise sanctioned by regulators. We also could be liable for consequences arising out of human exposure to hazardous substances relating to our products or operations. Accordingly, we cannot guarantee that we will not be required to make additional expenditures to remain in or to achieve compliance with environmental laws in the future or that any such additional expenditures will not have a material adverse effect on our business, financial condition, results of operations or cash flows.

Our businesses are subject to extensive environmental and safety laws and regulations that may restrict or adversely impact our ability to conduct our business.

Our businesses are dependent on the issuance of operating permits and registrations required from government agencies. In connection with the performance of certain activities, our businesses are required to seek permission from agencies in the states, provinces, and countries in which they operate. If regulatory permits or registrations are delayed, restricted, or rejected, subsequent operations at our businesses could be delayed or restricted.

Any regulatory agency could reject or delay the review of any of our business filings. Delays in obtaining necessary permits and registrations could have an adverse effect on our results of operations. Failure to comply with applicable environmental and safety laws and regulations or permit requirements could result in substantial civil or criminal fines and penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing operations, remedial or corrective measures, installations of pollution control equipment, or other actions. This could have a material adverse effect on our business, financial condition and operating results.

If our efforts in acquiring and integrating other companies or product lines or establishing joint ventures fail, our business may not grow.

As part of our growth strategy, we intend to continue pursuing acquisitions of complementary businesses or products and creating joint ventures. Our ability to continue to grow in this manner depends upon our ability to identify, negotiate and finance suitable acquisitions or joint venture arrangements. In addition, acquisitions and their subsequent integration involve a number of risks, including, but not limited to:

- inaccurate assessments of disclosed liabilities and the potentially adverse effects of undisclosed liabilities;
- unforeseen difficulties in assimilating acquired companies, their products, and their culture into our existing business;

- unforeseen delays in realizing the benefits from acquired companies or product lines, including projected efficiencies, cost savings, revenue synergies and profit margins;
- unforeseen diversion of our management's time and attention from other business matters;
- unforeseen difficulties resulting from insufficient prior experience in any new markets we may enter;
- unforeseen difficulties in retaining key employees and customers of acquired businesses; and
- increases in our indebtedness and contingent liabilities, which could in turn restrict our ability to raise additional capital when needed or to pursue other important elements of our business strategy.

Execution of our acquisition strategy with respect to some companies or product lines could fail or could result in unanticipated costs to us that were not apparent despite our due diligence efforts, either of which could hinder our growth or adversely impact our results of operations.

Our recently completed credit facility amendment contains restrictions on certain mergers and asset dispositions and, during fiscal 2010, there are certain limitations on how we can finance acquisitions. This fiscal 2010 limitation does not, however, apply to acquisitions funded by equity, equity-linked securities or cash available outside the U.S.

We derive a significant amount of our revenues from foreign markets, which subjects us to additional business risks that could adversely affect our results of operations.

Our foreign manufacturing operations accounted for approximately 35% of our net sales for the fiscal year ended May 31, 2009, not including exports directly from the U.S. which accounted for approximately 2% of our net sales for fiscal 2009. Our international operations could be adversely affected by changes in political and economic conditions, inflation rates, trade protection measures, restrictions on foreign investments and repatriation of earnings, changing intellectual property rights, difficulties in staffing and managing foreign operations and changes in regulatory requirements that restrict the sales of our products or increase our costs. Also, changes in exchange rates between the U.S. dollar and other currencies could potentially result in material volatility in our costs and earnings and may also adversely affect the carrying values of our assets located outside the U.S.

In many foreign countries, it is acceptable to engage in certain business practices that we are prohibited from engaging in because of regulations that are applicable to us, such as the Foreign Corrupt Practices Act. Although we have internal control policies and procedures designed to ensure compliance with these regulations, there can be no assurance that our policies and procedures will prevent a violation of these regulations. Any violation could cause an adverse effect on our results of operations.

We could be adversely affected by global tax law changes.

Our operations are subject to various federal, state, local and foreign tax laws and regulations which govern, among other things, taxes on worldwide income. Future tax law changes, if any, may increase applicable tax rates or impose stricter compliance requirements in the jurisdictions in which we operate, which could reduce our consolidated net earnings.

Terrorist activities and other acts of violence or war and natural disasters have negatively impacted in the past and could negatively impact in the future the U.S. and foreign countries, the financial markets, the industries in which we compete, our operations and profitability.

Terrorist activities and natural disasters have contributed to economic instability in the U.S. and elsewhere, and further acts of terrorism, violence, war or natural disasters could affect the industries in which we compete, our ability to purchase raw materials, our results of operations and financial condition. In addition, terrorist activities and natural disasters may directly impact our physical facilities or those of our suppliers or customers, which could impact our sales, our production capability and our ability to deliver products to our customers. Any disruption of our ability to produce or distribute our products could result in a material decrease in our revenues or significant additional costs to replace, repair or insure our assets, which could have a material adverse impact on our financial condition and results of operations.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Although we have insurance, it may not cover every potential risk associated with our operations.

Although we maintain insurance of various types to cover many of the risks and hazards that apply to our operations, our insurance may not cover every potential risk associated with our operations. The occurrence of a significant adverse event, the risks of which are not fully covered by insurance, could have a material adverse effect on our financial condition and results of operations. Moreover, no assurance can be given that we will be able to maintain adequate insurance in the future at rates we consider reasonable.

Adverse weather conditions may reduce the demand for some of our products and could have a negative effect on our sales.

From time to time, adverse weather conditions in certain parts of the U.S. and other countries in which we do business have had an adverse effect on our sales of paint, coatings and related products. For example, unusually cold and rainy weather, especially during the general construction and exterior painting season, could have an adverse effect on sales of our exterior paint products. As a result, we have historically experienced weaker sales and net income in our third fiscal quarter (December through February) in comparison to our performance during our other fiscal quarters.

Item 1B. ***Unresolved Staff Comments.***

Not Applicable.

Item 2. ***Properties.***

Our corporate headquarters and a plant and offices for one subsidiary are located on an 119-acre site, which we own in Medina, Ohio. As of May 31, 2009, our operations occupied a total of approximately 10.3 million square feet, with the majority, approximately 8.5 million square feet, devoted to manufacturing, assembly and storage. Of the approximately 10.3 million square feet occupied, approximately 5.8 million square feet are owned and approximately 4.6 million square feet are occupied under operating leases.

Set forth below is a description, as of May 31, 2009, of our principal manufacturing facilities which we believe are material to our operations:

Location	Business/ Segment	Approximate Square Feet of Floor Space	Leased or Owned
Pleasant Prairie, Wisconsin	Rust-Oleum (Consumer)	303,200	Owned
Toronto, Ontario, Canada	Tremco (Industrial)	207,160	Owned
Newark, New Jersey	Zinsser (Consumer)	182,418	Owned
Cleveland, Ohio	Euclid Chemical (Industrial)	178,838	Owned
Cleveland, Ohio	Tremco (Industrial)	160,300	Owned
Bodenwoehr, Germany	illbruck (Industrial)	151,171	Owned
Cleveland, Ohio	Day-Glo (Industrial)	147,223	Owned
Baltimore, Maryland	DAP (Consumer)	144,200	Owned
Hagerstown, Maryland	Rust-Oleum (Consumer)	143,000	Owned
Arkel, Netherlands	illbruck (Industrial)	140,067	Owned
Tipp City, Ohio	DAP (Consumer)	140,000	Owned
Lake Charles, Louisiana	Carboline (Industrial)	114,287	Owned
Lesage, West Virginia	Zinsser (Consumer)	112,000	Owned
Somerset, New Jersey	Zinsser (Consumer)	110,000	Owned
Maple Shade, New Jersey	Stonhard (Industrial)	77,500	Owned

We lease certain of our properties under long-term leases. Some of these leases provide for increased rent based on an increase in the cost-of-living index. For information concerning our rental obligations, see Note F (Leases) of the Notes to Consolidated Financial Statements, which appears in the 2009 Annual Report to Stockholders and is incorporated herein by reference. Under all of our leases, we are obligated to pay certain varying insurance costs, utilities, real property taxes and other costs and expenses.

We believe that our manufacturing plants and office facilities are well maintained and suitable for our operations.

Item 3. ***Legal Proceedings.***

Asbestos Litigation

Certain of our wholly owned subsidiaries, principally Bondex International, Inc. (collectively referred to as the subsidiaries), are defendants in various asbestos-related bodily injury lawsuits filed in various state courts with the vast majority of current claims pending in six states — Texas, Florida, Mississippi, Maryland, Illinois and Ohio.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

These cases generally seek unspecified damages for asbestos-related diseases based on alleged exposures to asbestos-containing products previously manufactured by our subsidiaries or others.

As of May 31, 2009, our subsidiaries had a total of 10,173 active asbestos cases, compared to a total of 11,202 cases as of May 31, 2008. For the fourth quarter ended May 31, 2009, our subsidiaries secured dismissals and/or settlements of 751 cases, compared to a total of 664 cases dismissed and/or settled for the quarter ended May 31, 2008. For the year ended May 31, 2009, our subsidiaries secured dismissals and/or settlements of 3,004 cases, compared to a total of 1,546 cases dismissed and/or settled for the year ended May 31, 2008.

Of the 3,004 cases that were dismissed during the year ended May 31, 2009, 1,420 were non-malignancies or unknown disease cases that had been maintained on an inactive docket in Ohio and were administratively dismissed by the Cuyahoga County Court of Common Pleas during our second fiscal quarter ended November 30, 2008. These claims were dismissed without prejudice and may be re-filed should the claimants involved be able to demonstrate disease in accordance with medical criteria laws established in the State of Ohio.

For the fourth quarter ended May 31, 2009, our subsidiaries made total payments of $17.2 million relating to asbestos cases, which included defense-related payments paid during the quarter of $6.5 million, compared to total payments of $15.0 million relating to asbestos cases during the quarter ended May 31, 2008, which included defense-related payments paid during the quarter of $7.7 million. For the year ended May 31, 2009, our subsidiaries made total payments of $69.4 million relating to asbestos cases, which included defense-related payments paid during the year of $26.2 million, compared to total payments of $82.6 million relating to asbestos cases during the year ended May 31, 2008, which included defense-related payments paid during the year of $39.7 million.

During the second quarter of fiscal 2009, one payment totaling $3.6 million was made to satisfy an adverse judgment in a previous trial that occurred in calendar 2006 in California. This payment, which included a significant amount of accrued pre-judgment interest as required by California law, was made on December 8, 2008, approximately two and a half years after the adverse verdict and after all post-trial and appellate remedies had been exhausted. Such satisfaction of judgment amounts are not included in incurred costs until available appeals are exhausted and the final payment amount is determined. As a result, the timing and amount of any such payments could have a significant impact on quarterly settlement costs.

During fiscal 2008, our subsidiaries incurred higher year-over-year, defense-related payments as a result of implementing various changes to our management and defense of asbestos claims, including a transition to a new claims intake and database service provider. To facilitate that transition and other related changes, we incurred duplicate defense-related payments approximating $3.0 million during the second quarter of fiscal 2008. The transition was completed during the third quarter of fiscal 2008.

Excluding defense-related payments, the average payment made to settle or dismiss a case approximated $14,000 and $11,000 for each of the quarters ended May 31, 2009 and 2008, respectively; and $14,000 and $28,000 for each of the years ended May 31, 2009 and 2008, respectively. The amount and timing of dismissals and settlements can fluctuate significantly from period to period, resulting in volatility in the average cost to resolve a case in any given quarter or year. In addition, in some jurisdictions, cases may involve more than one individual claimant. As a result, settlement or dismissal payments on a per case basis are not necessarily reflective of the payment amounts on a per claimant basis. For example, the average amount paid to settle or dismiss a case can vary widely depending on a variety of factors, including the mix of malignancy and non-malignancy claimants and the amount of defense expenditures incurred during the period.

For additional information on our asbestos litigation, including a discussion of our asbestos-related loss contingencies, see Note I (Contingencies and Loss Reserves) of the Notes to Consolidated Financial Statements, which appears in the 2009 Annual Report to Stockholders.

EIFS Litigation

As of May 31, 2009, Dryvit, one of our wholly owned subsidiaries, was a defendant or co-defendant in various single family residential exterior insulating finishing systems ("EIFS") cases, the majority of which are pending in the southeastern region of the country. Dryvit is also defending EIFS lawsuits involving commercial structures, townhouses and condominiums. The vast majority of Dryvit's EIFS lawsuits seek monetary relief for water

intrusion related property damages, although some claims in certain lawsuits allege personal injuries from exposure to mold.

Dryvit is a defendant in a class action lawsuit filed on November 14, 2000 in Jefferson County, Tennessee styled *Bobby R. Posey, et al. v. Dryvit Systems, Inc.* (formerly styled *William J. Humphrey, et al. v. Dryvit Systems, Inc.*) (Case No. 17,715-IV) *("Posey")*, which was finally certified by court order on September 15, 2005. The deadline for filing claims in the *Posey* class action expired on June 5, 2004 and claims have been processed during the pendency of the various appeals. As of June 30, 2009, a cumulative total of 1,705 claims have been paid over the term of the settlement agreement for a total of approximately $14.1 million. Although additional payments have and will continue to be made under the terms of the settlement agreement, which include inspection costs, third party warranties and class counsel attorneys' fees, the Company does not expect these payments to be material in future periods.

Third party excess insurers have historically paid varying shares of Dryvit's defense and settlement costs in the individual commercial and residential EIFS lawsuits under various cost-sharing agreements. Dryvit has assumed a greater share of the costs associated with its EIFS litigation as it seeks funding commitments from our third party excess insurers and will likely continue to do so pending the outcome of coverage litigation involving these same third party insurers. This coverage litigation, styled *RPM, Inc., et al, v. Chubb Custom Insurance Company, et al,* (Case No. CV 05 578004), is pending in the Cuyahoga County Court of Common Pleas. In accordance with a court order, the parties filed dispositive motions on certain of the coverage issues. Oral argument on these motions was completed on September 2, 2008. The parties currently await a ruling on their respective summary judgment motions, after which they will participate in a court-ordered and agreed mediation. Discovery is stayed in the meantime. A trial date has not yet been scheduled. If mediation is not successful, the parties will resume discovery and a trial date will be scheduled. For additional information, see Note I (Contingencies and Loss Reserves) of the Notes to Consolidated Financial Statements, which appears in the 2009 Annual Report to Stockholders.

Environmental Proceedings

As previously reported, several of our subsidiaries are, from time to time, identified as a "potentially responsible party" under the federal Comprehensive Environmental Response, Compensation and Liability Act and similar state environmental statutes. In some cases, our subsidiaries are participating in the cost of certain clean-up efforts or other remedial actions. Our share of such costs to date, however, has not been material and management believes that these environmental proceedings will not have a material adverse effect on our consolidated financial condition or results of operations. See "Item 1 — Business — Environmental Matters," in this Annual Report on Form 10-K.

Item 4. *Submission of Matters to a Vote of Security Holders.*

Not Applicable.

Item 4A. *Executive Officers of the Registrant*.*

The name, age and positions of each of our Executive Officers as of July 27, 2009 are as follows:

Name	Age	Position and Offices Held
Frank C. Sullivan	48	Chairman and Chief Executive Officer
Ronald A. Rice	46	President and Chief Operating Officer
P. Kelly Tompkins	52	Executive Vice President — Administration and Chief Financial Officer
Paul G. P. Hoogenboom	49	Senior Vice President — Manufacturing and Operations and Chief Information Officer
Stephen J. Knoop	44	Senior Vice President — Corporate Development
Edward W. Moore	52	Vice President, General Counsel and Secretary
Barry M. Slifstein	49	Vice President and Controller

* Included pursuant to Instruction 3 to Item 401(b) of Regulation S-K.

Frank C. Sullivan was elected Chairman of the Board in 2008 and Chief Executive Officer in 2002. From 1999 to 2008, Mr. Sullivan served as our President, and was Chief Operating Officer from 2001 to 2002. From 1995 to 1999, Mr. Sullivan served as Executive Vice President, and was Chief Financial Officer from 1993 to 1999. Mr. Sullivan served as a Vice President from 1991 to 1995. Prior thereto, he served as our Director of Corporate Development from 1989 to 1991. Mr. Sullivan served as Regional Sales Manager from 1987 to 1989 of AGR Company, an Ohio General Partnership formerly owned by us. Prior thereto, Mr. Sullivan was employed by First Union National Bank from 1985 to 1987 and Harris Bank from 1983 to 1985. Mr. Sullivan is the son of Thomas C. Sullivan, Chairman Emeritus of our Board of Directors.

Ronald A. Rice was elected President in 2008 and Chief Operating Officer in 2006. Mr. Rice served as Executive Vice President from 2006 to 2008, and was Senior Vice President — Administration from 2002 to 2006. From 2001 to 2002, he served as Vice President — Administration. From 1999 to 2001, Mr. Rice served as our Vice President — Risk Management and Benefits. From 1997 to 1999, he served as Director of Risk Management and Employee Benefits, and from 1995 to 1997 he served as Director of Benefits. From 1985 to 1995, Mr. Rice served in various capacities with the Wyatt Company, most recently serving as an Account Manager from 1992 to 1995.

P. Kelly Tompkins was elected Executive Vice President — Administration and Chief Financial Officer in 2008. Prior to that time, Mr. Tompkins served as Executive Vice President and Chief Administrative Officer from 2006 to 2008. He served as our Senior Vice President from 2002 to 2006, served as General Counsel and Secretary from 1998 to 2006, and served as Vice President from 1998 to 2002. From 1996 to 1998, Mr. Tompkins served as Assistant General Counsel. From 1987 to 1995, Mr. Tompkins was employed by Reliance Electric Company in various positions including Senior Corporate Counsel, Director of Corporate Development and Director of Investor Relations. From 1985 to 1987, Mr. Tompkins was employed as a litigation attorney by Exxon Corporation.

Paul G. P. Hoogenboom was elected Senior Vice President — Manufacturing and Operations and Chief Information Officer in 2006. Prior to that time, he served as Vice President — Operations, to which he was elected in 2000, and as Chief Information Officer, to which he was elected in 2002. Mr. Hoogenboom served as Vice President and General Manager of our e-commerce subsidiary, RPM-e/c, Inc., in 1999. From 1998 to 1999, Mr. Hoogenboom was a Director of Cap Gemini, a computer systems and technology consulting firm. During 1997, Mr. Hoogenboom was employed as a strategic marketing consultant for Xylan Corporation, a network switch manufacturer. From 1994 to 1997, Mr. Hoogenboom was Director of Corporate I.T. and Communications for A.W. Chesterton Company, a manufacturer of fluid sealing systems.

Stephen J. Knoop was elected Senior Vice President — Corporate Development in 2006. From 1999 until 2006, Mr. Knoop served as Vice President — Corporate Development. From 1996 to 1999, Mr. Knoop served as our Director of Corporate Development. From 1990 to 1996, Mr. Knoop was an attorney at Calfee, Halter & Griswold LLP, specializing in the federal securities law compliance and merger and acquisitions practice areas.

Edward W. Moore was elected Vice President, General Counsel and Secretary in 2007. From 1982 to 1989, Mr. Moore was an associate attorney, and from 1990 to 2006, a partner at Calfee, Halter & Griswold LLP. While at Calfee, Mr. Moore served in various capacities, including as a member of the Executive Committee, Chair of the Associates Committee, and most recently, Co-Chair of the Securities and Capital Markets Group.

Barry M. Slifstein was elected Vice President and Controller in 2008 and Principal Accounting Officer in September 2008. Prior to that time, Mr. Slifstein was Vice President of Finance, Chief Financial Officer and Treasurer of our DAP Products Inc. operating group, where he was employed from 1999 to 2008. Mr. Slifstein was Finance Director of Alpharma USPD Inc., a global specialty pharmaceutical company from 1998 to 1999, and Corporate Controller for Luitpold Pharmaceuticals Inc., a manufacturer and distributor of various drugs and medical devices from 1995 to 1998.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.*

The information set forth at page 59 of the 2009 Annual Report to Stockholders under the heading "Quarterly Stock Price and Dividend Information" is incorporated herein by reference.

The following table presents information about repurchases of RPM International Inc. Common Stock made by us during the fourth quarter of fiscal 2009:

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs(2)
March 1, 2009 through March 31, 2009	—	—	—	—
April 1, 2009 through April 30, 2009	—	—	—	—
May 1, 2009 through May 31, 2009	5,776	$ 15.32	—	—
TOTAL	5,776	$ 15.32	—	—

(1) Attributable to shares that were disposed of back to us in satisfaction of tax obligations related to the vesting of restricted stock grants under RPM International Inc.'s 2004 Amended and Restated Omnibus Equity and Incentive Plan, which totaled 2,736 shares, and the 1997 Restricted Stock Plan, which totaled 3,040 shares.

(2) On January 8, 2008, we announced our authorization of a stock repurchase program under which we may repurchase shares of RPM International Inc. common stock at management's discretion for general corporate purposes. Our current intent is to limit repurchases only to amounts required to offset dilution created by stock issued in connection with its equity-based compensation plans, or approximately one to two million shares per year. As a result of this authorization, we may repurchase shares from time-to-time in the open market or in private transactions at various times and in amounts and for prices that management deems appropriate, subject to insider trading rules and other securities law restrictions. The timing of our purchases will depend upon prevailing market conditions, alternative uses of capital and other factors. We may limit or terminate the repurchase program at any time.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Item 6. *Selected Financial Data.*

The following table sets forth our selected consolidated financial data for each of the five years during the period ended May 31, 2009. The data was derived from our annual Consolidated Financial Statements which have been audited by Ernst & Young LLP, our independent accountants for the fiscal years ended May 31, 2009, 2008, 2007 and 2006, and by Ciulla, Smith & Dale, LLP, our independent accountants for the fiscal year ended May 31, 2005.

	Fiscal Years Ended May 31,				
	2009	2008(1)	2007(1)	2006(1)	2005(1)
	(Amounts in thousands, except per share and percentage data)				
Net sales	$ 3,368,167	$ 3,643,791	$ 3,338,764	$ 3,008,338	$ 2,555,735
Income (loss) before income taxes	180,868	39,054	307,535	(122,475)	163,728
Net income (loss)	119,616	47,709	208,289	(76,205)	105,032
Return on sales %	3.6%	1.3%	6.2%	(2.5)%	4.1%
Basic earnings (loss) per share	$ 0.95	$ 0.40	$ 1.76	$ (0.65)	$ 0.90
Diluted earnings (loss) per share	0.93	0.39	1.64	(0.65)	0.86
Stockholders’ equity	1,143,671	1,136,556	1,086,870	925,941	1,037,739
Stockholders’ equity per share	9.05	9.46	9.20	7.93	8.88
Return on stockholders’ equity %	10.5%	4.3%	20.7%	(7.8)%	10.5%
Average shares outstanding	126,373	120,151	118,179	116,837	116,899
Cash dividends paid	$ 101,836	$ 90,638	$ 82,106	$ 74,427	$ 68,933
Cash dividends declared per share	0.790	0.745	0.685	0.630	0.590
Retained earnings	443,429	427,788	475,676	349,493	500,125
Working capital	703,754	937,614	705,509	655,718	693,656
Total assets	3,409,921	3,763,567	3,333,149	2,996,064	2,647,475
Long-term debt	762,295	1,066,687	886,416	870,415	837,948
Depreciation and amortization	85,144	85,366	81,607	74,299	65,992
Cash from operating activities	266,995	234,714	202,305	185,489	157,352

Note: Acquisitions made by us during the periods presented may impact comparability from year to year (See Note A (Summary of Significant Accounting Policies) to the Consolidated Financial Statements). Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

(1) Reflects the impact of the asbestos-related insurance settlement of $15.0 million ($9.7 million after-tax) in 2007, and asbestos charges of $288.1 million ($185.1 million after-tax) in 2008; $380.0 million ($244.3 million after-tax) in fiscal 2006; and $78.0 million ($49.5 million after-tax) in fiscal 2005 (see Note I (Contingencies and Loss Reserves) to the Consolidated Financial Statements).

Item 7. *Management’s Discussion and Analysis of Financial Condition and Results of Operations.*

The information required by this item is set forth at pages 18 through 29 of the 2009 Annual Report to Stockholders, which information is incorporated herein by reference.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk.*

The information required by this item is set forth at page 29 of the 2009 Annual Report to Stockholders, which information is incorporated herein by reference.

Item 8. *Financial Statements and Supplementary Data.*

The information required by this item is set forth at pages 30 through 59 and 61 of the 2009 Annual Report to Stockholders, which information is incorporated herein by reference.

Item 9. *Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.*

None.

Item 9A. *Controls and Procedures.*

(a) *Evaluation of disclosure controls and procedures.*

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15) as of May 31, 2009 (the "Evaluation Date"), have concluded that as of the Evaluation Date, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports we file or submit under the Exchange Act (1) is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and (2) is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosure.

(b) *Management's Report on Internal Control over Financial Reporting.*

Management's Report on Internal Control Over Financial Reporting and the attestation report of Ernst & Young LLP, our independent registered public accounting firm, are set forth at pages 60 and 62, respectively, of the 2009 Annual Report to Stockholders, which reports are incorporated herein by reference.

(c) *Changes in internal control over financial reporting.*

There were no changes in our internal control over financial reporting that occurred during the fourth fiscal quarter ended May 31, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. *Other Information.*

None.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance.*

Information required by this item as to our Directors appearing under the caption "Election of Directors" in our 2009 Proxy Statement is incorporated herein by reference. Information required by this item as to our Executive Officers is included as Item 4A of Part I of this Annual Report on Form 10-K as permitted by Instruction 3 to Item 401(b) of Regulation S-K. Information required by Item 405 of Regulation S-K is set forth in the 2009 Proxy Statement under the heading "Section 16(a) Beneficial Ownership Reporting Compliance," which information is incorporated herein by reference. Information required by Items 406, 407(c)(3), 407(d)(4) and 407(d)(5) of Regulation S-K is set forth in the 2009 Proxy Statement under the heading "Information Regarding Meetings and Committees of the Board of Directors," which information is incorporated herein by reference.

The Charters of the Audit Committee, Compensation Committee and Governance and Nominating Committee and the Corporate Governance Guidelines and Code of Business Conduct and Ethics are available on our website at www.rpminc.com and in print to any stockholder who requests a copy. Requests for copies should be directed to Manager of Investor Relations, RPM International Inc., P.O. Box 777, Medina, Ohio 44258. We intend to disclose any amendments to the Code of Business Conduct and Ethics, and any waiver of the Code of Business Conduct and Ethics granted to any of our Directors or Executive Officers on our website.

Item 11. *Executive Compensation.*

The information required by this item is set forth in the 2009 Proxy Statement under the headings "Executive Compensation" and "Director Compensation," which information is incorporated herein by reference.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.*

The information required by this item is set forth in the 2009 Proxy Statement under the headings "Stock Ownership of Principal Holders and Management" and "Equity Compensation Plan Information," which information is incorporated herein by reference.

Item 13. *Certain Relationships and Related Transactions, and Director Independence.*

The information required by this item is set forth in the 2009 Proxy Statement under the headings "Related Person Transactions" and "Information Regarding Meetings and Committees of the Board of Directors," which information is incorporated herein by reference.

Item 14. *Principal Accountant Fees and Services.*

The information required by this item is set forth in the 2009 Proxy Statement under the heading "Independent Registered Public Accounting Firm Services and Related Fee Arrangements," which information is incorporated herein by reference.

PART IV

Item 15. *Exhibits and Financial Statement Schedules.*

(a) The following documents are filed as part of this 2009 Annual Report on Form 10-K:

1. *Financial Statements*. The following consolidated financial statements of RPM and the report of our independent registered public accounting firm thereon, included in our 2009 Annual Report to Stockholders on pages 30 through 59 and 61, are incorporated by reference in Item 8:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets —
May 31, 2009 and 2008

Consolidated Statements of Income —
fiscal years ended May 31, 2009, 2008 and 2007

Consolidated Statements of Stockholders' Equity —
fiscal years ended May 31, 2009, 2008 and 2007

Consolidated Statements of Cash Flows —
fiscal years ended May 31, 2009, 2008 and 2007

Notes to Consolidated Financial Statements (including Unaudited Quarterly
Financial Information)

2. *Financial Statement Schedules*. The following consolidated financial statement schedule of RPM and the report of our independent registered public accounting firm thereon are filed as part of this Annual Report on Form 10-K and should be read in conjunction with our consolidated financial statements included in our 2009 Annual Report to Stockholders:

Schedule	Page or Exhibit No.
Schedule II — Valuation and Qualifying Accounts and Reserves	S-1
Consent of Independent Registered Public Accounting Firm	Exhibit 23.1

All other schedules have been omitted because they are not applicable or not required, or because the required information is included in the consolidated financial statements or notes thereto.

3. *Exhibits*. See the Index to Exhibits at page E-1 of this Annual Report on Form 10-K.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RPM INTERNATIONAL INC.

By: /s/ Frank C. Sullivan
Frank C. Sullivan
Chairman and Chief Executive Officer

Date: July 27, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title
/s/ Frank C. Sullivan Frank C. Sullivan	Chairman and Chief Executive Officer (Principal Executive Officer)
/s/ P. Kelly Tompkins P. Kelly Tompkins	Executive Vice President — Administration and Chief Financial Officer (Principal Financial Officer)
/s/ Barry M. Slifstein Barry M. Slifstein	Vice President and Controller (Principal Accounting Officer)
/s/ Thomas C. Sullivan Thomas C. Sullivan	Chairman Emeritus and a Director
/s/ John P. Abizaid John P. Abizaid	Director
/s/ Bruce A. Carbonari Bruce A. Carbonari	Director
/s/ David A. Daberko David A. Daberko	Director
/s/ James A. Karman James A. Karman	Director
/s/ Donald K. Miller Donald K. Miller	Director
/s/ Frederick R. Nance	Director

Frederick R. Nance

/s/ William A. Papenbrock William A. Papenbrock	Director

Signature	Title
/s/ Charles A. Ratner Charles A. Ratner	Director
/s/ William B. Summers, Jr. William B. Summers, Jr.	Director
/s/ Dr. Jerry Sue Thornton Dr. Jerry Sue Thornton	Director
/s/ Joseph P. Viviano Joseph P. Viviano	Director

Date: July 27, 2009

RPM INTERNATIONAL INC.

Exhibit Index

Exhibit Number	Description	Incorporated by reference herein	
		Form	**Date**
3.1	Amended and Restated Certificate of Incorporation of the Company	Registration Statement on Form S-8 (File No. 333-101501)	November 27, 2002
3.2	Amended and Restated By-Laws of the Company	Current Report on Form 8-K (File No. 001-14187)	April 27, 2009
4.1	Specimen Certificate of Common Stock, par value $0.01 per share, of the Company	Registration Statement on Form S-8 (File No. 333-101501)	November 27, 2002
4.2	Rights Agreement, dated April 21, 2009, by and between the Company and National City Bank, as Rights Agent	Current Report on Form 8-K (File No. 001-14187)	April 27, 2009
4.3	Indenture, dated as of May 13, 2003, between the Company, as issuer, and The Bank of New York, as trustee, with respect to the Senior Convertible Notes Due 2033	Annual Report on Form 10-K (File No. 001-14187)	August 29, 2003
4.3.1	Specimen Note Certificate for Senior Convertible Notes Due 2033	Annual Report on Form 10-K (File No. 001-14187)	August 29, 2003
4.4	Indenture, dated as of December 9, 2003, between the Company, as issuer, and The Bank of New York, as trustee, with respect to the 6.25% Senior Notes Due 2013	Registration Statement on Form S-4 (333-114259)	April 7, 2004
4.4.1	Specimen Note Certificate of 6.25% Senior Notes Due 2013	Annual Report on Form 10-K (File No. 001-14187)	August 16, 2004
4.5	Indenture, dated as of September 30, 2004, between the Company, as issuer, and The Bank of New York, as trustee, with respect to the 4.45% Senior Notes Due 2009	Current Report on Form 8-K (File No. 001-14187)	September 30, 2004
4.5.1	Form of 4.45% Senior Notes Due 2009	Current Report on Form 8-K (File No. 001-14187)	September 30, 2004
4.6	Indenture, dated as of October 24, 2005, among RPM United Kingdom G.P., by its general partners, RPM Canada and RPM Canada Investment Company, the Company, as guarantor, and The Bank of New York Trust Company, N.A., as trustee	Current Report on Form 8-K (File No. 001-14187)	October 25, 2005
4.6.1	Form of 6.70% Senior Note Due 2015	Current Report on Form 8-K (File No. 001-14187)	October 25, 2005
4.6.2	Form of Guarantee	Current Report on Form 8-K (File No. 001-14187)	October 25, 2005
4.7	Indenture, dated as of February 14, 2008, between the Company, as issuer, and The Bank of New York Trust Company, as trustee, with respect to the 6.5% Senior Notes Due 2018	Registration Statement on Form S-3 (File No. 333-149232)	February 14, 2008

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Exhibit Number	Description	Incorporated by reference herein	
		Form	Date
4.7.1	Form of 6.50% Senior Note Due 2018	Current Report on Form 8-K (File No. 001-14187)	February 20, 2008
10.1	Credit Agreement among RPM International Inc., the Borrowers party thereto, the Lenders party thereto and National City Bank, as Administrative Agent, dated December 29, 2006	Current Report on Form 8-K (File No. 001-14187)	January 4, 2007
10.1.1	Amendment No. 1 to Credit Agreement, dated May 29, 2009	Current Report on Form 8-K (File No. 001-14187)	June 4, 2009
10.2	Amended and Restated Receivables Sale Agreement among certain subsidiaries of the Company, the Company and RPM Funding Corporation, dated as of April 7, 2009	Current Report on Form 8-K (File No. 001-14187)	April 13, 2009
10.3	Receivables Purchase Agreement, among RPM Funding Corporation, RPM International Inc., as Servicer, Fifth Third Bank, and Wachovia Bank, National Association, individually and as Administrative Agent, dated as of April 7, 2009	Current Report on Form 8-K (File No. 001-14187)	April 13, 2009
10.3.1	Amendment No. 1 to Receivables Purchase Agreement, dated May 29, 2009	Current Report on Form 8-K (File No. 001-14187)	June 4, 2009
*10.4	Amended and Restated Employment Agreement, entered into August 16, 2006, effective as of June 1, 2006, by and between the Company and Frank C. Sullivan, President and Chief Executive Officer	Current Report on Form 8-K (File No. 001-14187)	August 22, 2006
*10.4.1	Amended and Restated Employment Agreement, effective December 31, 2008, by and between the Company and Frank C. Sullivan, Chairman and Chief Executive Officer	Quarterly Report on Form 10-Q (File No. 001-14187)	April 9, 2009
*10.5	Form of Amended and Restated Employment Agreement, entered into August 16, 2006, effective as of June 1, 2006, by and between the Company and each of P. Kelly Tompkins, Senior Vice President, General Counsel and Secretary; Ronald A. Rice, Senior Vice President — Administration and Assistant Secretary; and Paul G. P. Hoogenboom, Vice President — Operations and Chief Information Officer	Current Report on Form 8-K (File No. 001-14187)	August 22, 2006
*10.5.1	Form of Amended and Restated Employment Agreement, dated as of October 5, 2006, by and between the Company and each of Ronald A. Rice, Executive Vice President, Chief Operating Officer and Assistant Secretary; P. Kelly Tompkins, Executive Vice President, Chief Administrative Officer and Secretary; and Paul G. P. Hoogenboom, Senior Vice President — Manufacturing and Operations and Chief Information Officer	Current Report on Form 8-K (File No. 001-14187)	October 12, 2006

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Exhibit Number	Description	Incorporated by reference herein	
		Form	Date
*10.5.2	Form of Amended and Restated Employment Agreement, by and between the Company and each of Ronald A. Rice, President and Chief Operating Officer; P. Kelly Tompkins, Executive Vice President — Administration and Chief Financial Officer; Paul G.P. Hoogenboom, Senior Vice President — Manufacturing and Operations, Chief Information Officer; and Stephen J. Knoop, Senior Vice President — Corporate Development	Quarterly Report on Form 10-Q (File No. 001-14187)	April 9, 2009
*10.6	Form of Indemnification Agreement entered into by and between the Company and each of its Directors and Executive Officers	Quarterly Report on Form 10-Q (File No. 001-14187)	January 13, 2003
*10.7	RPM International Inc. 1996 Stock Option Plan	Registration Statement on Form S-8 (File No. 333-60104)	November 27, 2002
*10.7.1	Amendment No. 1 to RPM International Inc. 1996 Stock Option Plan	Annual Report on Form 10-K (File No. 001-14187)	August 27, 1998
*10.7.2	Amendment to RPM International Inc. 1996 Stock Option Plan	Registration Statement on Form S-8 (File No. 333-60104)	May 3, 2001
*10.7.3	Amendment No. 3 to RPM International Inc. 1996 Stock Option Plan	Registration Statement on Form S-8 (File No. 333-60104)	November 27, 2002
*10.7.4	Form of Stock Option Agreement to be used in connection with the RPM International Inc. 1996 Stock Option Plan, as amended	Quarterly Report on Form 10-Q (File No. 001-14187)	January 13, 2003
*10.8	RPM International Inc. Benefit Restoration Plan	Annual Report on Form 10-K (File No. 001-14187)	August 29, 2001
*10.8.1	Amendment No. 1 to the RPM International Inc. Benefit Restoration Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	April 14, 2003
*10.8.2	Amendment No. 2 to RPM International Inc. Benefit Restoration Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	January 13, 2003
*10.9	RPM International Inc. Deferred Compensation Plan, as Amended and Restated Generally, effective January 1, 2005	Quarterly Report on Form 10-Q (File No. 001-14187)	April 9, 2009
*10.9.1	Master Trust Agreement for RPM International Inc. Deferred Compensation Plan	Annual Report on Form 10-K (File No. 001-14187)	August 29, 2002
*10.10	RPM International Inc. Incentive Compensation Plan	Annual Report on Form 10-K (File No. 001-14187)	August 29, 2001
*10.10.1	Amendment No. 1 to RPM International Inc. Incentive Compensation Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	January 13, 2003

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Exhibit Number	Description	Incorporated by reference herein Form	Date
*10.10.2	Amendment No. 2 to RPM International Inc. Incentive Compensation Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	January 10, 2005
*10.11	RPM, Inc. 1997 Restricted Stock Plan, and Form of Acceptance and Escrow Agreement to be used in connection therewith	Quarterly Report on Form 10-Q (File No. 001-14187)	January 13, 2003
*10.11.1	First Amendment to the RPM, Inc. 1997 Restricted Stock Plan, effective as of October 1, 1998	Annual Report on Form 10-K (File No. 001-14187)	August 29, 2002
*10.11.2	Second Amendment to the RPM, Inc. 1997 Restricted Stock Plan	Annual Report on Form 10-K (File No. 001-14187)	August 29, 2002
*10.11.3	Third Amendment to the RPM, Inc. 1997 Restricted Stock Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	January 13, 2003
*10.11.4	Fourth Amendment to the RPM International Inc. 1997 Restricted Stock Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	April 14, 2003
*10.11.5	Fifth Amendment to the RPM International Inc. 1997 Restricted Stock Plan	Annual Report on Form 10-K (File No. 001-14187)	August 16, 2004
*10.11.6	Sixth Amendment to the RPM International Inc. 1997 Restricted Stock Plan	Annual Report on Form 10-K (File No. 001-14187)	July 30, 2007
*10.11.7	Seventh Amendment to the RPM International Inc. 1997 Restricted Stock Plan, effective December 31, 2008	Quarterly Report on Form 10-Q (File No. 001-14187)	April 9, 2009
*10.12	RPM International Inc. 2003 Restricted Stock Plan for Directors	Quarterly Report on Form 10-Q (File No. 001-14187)	January 14, 2004
*10.12.1	Amendment No. 1 to the RPM International Inc. 2003 Restricted Stock Plan for Directors	Annual Report on Form 10-K (File No. 001-14187)	July 30, 2007
*10.12.2	Amendment No. 2 to the RPM International Inc. 2003 Restricted Stock Plan for Directors, effective December 31, 2008	Quarterly Report on Form 10-Q (File No. 001-14187)	April 9, 2009
*10.13	RPM International Inc. Amended and Restated 2004 Omnibus Equity and Incentive Plan, effective December 31, 2008	Quarterly Report on Form 10-Q (File No. 001-14187)	April 9, 2009
*10.13.1	Form of Performance-Earned Restricted Stock (PERS) and Escrow Agreement (for grants prior to October 10, 2008)	Annual Report on Form 10-K (File No. 001-14187)	August 15, 2005
*10.13.2	Form of Stock Appreciation Rights Agreement (for grants prior to October 10, 2008)	Quarterly Report on Form 10-Q (File No. 001-14187)	October 6, 2005
*10.13.3	Form of Performance-Contingent Restricted Stock (PCRS) and Escrow Agreement	Annual Report on Form 10-K (File No. 001-14187)	July 30, 2008
*10.13.4	Form of Performance-Earned Restricted Stock (PERS) and Escrow Agreement	Quarterly Report on Form 10-Q (File No. 001-14187)	January 8, 2009

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Exhibit Number	Description	Incorporated by reference herein	
		Form	Date
*10.13.5	Form of Stock Appreciation Rights Agreement	Quarterly Report on Form 10-Q (File No. 001-14187)	January 8, 2009
*10.14	RPM International Inc. 2007 Restricted Stock Plan	Current Report on Form 8-K (File No. 001-14187)	October 12, 2006
*10.14.1	Amendment No. 1 to the RPM International Inc. 2007 Restricted Stock Plan, effective December 31, 2008	Quarterly Report on Form 10-Q (File No. 001-14187)	April 9, 2009
*10.15	RPM International Inc. Amended and Restated Incentive Compensation Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	October 9, 2007
*10.16	Consultancy Agreement between RPM International Inc. and Robert L. Matejka, effective January 16, 2008	Current Report on Form 8-K (File No. 001-14187)	January 18, 2008
*10.17	Separation Agreement and General Release by and between the Company and Mr. Ernest Thomas, dated as of October 31, 2008	Quarterly Report on Form 10-Q (File No. 001-14187)	January 8, 2009
13.1	Portions of RPM International Inc.'s 2009 Annual Report to Stockholders (x)		
21.1	Subsidiaries of the Company (x)		
23.1	Consent of Independence Registered Public Accounting Firm (x)		
31.1	Rule 13a-14(a) Certification of the Company's Chief Executive Officer (x)		
31.2	Rule 13a-14(a) Certification of the Company's Chief Financial Officer (x)		
32.1	Section 1350 Certification of the Company's Chief Executive Officer (xx)		
32.2	Section 1350 Certification of the Company Chief Financial Officer (xx)		

* Management contract or compensatory plan or arrangement.

(x) Filed herewith.

(xx) Furnished herewith.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Schedule II

RPM INTERNATIONAL INC. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

(In thousands)

	Balance at Beginning of Period	Additions Charged to Cost of Sales	Additions Charged to Selling, General and Administrative	Acquisitions (Disposals) of Businesses and Reclassifications	Insurance Carrier Funding	Deductions	Balance at End of Period
Year Ended May 31, 2009							
Allowance for doubtful accounts	$ 24,554	$	$ 7,465	$	$	$ 9,085(1)	$ 22,934
Accrued product liability reserves	$ 56,500	$	$ 4,432	$	$	$ 9,479(2)	$ 51,453
Accrued warranty reserves	$ 8,055	$	$ 23,640	$	$	$ 12,702(2)	$ 18,993
Accrued loss reserves — Current	$ 7,426	$	$ (2,726)	$ 3,118(3)	$	$ 871(2)	$ 6,947
Asbestos-related liabilities — Current	$ 65,000	$	$	$ 69,417(3)	$	$ 69,417(2)	$ 65,000
Accrued product liability reserves — Noncurrent	$ 8,518	$	$ 797	$	$	$ 2,248(2)	$ 7,067
Environmental reserves — Noncurrent	$ 5,455	$	$ 375	$ (3,118)(3)	$	$ (1,134)(2)	$ 3,846
Asbestos-related liabilities — Noncurrent	$ 494,745	$	$	$ (69,417)(3)	$	$	$ 425,328
Year Ended May 31, 2008							
Allowance for doubtful accounts	$ 19,167	$	$ 5,134	$	$	$ (253)(1)	$ 24,554
Accrued product liability reserves	$ 55,063	$	$ 15,032	$ 163(3)	$	$ 13,758(2)	$ 56,500
Accrued warranty reserves	$ 7,195	$	$ 1,207	$ 446(3)	$	$ 793(2)	$ 8,055
Accrued loss reserves — Current	$ 10,920	$	$ 2,231	$ (5,071)(3)	$	$ 654(2)	$ 7,426
Asbestos-related liabilities — Current	$ 53,000	$	$	$ 94,623(3)	$	$ 82,623(2)	$ 65,000
Accrued product liability reserves — Noncurrent	$ 8,837	$	$ 2,060	$	$	$ 2,379(2)	$ 8,518
Environmental reserves — Noncurrent	$	$	$	$ 5,451(3)	$	$ (4)(2)	$ 5,455
Accrued warranty reserves — Noncurrent	$ 1,482	$	$ (1,239)	$	$	$ 243(2)	$ —
Asbestos-related liabilities — Noncurrent	$ 301,268	$	$ 288,100	$ (94,623)(3)	$	$	$ 494,745
Year Ended May 31, 2007							
Allowance for doubtful accounts	$ 20,252	$	$ 4,178	$	$	$ 5,263(1)	$ 19,167
Accrued product liability reserves	$ 53,764	$	$ 23,833	$	$	$ 22,534(2)	$ 55,063
Accrued warranty reserves	$ 7,524	$	$ 1,918	$	$	$ 2,247(2)	$ 7,195
Accrued loss reserves — Current	$ 5,390	$	$ 7,180	$	$	$ 1,650(2)	$ 10,920
Asbestos-related liabilities — Current	$ 58,925	$	$	$ 61,092(3)	$	$ 67,017(2)	$ 53,000
Accrued product liability reserves — Noncurrent	$ 13,295	$	$ 3,512	$	$	$ 7,970(2)	$ 8,837
Accrued warranty reserves — Noncurrent	$ 1,463	$	$ 126	$	$	$ 107(2)	$ 1,482
Asbestos-related liabilities — Noncurrent	$ 362,360	$	$	$ (61,092)(3)	$	$	$ 301,268

(1) Uncollectible accounts written off, net of recoveries

(2) Primarily claims paid during the year, net of insurance contributions

(3) Primarily transfers between current and noncurrent

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our Consolidated Financial Statements include the accounts of RPM International Inc. and its majority-owned subsidiaries. Preparation of our financial statements requires the use of estimates and assumptions that affect the reported amounts of our assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We continually evaluate these estimates, including those related to our asbestos liability; allowances for doubtful accounts; inventories; allowances for recoverable taxes; useful lives of property, plant and equipment; goodwill and other intangible assets; environmental, warranties and other contingent liabilities; income tax valuation allowances; pension plans; and the fair value of financial instruments. We base our estimates on historical experience, our most recent facts, and other assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of our assets and liabilities. Actual results, which are shaped by actual market conditions, including legal settlements, may differ materially from our estimates.

We have identified below the accounting policies and estimates that are the most critical to our financial statements.

Revenue Recognition

Revenues are recognized when realized or realizable, and when earned. In general, this is when title and risk of loss pass to the customer. Further, revenues are realizable when we have persuasive evidence of a sales arrangement, the product has been shipped or the services have been provided to the customer, the sales price is fixed or determinable, and collectibility is reasonably assured. We reduce our revenues for estimated customer returns and allowances, certain rebates, sales incentives and promotions in the same period the related sales are recorded.

We also record revenues generated under long-term construction contracts, mainly in connection with the installation of specialized roofing and flooring systems, and related services. In general, we account for long-term construction contracts under the percentage-of-completion method, and therefore record contract revenues and related costs as our contracts progress. This method recognizes the economic results of contract performance on a timelier basis than does the completed-contract method; however, application of this method requires reasonably dependable estimates of progress toward completion, as well as other dependable estimates. When reasonably dependable estimates cannot be made, or if other factors make estimates doubtful, the completed-contract method is applied. Under the completed-contract method, billings and costs are accumulated on the balance sheet as the contract progresses, but no revenue is recognized until the contract is complete or substantially complete.

Translation of Foreign Currency Financial Statements and Foreign Currency Transactions

Our reporting currency is the U.S. dollar. However, the functional currency for each of our foreign subsidiaries is its local currency. We translate the amounts included in our Consolidated Statements of Income from our foreign subsidiaries into U.S. dollars at weighted-average exchange rates, which we believe are representative of the actual exchange rates on the dates of the transactions. Our foreign subsidiaries' assets and liabilities are translated into U.S. dollars from local currency at the actual exchange rates as of the end of each reporting date, and we record the resulting foreign exchange translation adjustments in our Consolidated Balance Sheets as a component of accumulated other comprehensive income (loss). If the U.S. dollar continues to strengthen, we will continue to reflect the resulting losses as a component of accumulated other comprehensive income. Conversely, if the U.S. dollar were to weaken, foreign exchange translation gains could result, which would favorably impact accumulated other comprehensive income. Translation adjustments will be included in net earnings in the event of a sale or liquidation of any of our underlying foreign investments, or in the event that we distribute the accumulated earnings of consolidated foreign subsidiaries. If we determined that the functional currency of any of our foreign subsidiaries should be the U.S. dollar, our financial statements would be affected. Should this occur, we would adjust our reporting to appropriately account for any such changes.

As appropriate, we use permanently invested intercompany loans as a source of capital to reduce exposure to foreign currency fluctuations at our foreign subsidiaries. These loans, on a consolidated basis, are treated as being analogous to equity for accounting purposes. Therefore, foreign exchange gains or losses on these intercompany loans are recorded in accumulated other comprehensive income (loss). If we were to determine that the functional currency of any of our subsidiaries should be the U.S. dollar, we would no longer record foreign exchange gains or losses on such intercompany loans.

Goodwill

We apply the provisions of SFAS No. 141 ("SFAS No. 141"), "Business Combinations," which addresses the initial recognition and measurement of goodwill and intangible assets acquired in a business combination. We also apply the provisions of SFAS No. 142 ("SFAS No. 142"), "Goodwill and Other Intangible Assets," which requires that goodwill be tested at least on an annual basis, or more frequently as impairment indicators arise, using a fair-value approach at the reporting unit level. Our reporting units have been identified at the component level, or one level below our operating segments. The provisions of SFAS No. 142 require us to perform a two-step impairment test. In the first step, we compare

the fair value of each of our reporting units to its carrying value. We have elected to perform our annual required impairment tests, which involve the use of estimates related to the fair market values of the reporting units with which goodwill is associated, during our fourth fiscal quarter. Calculating the fair market values of reporting units requires our use of estimates and assumptions.

We use significant judgment in determining the most appropriate method to establish the fair values of each of our reporting units. We estimate the fair values of our reporting units by employing various valuation techniques, depending on the availability and reliability of comparable market value indicators, and employ methods and assumptions which include the application of third-party market value indicators and the computation of discounted future cash flows for each of our reporting unit's annual projected earnings before interest, taxes, depreciation and amortization ("EBITDA"). For each of our reporting units, we calculate a break-even multiple based on its carrying value as of the testing date. We then compare each reporting unit's break-even EBITDA market multiple to guideline EBITDA market multiples applicable to our industry and peer group, the data for which we develop internally and through third-party sources. The result of this

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

analysis provides us with insight and sensitivity as to which reporting units, if any, may have a higher risk for a potential impairment.

We then supplement this analysis with an evaluation of discounted future cash flows for each reporting unit's projected EBITDA. Under this approach, we calculate the fair value of each reporting unit based on the present value of estimated future cash flows. If the fair value of the reporting unit exceeds the carrying value of the net assets of the reporting unit, goodwill is not impaired. An indication that goodwill may be impaired results when the carrying value of the net assets of a reporting unit exceeds the fair value of the reporting unit. At that point, the second step of the impairment test is performed, which requires a fair value estimate of each tangible and intangible asset in order to determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then we record an impairment loss equal to the difference.

In applying the discounted cash flow methodology, we rely on a number of factors, including future business plans, actual and forecasted operating results, and market data. The significant assumptions employed under this method include discount rates, revenue growth rates, including assumed terminal growth rates, and operating margins used to project future cash flows for each reporting unit. The discount rates utilized reflect market-based estimates of capital costs and discount rates adjusted for management's assessment of a market participant's view with respect to other risks associated with the projected cash flows of the individual reporting units. Our estimates are based upon assumptions we believe to be reasonable, but which by nature are uncertain and unpredictable. We believe we incorporate ample sensitivity ranges into our analysis of goodwill impairment testing for each reporting unit, such that actual experience would need to be materially out of the range of expected assumptions in order for an impairment to remain undetected.

Our annual goodwill impairment analysis, which we performed during the fourth quarter of fiscal 2009, resulted in an impairment charge related to a reduction in the carrying value of goodwill in the amount of $14.9 million, relating to one of our reporting units. See Note A(10) for additional details regarding this impairment loss. The excess of fair value over carrying value for our other reporting units as of March 1, 2009, ranged from approximately $1.3 million to $249.8 million. In order to evaluate the sensitivity of the fair value calculations of our goodwill impairment test, we applied a hypothetical 5% decrease to the fair values of each reporting unit. This hypothetical 5% decrease would result in excess fair value over carrying value ranging from approximately $1.0 million to $231.8 million for our reporting units. Further, we compare the sum of the fair values of our reporting units resulting from our discounted cash flow calculations to our market capitalization as of our valuation date. We use this comparison to further assess the reasonableness of the assumptions employed in our valuation calculations. As of the valuation date, the sum of the fair values we calculated for our reporting units was approximately 15% above our market capitalization.

Other Long-Lived Assets

We assess identifiable, non-goodwill intangibles and other long-lived assets for impairment whenever events or changes in facts and circumstances indicate the possibility that the carrying values of these assets may not be recoverable over their estimated remaining useful lives. Factors considered important in our assessment, which might trigger an impairment evaluation, include the following:

- significant under-performance relative to historical or projected future operating results;
- significant changes in the manner of our use of the acquired assets;
- significant changes in the strategy for our overall business; and
- significant negative industry or economic trends.

Additionally, we test all indefinite-lived intangible assets for impairment at least annually during our fiscal fourth quarter. Measuring a potential impairment of non-goodwill intangibles and other long-lived assets requires the use of various estimates and assumptions, including the determination of which cash flows are directly related to the assets being evaluated, the respective useful lives over which those cash flows will occur and potential residual values, if any. If we determine that the carrying values of these assets may not be recoverable based upon the existence of one or more of the above-described indicators or other factors, any impairment amounts would be measured based on the projected net cash flows expected from these assets, including any net cash flows related to eventual disposition activities. The determination of any impairment losses would be based on the best information available, including internal estimates of discounted cash flows; quoted market prices, when available; and independent appraisals, as appropriate, to determine fair values. Cash flow estimates would be based on our historical experience and our internal business plans, with appropriate discount rates applied. Our annual impairment tests of each of our indefinite-lived intangible assets resulted in an impairment loss of $0.5 million related to the reduction in carrying value of one of our tradenames. This loss was primarily the result of continued declines in sales and projected sales in one of our business which operates primarily in the residential housing market. Please refer to Note A(10), "Goodwill and Other Intangible Assets," for further information. We also performed a recoverability test with respect to the assets of both of our entities that incurred goodwill or other intangible asset impairments during the current fiscal year. The tests included the comparison of our estimation of undiscounted future cash flows associated with these businesses to their respective book value as of the date of our

annual impairment tests. No impairment losses were required as a result of either of these tests for recoverability.

Deferred Income Taxes

Our provision for income taxes is calculated in accordance with SFAS No. 109, “Accounting for Income Taxes,” which requires the recognition of deferred income taxes using the liability method. Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and certain changes in valuation allowances. We provide valuation allowances against deferred tax assets if, based on available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

In determining the adequacy of valuation allowances, we consider cumulative and anticipated amounts of domestic and international earnings or losses, anticipated amounts of foreign source income, as well as the anticipated taxable income resulting from the reversal of future taxable temporary differences.

We intend to maintain any recorded valuation allowances until sufficient positive evidence (for example, cumulative positive foreign earnings or additional foreign source income) exists to support a reversal of the tax valuation allowances.

Contingencies

We are party to claims and lawsuits arising in the normal course of business, including the various asbestos-related suits discussed in Note I to our Consolidated Financial Statements. Although we cannot precisely predict the amount of any liability that may ultimately arise

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

with respect to any of these matters, we record provisions when we consider the liability probable and reasonably estimable. Our provisions are based on historical experience and legal advice, reviewed quarterly and adjusted according to developments. Estimating probable losses requires the analysis of multiple forecasted factors that often depend on judgments about potential actions by third parties, such as regulators, courts, and state and federal legislatures. Changes in the amounts of our loss provisions, which can be material, affect our Consolidated Statements of Income. Due to the inherent uncertainties in the process undertaken to estimate potential losses, we are unable to estimate an additional range of loss in excess of our accruals. While it is reasonably possible that such excess liabilities, if they were to occur, could be material to operating results in any given quarter or year of their recognition, we do not believe that it is reasonably possible that such excess liabilities would have a material adverse effect on our long-term results of operations, liquidity or consolidated financial position.

Our environmental-related accruals are similarly established and/or adjusted as more information becomes available upon which costs can be reasonably estimated. Here again, actual costs may vary from these estimates because of the inherent uncertainties involved, including the identification of new sites and the development of new information about contamination. Certain sites are still being investigated and, therefore, we have been unable to fully evaluate the ultimate costs for those sites. As a result, accruals have not been estimated for certain of these sites and costs may ultimately exceed existing estimated accruals for other sites. We have received indemnities for potential environmental issues from purchasers of certain of our properties and businesses and from sellers of some of the properties or businesses we have acquired. We have also purchased insurance to cover potential environmental liabilities at certain sites. If the indemnifying or insuring party fails to, or becomes unable to, fulfill its obligations under those agreements or policies, we may incur environmental costs in addition to any amounts accrued, which may have a material adverse effect on our financial condition, results of operations or cash flows.

Several of our industrial businesses offer extended warranty terms and related programs, and thus have established a corresponding warranty liability. Warranty expense is impacted by variations in local construction practices and installation conditions, including geographic and climate differences.

Additionally, our operations are subject to various federal, state, local and foreign tax laws and regulations which govern, among other things, taxes on worldwide income. The calculation of our income tax expense is based on the best information available and involves our significant judgment. The actual income tax liability for each jurisdiction in any year can be, in some instances, determined ultimately several years after the financial statements have been published.

We maintain accruals for estimated income tax exposures for many different jurisdictions. Tax exposures are settled primarily through the resolution of audits within each tax jurisdiction or the closing of a statute of limitation. Tax exposures can also be affected by changes in applicable tax laws or other factors, which may cause us to believe a revision of past estimates is appropriate. We believe that appropriate liabilities have been established for income tax exposures; however, actual results may differ materially from our estimates.

Allowance for Doubtful Accounts Receivable

An allowance for anticipated uncollectible trade receivable amounts is established using a combination of specifically identified accounts to be reserved and a reserve covering trends in collectibility. These estimates are based on an analysis of trends in collectibility, past experience and individual account balances identified as doubtful based on specific facts and conditions. Receivable losses are charged against the allowance when we confirm uncollectibility. Actual collections of trade receivables could differ from our estimates due to changes in future economic or industry conditions or specific customer's financial conditions.

Inventories

Inventories are stated at the lower of cost or market, cost being determined on a first-in, first-out (FIFO) basis and market being determined on the basis of replacement cost or net realizable value. Inventory costs include raw materials, labor and manufacturing overhead. We review the net realizable value of our inventory in detail on an on-going basis, with consideration given to various factors, which include our estimated reserves for excess, obsolete, slow moving or distressed inventories. If actual market conditions differ from our projections, and our estimates prove to be inaccurate, write-downs of inventory values and adjustments to cost of sales may be required. Historically, our inventory reserves have approximated actual experience.

Marketable Securities

Marketable securities, included in other current and long-term assets, are composed of available for sale securities and are reported at fair value. Realized gains and losses on sales of investments are recognized in net income on the specific identification basis. Changes in fair values of securities that are considered temporary, are recorded as unrealized gains and losses, net of applicable taxes, in accumulated other comprehensive income (loss) within stockholders' equity. Other-than-temporary declines in market value from original cost are reflected in operating income in the period in which the unrealized losses are deemed other than temporary. In order to determine whether an other-than-temporary decline in market value has occurred, the duration of the decline in value and our ability to hold the investment to recovery are considered in conjunction with an evaluation of the strength of the underlying collateral and the extent to which the

investment's amortized cost or cost, as appropriate, exceeds its related market value.

Pension and Postretirement Plans

We sponsor qualified defined benefit pension plans and various other nonqualified postretirement plans. The qualified defined benefit pension plans are funded with trust assets invested in a diversified portfolio of debt and equity securities and other investments. Among other factors, changes in interest rates, investment returns and the market value of plan assets can (i) affect the level of plan funding; (ii) cause volatility in the net periodic pension cost; and (iii) increase our future contribution requirements. A significant decrease in investment returns or the market value of plan assets or a significant decrease in interest rates could increase our net periodic pension costs and adversely affect our results of operations. A significant increase in our contribution requirements with respect to our qualified defined benefit pension plans could have an adverse impact on our cash flow.

Changes in our key plan assumptions would impact net periodic benefit expense and the projected benefit obligation for our defined benefit and various postretirement benefit plans. Based upon May 31, 2009 information, the following tables reflect the impact of a 1% change in the key assumptions applied to our defined benefit pension plans in the U.S. and internationally:

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

(In millions)	U.S. 1% Increase	U.S. 1% Decrease	International 1% Increase	International 1% Decrease
Discount Rate				
Increase (decrease) in expense in FY 2009	$ (2.9)	$ 2.9	$ (1.8)	$ 2.0
Increase (decrease) in obligation as of May 31, 2009	$(19.5)	$21.2	$(12.4)	$15.8
Expected Return on Plan Assets				
Increase (decrease) in expense in FY 2009	$ (1.5)	$ 1.5	$ (1.0)	$ 1.0
Increase (decrease) in obligation as of May 31, 2009	$ N/A	$ N/A	$ N/A	$ N/A
Compensation Increase				
Increase (decrease) in expense in FY 2009	$ 2.6	$ (2.3)	$ 0.9	$ (0.8)
Increase (decrease) in obligation as of May 31, 2009	$ 10.1	$ (8.9)	$ 3.3	$ (2.9)

Based upon May 31, 2009 information, the following tables reflect the impact of a 1% change in the key assumptions applied to our various postretirement health care plans:

(In millions)	U.S. 1% Increase	U.S. 1% Decrease	International 1% Increase	International 1% Decrease
Discount Rate				
Increase (decrease) in expense in FY 2009	$	$	$(0.2)	$ 0.3
Increase (decrease) in obligation as of May 31, 2009	$(0.7)	$ 0.8	$(1.1)	$ 1.4
Healthcare Cost Trend Rate				
Increase (decrease) in expense in FY 2009	$	$	$ 0.1	$(0.3)
Increase (decrease) in obligation as of May 31, 2009	$ 0.5	$(0.4)	$ 1.4	$(1.1)

BUSINESS SEGMENT INFORMATION

Our business is divided into two reportable segments: the industrial segment and the consumer segment. Within each segment, we aggregate three operating segments that consist of individual groups of companies and product lines, which generally address common markets, share similar economic characteristics, utilize similar technologies and can share manufacturing or distribution capabilities. Our six operating segments represent components of our business for which separate financial information is available that is utilized on a regular basis by our chief executive officer in determining how to allocate the assets of the Company and evaluate performance. These six operating segments are each managed by an operating segment manager, who is responsible for the day-to-day operating decisions and performance evaluation of the operating segment's underlying businesses. We evaluate the profit performance of our segments primarily based on gross profit, and, to a lesser extent, income (loss) before income taxes, but also look to earnings (loss) before interest and taxes ("EBIT") as a performance evaluation measure because interest expense is essentially related to corporate acquisitions, as opposed to segment operations.

Our industrial segment products are sold throughout North America and also account for the majority of our international sales. Our industrial product lines are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. This reportable segment comprises three separate operating segments — our Tremco Group, StonCor Group, and RPM II/Industrial Group. Products and services within this segment include construction chemicals, roofing systems, weatherproofing and other sealants, flooring and specialty chemicals.

Our consumer segment manufactures and markets professional use and do-it-yourself ("DIY") products for a variety of mainly consumer applications, including home improvement and personal leisure activities. Our consumer segment's major manufacturing and distribution operations are located primarily in North America. Consumer segment products are sold throughout North America directly to mass merchants, home improvement centers, hardware stores, paint stores, craft shops and to other smaller customers through distributors. This reportable segment comprises three operating segments — our DAP Group, Rust-Oleum/Zinsser Group, and RPM II/Consumer Group. Products within this segment include specialty, hobby and professional paints; caulks; adhesives; silicone sealants; wood stains and specialty confectionary coatings and films.

In addition to our two reportable segments, there is a category of certain business activities and expenses, referred to as corporate/ other, that does not constitute an operating segment. This category includes our corporate headquarters and related administrative expenses, results of our captive insurance companies, gains or losses on the sales of certain assets and other expenses not directly associated with either reportable segment. Assets related to the corporate/other category consist primarily of investments, prepaid expenses, deferred pension assets, and headquarters' property and equipment. These corporate and other assets and expenses reconcile reportable segment data to total consolidated

income before income taxes, interest expense and EBIT.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

The following table reflects the results of our reportable segments consistent with our management philosophy, and represents the information we utilize, in conjunction with various strategic, operational and other financial performance criteria, in evaluating the performance of our portfolio of product lines. For further information pertaining to our segments, refer to Note J, "Segment Information," to our Consolidated Financial Statements.

SEGMENT INFORMATION

(In thousands) Year Ended May 31	2009	2008	2007
Net Sales			
Industrial Segment	$2,265,957	$2,367,970	$2,102,684
Consumer Segment	1,102,210	1,275,821	1,236,080
Consolidated	$3,368,167	$3,643,791	$3,338,764
Gross Profit			
Industrial Segment	$ 942,820	$ 999,989	$ 885,999
Consumer Segment	410,269	498,548	474,453
Consolidated	$1,353,089	$1,498,537	$1,360,452
Income (Loss) Before Income Taxes (a)			
Industrial Segment			
Income Before Income Taxes (a)	$ 176,116 (e)	$ 259,630	$ 233,396
Interest (Expense), Net (b)	(676)	(2,188)	(1,931)
EBIT (c)	$ 176,792	$ 261,818	$ 235,327
Consumer Segment			
Income Before Income Taxes (a)	$ 102,311	$ 155,600	$ 151,220
Interest (Expense), Net (b)	(4,529)	(5,451)	(2,901)
EBIT (c)	$ 106,840	$ 161,051	$ 154,121
Corporate/Other			
(Expense) Before Income Taxes (a)	$ (97,559)	$ (376,176) (d)	$ (77,081) (d)
Interest (Expense), Net (b)	(55,049)	(39,325)	(42,201)
EBIT (c)	$ (42,510)	$ (336,851)	$ (34,880)
Consolidated			
Income (Loss) Before Income Taxes (a)	$ 180,868	$ 39,054	$ 307,535
Interest (Expense), Net (b)	(60,254)	(46,964)	(47,033)
EBIT (c)	$ 241,122	$ 86,018	$ 354,568

(a) The presentation includes a reconciliation of Income (Loss) Before Income Taxes, a measure defined by Generally Accepted Accounting Principles (GAAP) in the United States, to EBIT.

(b) Interest (expense), net includes the combination of interest expense and investment expense (income), net.

(c) EBIT is defined as earnings (loss) before interest and taxes. We evaluate the profit performance of our segments primarily based on gross profit, and, to a lesser extent, income (loss) before income taxes, but also look to EBIT as a performance evaluation measure because interest expense is essentially related to corporate acquisitions, as opposed to segment operations. We believe EBIT is useful to investors for this purpose as well, using EBIT as a metric in their investment decisions. EBIT should not be considered an alternative to, or more meaningful than, operating income as determined in accordance with GAAP, since EBIT omits the impact of interest and taxes in determining operating performance, which represent items necessary to our continued operations, given our level of indebtedness and ongoing tax obligations. Nonetheless, EBIT is a key measure expected by and useful to our fixed income investors, rating agencies and the banking community, all of whom believe, and we concur, that this measure is critical to the capital markets' analysis of our segments' core operating performance. We also evaluate EBIT because it is clear that movements in EBIT impact our ability to attract financing. Our underwriters and bankers consistently require inclusion of this measure in offering memoranda in conjunction with any debt underwriting or bank financing. EBIT may not be indicative of our historical operating results, nor is it meant to be predictive of potential future results.

(d) The asbestos charges, totaling $288.1 million in fiscal 2008 and the impact of an asbestos-related insurance settlement of $15.0 million in fiscal 2007, are reflected in Corporate/Other, and relate to our Bondex International, Inc. subsidiary (see Note I to the Consolidated Financial Statements).

(e) Our industrial reportable segment results for fiscal 2009 reflect the impact of impairment losses resulting from the reduction in carrying values of goodwill and other intangible assets, totaling $15.5 million (see Note A(10) to the Consolidated Financial Statements).

RESULTS OF OPERATIONS

Fiscal 2009 Compared with Fiscal 2008

Net Sales On a consolidated basis, net sales of $3.4 billion for the year ended May 31, 2009 declined 7.6%, or $275.6 million, over net sales of $3.6 billion during the comparable period last year. The organic decline in sales amounted to 10.2%, or $369.8 million, of the shortfall in net sales over the prior-year result, which includes volume-related declines of 9.9%, or $358.4 million, and the impact of net unfavorable foreign exchange rates year-over-year, which amounted to 3.4%, or $123.6 million, offset partially by pricing initiatives representing 3.1% of the prior-period sales, or $112.2 million. These pricing initiatives, including those across both of our reportable segments, were instituted primarily during prior periods in order to offset the rising costs of many of our raw materials. Foreign exchange losses resulted from the strong dollar against nearly all major foreign currencies, with the majority of the losses resulting from the weaker euro and Canadian dollar. Eleven small acquisitions provided 2.6% of sales growth over last year, or $94.2 million. The current worldwide recession impacted nearly every product line we offer in both of our reportable segments. However, despite the downturn, many of our businesses continue to either maintain their market share or gain market share as competitors drop out of the marketplace.

Industrial segment net sales, which comprised 67.3% of the current year's consolidated net sales, totaled $2.27 billion, a decline of 4.3% from $2.37 billion last year. This segment's net sales decline resulted primarily from an overall decline in organic sales, which

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

accounted for a 9.5% decline over prior-year sales, and included 4.1% from net unfavorable foreign exchange differences and volume declines approximating 8.2%, offset partially by 2.8% as a result of prior-period price increases. Nine small acquisitions provided 5.2% growth over the prior year. The organic sales volume decline in the industrial segment resulted primarily from declines in global sealants and roofing products, as well as exterior insulated finishing systems products. There was slow, but continued growth throughout fiscal 2009 from ongoing industrial and commercial maintenance and improvement activities in Canada, Latin America, South Africa and the Middle East. Despite the impact of the continuing weak economic environment on certain sectors of our domestic commercial construction markets, which we expect will continue at least into the first half of our upcoming fiscal 2010, we continue to secure new business through strong brand offerings, new product innovations and international expansion.

Consumer segment net sales, which comprised 32.7% of the current year's consolidated net sales, totaled $1.10 billion, a decline of 13.6% from $1.28 billion during fiscal 2008. The decline in this segment was primarily organic, which accounted for 11.3% of the decline over prior-year sales and included volume declines approximating 13.0%. Net unfavorable foreign exchange rates accounted for approximately 2.1% of the decline. Prior-period price increases had a 3.8% favorable impact on this segment's sales, while net divestitures represented 2.3% of the total decline. The organic sales volume decline reflects the continued weakness in the economy, including sluggish sales for retailers and distributors impacted by the domestic housing recession. Our consumer segment continues to increase market penetration at major retail accounts with various new product launches combined with efforts to refocus sales of our various repair and maintenance product lines.

Gross Profit Margin Our consolidated gross profit declined to 40.2% of net sales this year from 41.1% of net sales last year, or approximately 0.9% of sales, or 90 basis points ("bps"). This decline reflects our overall lower overhead absorption resulting from a 9.9% decline in organic sales volume, as discussed above, which reduced gross profit as a percent of sales by approximately 100 bps. Higher year-over-year raw material costs negatively impacted the current gross profit margin by approximately 200 bps, reflecting increases in oil prices and energy costs, which had previously put upward pressure on many of our raw material, packaging and transportation costs. Higher pricing, which favorably impacted our gross profit margin by approximately 210 bps, partially offset the combination of these year-over-year higher raw material costs and the effect of declining sales volumes. While many of our key raw material costs, such as plasticizers, epoxies, various solvents and resins, were higher than they were during the same period a year ago, we experienced some relief in certain other raw material and transportation costs this year, as a result of declines in certain energy prices.

Our industrial segment gross profit for fiscal 2009 fell by 60 bps, to 41.6% of net sales from last year's result of 42.2% of net sales. This segment's 8.2% decline in organic sales volume unfavorably impacted this segment's gross margin by approximately 90 bps during the current period, in addition to higher raw material costs, which had a negative impact of approximately 140 bps. Higher selling prices approximating 170 bps slightly offset these costs.

Our consumer segment gross profit for the year declined to 37.2% of net sales from 39.1% of net sales last year, or approximately 190 bps, mainly as a result of the approximate 320 bps impact of higher raw material costs, partially offset by the impact of recent price increases approximating 280 bps. The remaining 150 bps related to this segment's organic sales volume decline of 13.0% versus last year's net sales.

Selling, General and Administrative Expenses ("SG&A") Our consolidated SG&A increased to 32.6% of net sales for the current year compared with 30.8% a year ago. The 180 bps increase in SG&A as a percent of sales primarily reflects the impact of the 9.9% decline in organic sales volume, as previously discussed. The increase in SG&A as a percent of sales also reflects the impact of higher warranty expense during fiscal 2009, approximating 50 bps, and the combination of additional bad debt expense, unfavorable environmental reserve increases, and certain higher employment-related benefit costs. These higher expenses were offset partially by lower stock-based compensation expense, lower distribution expense, reductions in advertising expense and lower legal expenses, totaling approximately 40 bps. There were also certain additional strategic initiatives that were undertaken by certain of our businesses during fiscal 2009 in order to reduce our fixed cost base in light of the current worldwide recession. These initiatives included headcount reductions, which resulted in primarily severance costs approximating 60 bps for the year. The costs of these initiatives were slightly more than offset by the end of fiscal 2009 by the savings accumulated from the resulting lower headcount.

Our industrial segment SG&A increased to 33.1% of net sales for the current year from 31.1% for last year, reflecting the impact of the 8.2% decline in sales volume during fiscal 2009 versus fiscal 2008. Also reflected in the increase is the impact of higher warranty expense during fiscal 2009 in this segment, which began to trend higher during the last half of the current fiscal year. While we anticipate that this trend will continue into fiscal 2010, at this time we cannot currently estimate the extent of additional costs that may be incurred in connection with our extended warranty program. There was also additional bad debt expense incurred this year, however, this was more than offset by net favorable foreign currency adjustments. As mentioned above, during fiscal 2009 certain of our businesses incurred severance expense in an effort to bring costs down as a result of the weak economic environment. This segment's current-year costs relating to these initiatives were slightly more than offset by the favorable impact of the resulting headcount reductions by the end of fiscal 2009.

Our consumer segment SG&A as a percent of net sales for the current year increased by 100 bps to 27.5% compared with 26.5% a year ago, reflecting the unfavorable margin impact of the 13.0% sales volume decline in net sales in this segment, in addition to current year unfavorable foreign exchange adjustments, higher employment-related benefit expense and unfavorable environmental reserve adjustments. The strategic reductions in this segment's workforce, which resulted in severance and other related costs during fiscal 2009, was offset by the benefits of the reduced headcount expense by the end of fiscal 2009.

SG&A expenses in our corporate/other category decreased during fiscal 2009 by approximately $5.8 million, to $42.7 million from $48.5 million for fiscal 2008. The decrease reflects the combination of lower compensation, including stock based compensation, and lower insurance expense incurred during fiscal 2009 versus fiscal 2008, which provided a combined benefit of approximately $10.2 million. During fiscal 2009, we also recorded a gain on our partial repurchase of our 4.45% bonds at a discount, totaling approximately $0.8 million, and had lower year-over-year costs relating to travel, meetings, and other expenses as a result of tighter cost controls implemented during the current year. Partially offsetting these items was the impact of net unfavorable foreign currency adjustments, which totaled approximately $8.0 million, and other higher employment-related benefit expenses, including higher hospitalization and workers compensation costs.

License fee and joint venture income of approximately $3.1 million and $3.3 million for each of the years ended May 31, 2009 and 2008, respectively, are reflected as reductions of consolidated SG&A expenses.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

We recorded total net periodic pension and postretirement benefit costs of $22.7 million and $18.6 million for the years ended May 31, 2009 and 2008, respectively. This increased pension expense of $4.1 million was the result of higher interest costs approximating $2.8 million, net actuarial losses incurred of approximately $0.9 million and approximately $0.6 million less in curtailment gains than the prior year. Slightly offsetting these unfavorable items was the impact of $0.2 million in additional gains relating to the expected return on plan assets. A change of 1.0% in the discount rate or expected rate of return on plan assets assumptions would result in $4.7 million and $2.5 million higher pension expense, respectively. The assumptions and estimates used to determine the discount rate and expected return on plan assets are more fully described in Note G, "Pension Plans," and Note H, "Postretirement Health Care Benefits," to our Consolidated Financial Statements. Further discussion and analysis of the sensitivity surrounding our most critical assumptions under our pension and postretirement plans is discussed on page 20 of this report under, "Critical Accounting Policies – Pension and Postretirement Plans." We expect that pension expense will fluctuate on a year-to-year basis, depending primarily upon the investment performance of plan assets and potential changes in interest rates, but such changes are not expected to be material to our consolidated financial results.

Asbestos Charge (Income) As described in Note I, "Contingencies and Loss Reserves," to the Consolidated Financial Statements, we recorded pre-tax asbestos charges of $288.1 million during the fiscal year ended May 31, 2008, in connection with the calculation of our liability for unasserted-potential-future-asbestos-related claims by an independent consulting firm. There was no related charge taken or incurred during the fiscal year ended May 31, 2009. For additional information, please refer to Note I, "Contingencies and Loss Reserves," to the Consolidated Financial Statements.

Goodwill and Other Intangible Asset Impairments As described in Note A(10), "Goodwill and Other Intangible Assets," to the Consolidated Financial Statements, we recorded impairment charges related to a reduction of the carrying value of goodwill and other intangible assets totaling $15.5 million for the fiscal year ended May 31, 2009. The results of our annual impairment testing for the fiscal years ended May 31, 2008 did not result in any adjustments to the carrying value of goodwill or other intangible assets. For additional information, please refer to Note A(10) to the Consolidated Financial Statements and the Critical Accounting Policies discussed herein.

Interest Expense Interest expense was $54.5 million during fiscal 2009 versus $60.5 million a year ago, or a decrease of $6.0 million. The combination of lower interest rates, which averaged 5.19% overall for fiscal 2009 compared with 5.25% for fiscal 2008, and lower average borrowings, net of additional borrowings for acquisitions, reduced interest expense this year by approximately $8.2 million versus last year. Partially offsetting this reduction was the impact of additional bond financing-related costs approximating $2.2 million.

Investment Expense (Income), Net Net investment expense of $5.8 million during fiscal 2009 compares to fiscal 2008 net investment income of $13.5 million. Net realized gains on the sales of investments resulted in a net gain of $1.6 million for the year ended May 31, 2009 versus a net gain of $3.2 million for fiscal 2008. Additionally, there were impairments recognized on securities that management has determined are other-than-temporary declines in value, which approximated $15.1 million and $1.4 million for fiscal 2009 and 2008, respectively. Additionally, dividend and interest income totaling $7.7 million during fiscal 2009 compares with $11.7 million of income last year. The year-over-year changes in these items reflect the current global economic downturn and related declines in the U.S. financial markets.

Income Before Income Taxes ("IBT") Our consolidated IBT for fiscal 2009 of $180.9 million compares with last year's IBT of $39.0 million, for a margin on net sales of 5.4% versus 1.1% a year ago. Reflected in the current-year figures was the impact of an impairment loss of $15.5 million resulting from a reduction in the carrying values of goodwill and other intangible assets during this year's fourth fiscal quarter. Reflected in the prior year figures was the impact of the $288.1 million asbestos-related charge taken during last year's fourth fiscal quarter, as previously discussed.

Our industrial segment had IBT of $176.1 million versus last year's IBT of $259.6 million, reflecting this segment's 8.2% decline in organic sales volume during fiscal 2009, as previously discussed, in addition to certain higher raw material costs, the goodwill and other intangible asset impairment loss and additional warranty expense during fiscal 2009. Our consumer segment IBT declined to $102.3 million for the year, from $155.6 million last year, primarily as a result of the 13.0% organic sales decline combined with unfavorable foreign exchange adjustments and certain higher raw material costs.

Income Tax Rate Our effective income tax expense rate of 33.9% for the year ended May 31, 2009 compared to an effective income tax benefit rate of 22.2% for the year ended May 31, 2008.

For the year ended May 31, 2009 and, to a greater extent, for the year ended May 31, 2008, the effective tax rate differed from the federal statutory rate due to decreases in the effective tax rate principally as a result of the impact of certain foreign operations on our U.S. taxes, U.S. tax benefits associated with the domestic manufacturing deduction and lower effective tax rates in certain of our foreign jurisdictions. In addition, for the year ended May 31, 2009, various state taxing jurisdictions enacted new tax laws which resulted in a one-time decrease in the state effective tax rate of $1.8 million. The year ended May 31, 2008 was also impacted by a decrease in the effective tax rate as a result of a reversal of valuation allowances associated with foreign tax credits.

For the years ended May 31, 2009 and May 31, 2008, the decreases in the effective tax rate were partially offset by valuation allowances associated with losses incurred by certain of our foreign businesses, state and local income taxes and other non-deductible business operating expenses. In addition, the decreases in the effective tax rate for the year

ended May 31, 2009 were offset by the non-deductible impairment of goodwill, which impacted the tax provision by $5.2 million, and valuation allowances associated with foreign tax credit carryforwards.

As of May 31, 2009, we have determined, based on the available evidence, that it is uncertain whether we will be able to recognize certain deferred tax assets. Therefore, in accordance with the provisions of SFAS No. 109, “Accounting for Income Taxes,” we intend to maintain the tax valuation allowances recorded at May 31, 2009 for certain deferred tax assets until sufficient positive evidence (for example, cumulative positive foreign earnings or additional foreign source income) exists to support their reversal. These valuation allowances relate to U.S. foreign tax credit carryforwards, certain foreign net operating losses and net foreign deferred tax assets recorded in purchase accounting. In accordance with SFAS No. 141, any reversal of a valuation allowance that was recorded in purchase accounting has reduced goodwill.

Net Income Net income of $119.6 million for the year ended May 31, 2009 compares to net income of $47.7 million for fiscal

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Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

2008, for a net margin on sales of 3.6% for fiscal 2009 compared to a net margin on sales of 1.3% for fiscal 2008. The current-year net income reflects the after-tax impact of the goodwill and other intangible asset impairment losses of $15.3 million, while the prior-year net income reflects the after-tax impact of the asbestos-related charge of $185.1 million. Excluding those items, the net margin on sales for fiscal 2009 and 2008 would have been 4.0% and 6.4%, respectively. The overall decline in the net margin on sales reflects the impact of declining organic sales volume, which impacted sales by 9.9% during fiscal 2009, combined with higher raw material costs and expenses related to higher warranty, bad debt, and other-than-temporary losses on marketable securities incurred during fiscal 2009.

Diluted earnings per share of common stock of $0.93 for fiscal 2009 compares with diluted earnings per share of $0.39 a year ago.

Fiscal 2008 Compared with Fiscal 2007

Net Sales On a consolidated basis, net sales of $3.64 billion for fiscal 2008 grew 9.1%, or $305.0 million, over net sales of $3.34 billion during fiscal 2007. Organic sales improvements accounted for 6.9%, or $230.8 million, of the growth in net sales in fiscal 2008 over fiscal 2007, including pricing initiatives representing 1.6% of the sales growth, or $53.1 million, and the impact of net favorable foreign exchange rates year-over-year, which provided 3.1%, or $102.7 million, of the sales growth. Foreign exchange gains resulted from the weak dollar against nearly all major foreign currencies, with the majority of the gain resulting from the stronger euro and the Canadian dollar. Fifteen small acquisitions accounted for 3.4% of the growth in net sales over fiscal 2007, while the loss of the revenue related to our Bondo divestiture during fiscal 2008 represented a negative impact of 1.2% of net sales from fiscal 2007, for a net acquisition impact of 2.2% of the growth in net sales over fiscal 2007, or $74.2 million.

Industrial segment net sales, which comprised 64.9% of fiscal 2008 net sales, totaled $2.37 billion, growing 12.6% from $2.10 billion during fiscal 2007. This segment’s net sales growth resulted from the combination of 11 small acquisitions, which contributed 3.7%, plus organic sales growth, which accounted for 8.9% of the increase, including 2.2% from pricing and 3.9% from net favorable foreign exchange differences. The strong organic sales improvements in the industrial segment resulted from growth in most international businesses, polymer flooring, protective coatings and roofing. Much of this growth resulted from ongoing industrial and commercial maintenance and improvement activities, primarily in Europe and North America, but also in Latin America and other regions of the world. There was also a slight increase in new construction in certain of those sectors, which also contributed to increased revenues in the period. In order to offset the weakness in the economy, which was beginning to impact certain sectors of our domestic construction markets, we continued to secure new business through our strong brand offerings, high level of service and technical support, new product innovations and international expansion.

Consumer segment net sales, which comprised 35.1% of fiscal 2008 net sales, increased 3.2% to $1.28 billion from $1.24 billion during fiscal 2007. This segment’s net sales growth resulted primarily from organic sales improvements, which provided 3.4% of the net sales growth, including 0.6% from pricing and 1.6% from net favorable foreign exchange. Despite weakening economic conditions, this segment was able to grow organic sales by launching various new product offerings, increasing market penetration at major retail accounts, and refocusing efforts on our various repair and maintenance products. Partially offsetting the organic growth in net sales over the prior year in this segment was the impact of the divestiture of our Bondo subsidiary during fiscal 2008, representing a negative impact of 3.2% of consumer segment net sales compared to fiscal 2007, which was partially offset by acquisitions for a 3.0% increase in net sales over fiscal 2007, for a net negative impact of 0.2%, or $2.9 million.

Gross Profit Margin Consolidated gross profit improved to 41.1% of net sales during fiscal 2008 from 40.8% during fiscal 2007. While the cost of certain of our key raw materials remained higher over the same period a year ago, such as epoxies, various solvents and resins, we saw the costs of certain of our other key materials stabilize versus the prior period, such as zinc and seedlac. The net 30 bps improvement in the gross profit margin during the fiscal year primarily reflects the leverage of the 3.8% organic growth in net sales, a favorable mix of product and operational improvements. Higher raw material costs, which impacted the fiscal 2008 gross profit margin by approximately 0.9% of net sales, or 90 bps, were offset by the impact of selling price increases that were initiated throughout fiscal 2008.

Our industrial segment gross profit for the fiscal year improved to 42.2% of net sales from 42.1% of net sales fiscal 2007. This 10 bps improvement in this segment resulted from higher selling prices, which were partially offset by certain continued higher raw material costs during the year. In addition, productivity gains related to the 2.8% pure unit organic growth in sales and a favorable mix of sales contributed to the improved gross profit margin in fiscal 2008.

Our consumer segment gross profit for the 2008 fiscal year improved to 39.1% of net sales from 38.4% fiscal 2007. The leverage of the 1.2% pure unit growth in organic sales in this segment, combined with a favorable sales mix, more than overcame certain higher raw material costs during the year, resulting in a net improvement of 70 bps in the gross profit margin year-over-year.

SG&A Our consolidated SG&A expense levels for fiscal 2008 increased by 20 bps to 30.8% of net sales compared with 30.6% for fiscal 2007. The increase mainly reflects additional expenditures made to support the 3.8% organic growth in sales, including certain employee-compensation-related expenses, in addition to certain higher legal and audit-related

expenditures, which were partially offset by the combination of the gain on the sale of our Bondo subsidiary during fiscal 2008, certain favorable environmental accrual adjustments and reductions in distribution and certain benefit-related costs.

Our industrial segment SG&A increased by 20 bps to 31.1% of net sales in fiscal 2008 from 30.9% a year ago, reflecting principally higher employment-related costs, legal and foreign exchange expense, partially offset by the operating leverage related to this segment's 5.0% organic sales growth.

Our consumer segment SG&A as a percentage of net sales for fiscal 2008 increased by 60 bps to 26.5% compared with 25.9% for fiscal 2007, reflecting certain higher employee-compensation costs and additional expense related to environmental accruals. Partially offsetting these costs was the combination of the $1.1 million gain on the sale of our Bondo subsidiary during the second quarter of fiscal 2008, reductions in certain advertising and promotional expenditures, and lower distribution expense year-over-year.

SG&A expenses reported in our corporate/other category decreased during fiscal 2008 to $48.5 million from $49.8 million during fiscal 2007. This decrease is mainly the result of favorable environmental-related accrual adjustments, foreign exchange gains, certain lower employee compensation and pension-related benefit costs. Partially offsetting these gains were higher legal and audit-related costs, higher insurance and other employment-related expenses, and additional restricted stock activity under our Omnibus Equity and Incentive Plan, mostly related to accelerated vesting of grants for retirees.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

License fee and joint venture income of approximately $3.3 million and $2.5 million for the years ended May 31, 2008 and 2007, respectively, are reflected as reductions of consolidated SG&A expenses.

We recorded total net periodic pension and postretirement benefit cost of $18.6 million and $20.2 million for the years ended May 31, 2008 and 2007, respectively. This decreased pension expense of $1.6 million was attributable to an improvement in the expected return on plan assets of $3.6 million, a curtailment gain of $0.7 million during the fiscal year, and fewer net actuarial losses recognized during fiscal 2008 for $1.3 million. These gains were partly offset by increased service and interest cost approximating $4.0 million. We expect that pension expense will fluctuate on a year-to-year basis, depending primarily upon the investment performance of plan assets and potential changes in interest rates, but such changes are not expected to be material to our consolidated financial results.

Asbestos Charge (Income) As described in Note I, "Contingencies and Loss Reserves," to the Consolidated Financial Statements, we recorded pre-tax asbestos charges of $288.1 million and $380.0 million during the fiscal years ended May 31, 2008 and 2006, respectively, in connection with the calculation of our liability for unasserted-potential-future-asbestos-related claims by an independent consulting firm. There was no related charge taken or incurred during the fiscal year ended May 31, 2007; however, our Bondex subsidiary reached a cash settlement of $15.0 million, the terms of which are confidential by agreement of the parties, with one of our former insurance carriers regarding asbestos-matters and recorded the resulting settlement income during fiscal 2007. For additional information, please refer to Note I, "Contingencies and Loss Reserves," to the Consolidated Financial Statements.

Interest Expense For the year ended May 31, 2008, interest expense was $60.5 million versus $58.2 million during fiscal 2007, for an increase of $2.3 million. This increase reflected the impact of higher weighted-average net borrowings associated with acquisitions, approximating $102.2 million during fiscal 2008, which increased interest expense by approximately $6.5 million, along with additional interest expense associated with increased borrowings, totaling $1.5 million. However, lower interest rates, which averaged 5.25% overall for fiscal 2008 compared with 5.59% for fiscal 2007, reduced year-over-year interest expense by $4.6 million. Finally, during fiscal 2007, we prepaid our 6.61% Senior Notes, Series B, due November 15, 2006, and our 7.30% Senior Notes, Series C, due November 15, 2008, which included a nonrecurring $1.1 million make-whole payment.

Investment Expense (Income), Net Net investment income of $13.5 million during fiscal 2008 compares to fiscal 2007 net investment income of $11.2 million. Interest income for fiscal 2008 amounted to $9.4 million versus $5.2 million during fiscal 2007. Additionally, dividend and interest income totaling $2.3 million during fiscal 2008 compares with $1.8 million of income during fiscal 2007. Net realized gains on the sales of investments totaled $3.2 million for the year ended May 31, 2008 versus $4.2 million for fiscal 2007. Additionally, there were impairments recognized on securities that management determined to be other-than-temporary declines in value, which approximated $1.4 million for fiscal 2008, with no corresponding charge incurred during fiscal 2007.

IBT Our consolidated IBT for fiscal 2008 declined by $268.5 million, or 87.3%, to $39.0 million from $307.5 million fiscal 2007, for a 1.1% margin on net sales versus 9.2% a year ago. This decline in margin on sales results from the $288.1 million pre-tax asbestos-related liability increase during fiscal 2008, and the prior-year $15.0 million pre-tax, asbestos-related insurance settlement.

Industrial segment IBT improved by $26.3 million, to $259.5 million from fiscal 2007's $233.1 million, as a result of the favorable growth in organic sales, offset partially by higher foreign exchange losses, legal expenses and compensation-related costs. Consumer segment IBT improved by $4.3 million, to $155.8 million from $151.5 million in fiscal 2007, as a net result of the favorable impact of acquisitions and the gain on the sale of Bondo, offset partially by certain higher compensation-related costs and unfavorable environmental-related accruals.

For a reconciliation of IBT to EBIT, see the Segment Information table located on page 25 of this Annual Report.

Income Tax Rate The effective income tax benefit rate was 22.2% for the year ended May 31, 2008 compared to an effective income tax expense rate of 32.3% for the year ended May 31, 2007.

For the year ended May 31, 2008 and, to a lesser extent, for the year ended May 31, 2007, the effective tax rate differed from the federal statutory rate due to decreases in the effective tax rate principally as a result of the impact of certain foreign operations on our U.S. taxes, U.S. tax benefits associated with the domestic manufacturing deduction and lower effective tax rates in certain of our foreign jurisdictions. In addition, for the year ended May 31, 2008, the effective tax rate decreased as a result of the reversal of $2.1 million of the valuation allowances associated with foreign tax credit carryovers. Furthermore, during the year ended May 31, 2008, various foreign taxing jurisdictions enacted new tax laws, including income tax rate reductions, which resulted in a one-time decrease in the effective tax rate of $2.8 million. The year ended May 31, 2007 was impacted by a decrease in the effective tax rate as a result of a one-time benefit relating to the resolution of prior-year's tax liabilities.

For the years ended May 31, 2008 and May 31, 2007, the decreases in the effective tax rates were partially offset by valuation allowances associated with losses incurred by certain of our foreign businesses, state and local income taxes, and other non-deductible business operating expenses. In addition, the decreases in the effective tax rate for the year ended May 31, 2007 were further offset by valuation allowances associated with foreign tax credit carryforwards.

Net Income Net income of $47.7 million for the year ended May 31, 2008 compares to $208.3 million in fiscal 2007, for a

net margin on sales of 1.3% and 6.2% for fiscal 2008 and 2007, respectively. The decline from the prior year reflects the $185.1 million after-tax asbestos-related liability adjustment taken during the fourth fiscal quarter of 2008. Also, the prior-year figures reflect the combination of a one-time gain of $2.1 million relating to the settlement of prior-years' tax liabilities and income of $9.7 million (after-tax) related to the impact of an asbestos-related cash settlement received from one of the defendant insurers during fiscal 2007, as previously discussed.

Reflected in net income for fiscal 2008 is the combination of the operating leverage related to our 3.8% organic sales growth, the impact of favorable acquisitions throughout the year and the net impact of higher selling prices offsetting certain increased raw material costs. Diluted earnings per share of common stock for fiscal 2008 declined by 76.2% to $0.39 from $1.64 for fiscal 2007.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Operating activities provided cash flow of $267.0 million during fiscal 2009 compared with $234.7 million of cash flow provided during fiscal 2008, an increase of approximately 13.8%.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Net income, adjusted for non-cash expenses and income, decreased by approximately $117.3 million versus last year, but was more than offset by cash generated from decreases primarily in working capital. A lower trade accounts receivable balance at the end of fiscal 2009, resulting from additional cash collections, provided $181.6 million in cash versus last year's $55.1 million use of cash, or approximately $236.7 million more cash year-over-year. Inventory reductions provided $75.0 million of cash this year compared with a use of cash of $28.4 million last year, or $103.4 million more cash year-over-year. With regard to accounts payable, we used $130.0 million more during fiscal 2009 compared to last year, as a result of a change in the timing of certain payments. Accrued compensation and benefits used an additional $44.8 million versus the prior year, while other accruals, including those for other short-term and long-term items, used an additional $26.1 million, due to changes in the timing of such payments.

Cash provided from operations, along with the use of available credit lines, as required, remain our primary sources of liquidity.

Investing Activities

Capital expenditures, other than for ordinary repairs and replacements, are made to accommodate our continued growth to achieve production and distribution efficiencies, to expand capacity and to enhance our administration capabilities. Capital expenditures of $55.0 million during fiscal 2009 compare with current-year depreciation of $62.4 million. Capital spending is expected to decline to a level which will trail depreciation expense at least through fiscal 2010. Due to additional capacity, which has been brought on-line over the last several years, we believe there is adequate production capacity to meet our needs based on anticipated growth rates. Any additional capital expenditures made over the next few years will likely relate primarily to new products and technology.

Our captive insurance companies invest their excess cash in marketable securities in the ordinary course of conducting their operations, and this activity will continue. Differences in the amounts related to these activities on a year-over-year basis are primarily attributable to differences in the timing and performance of their investments balanced against amounts required to satisfy claims. At May 31, 2009, the fair value of our investments in marketable securities totaled $83.3 million, of which investments with a fair value of $43.6 million were in an unrealized loss position. At May 31, 2008, the fair value of our investments in marketable securities totaled $110.4 million, of which investments with a fair value of $25.8 million were in an unrealized loss position. Total pre-tax unrealized losses recorded in accumulated other comprehensive income at May 31, 2009 and May 31, 2008 were $3.8 million and $1.7 million, respectively.

We regularly review our marketable securities in unrealized loss positions in order to determine whether or not we have the ability and intent to hold these investments. That determination is based upon the severity and duration of the decline, in addition to our evaluation of the cash flow requirements of our businesses. Unrealized losses at May 31, 2009 were generally caused by the recent decline in valuations in the financial sector and the volatility in the global economy, specifically over the last nine months. If general economic conditions were to continue to deteriorate, including continued uncertainties surrounding the volatility in financial markets and the viability of banks and other financial institutions, and if we were to experience continuing or significant additional unrealized losses within our portfolio of investments in marketable securities, we may recognize additional other-than-temporary impairment losses in future periods. Such potential losses could have a material impact on our results of operations. As such, we continue to closely evaluate the status of our investments and our ability and intent to hold these investments until their cost can be recovered.

Financing Activities

On April 7, 2009, we replaced our existing $125.0 million accounts receivable securitization program, under which we had no outstanding balance at February 28, 2009, and which was set to expire on May 7, 2009, with a new, three-year, $150.0 million accounts receivable securitization program (the "AR program"). The AR program, which was established with two banks for certain of our subsidiaries ("originating subsidiaries"), contemplates that the originating subsidiaries will sell certain of their accounts receivable to RPM Funding Corporation, a wholly-owned special purpose entity ("SPE"), which will then transfer undivided interests in such receivables to the participating banks. Once transferred to the SPE, such receivables are owned in their entirety by the SPE and are not available to satisfy claims of our creditors or creditors of the originating subsidiaries until the obligations owing to the participating banks have been paid in full. The transactions contemplated by the new program do not constitute a form of off-balance sheet financing and will be fully reflected in our financial statements. Entry into the new program increased our liquidity by $25.0 million, but also increased our financing costs due to higher market rates. The amounts available under the program are subject to changes in the credit ratings of our customers, customer concentration levels or certain characteristics of the underlying accounts receivable, and therefore at certain times we may not be able to fully access the $150.0 million of funding available under the AR program. At May 31, 2009, approximately $147.9 million was available under this AR program.

On February 20, 2008 we issued and sold $250.0 million of 6.50% Notes due February 15, 2018. The proceeds were used to repay our $100.0 million Senior Unsecured Notes due March 1, 2008, the outstanding principal under our $125.0 million accounts receivable securitization program and $19.0 million in short-term borrowings under our revolving credit facility. This financing strengthened our credit profile and liquidity position, as well as lengthened the average maturity of our outstanding debt obligations.

On December 29, 2006, we replaced our $330.0 million revolving credit facility with a $400.0 million five-year credit facility (the "Credit Facility"). The Credit Facility is used for working capital needs and general corporate purposes, including acquisitions. The Credit Facility provides for borrowings in U.S. dollars and several foreign currencies and provides sublimits for the issuance of letters of credit in an aggregate amount of up to $35.0 million and a swing-line of up to $20.0 million for short-term borrowings of less than 15 days. In addition, the size of the Credit Facility may be expanded, subject to lender approval, upon our request by up to an additional $175.0 million, thus potentially expanding the Credit Facility to $575.0 million.

On May 29, 2009, we entered into an amendment to our Credit Facility agreement with our lenders. Under the amendment, we are required to comply with various customary affirmative and negative covenants. These include financial covenants requiring us to maintain certain leverage and interest coverage ratios. The definition of EBITDA has been amended to add back the sum of all (i) non-cash charges relating to the writedown or impairment of goodwill and other intangibles during the applicable period, (ii) other non-cash charges up to an aggregate of $25.0 million during such applicable period and (iii) one-time cash charges incurred during the period from June 1, 2008 through May 31, 2010, but only up to an aggregate of not more than $25.0 million during such applicable period. The interest

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

coverage ratio is calculated at the end of each fiscal quarter for the four fiscal quarters then ended. The minimum required consolidated interest coverage ratio, EBITDA to interest expense, remains 3.50 to 1 under the amendment, but allowance of the add-backs referred to above has the effect of making this convenant less restrictive. Under the terms of the leverage covenant, we may not permit our consolidated indebtedness at any date to exceed 55% of the sum of such indebtedness and our consolidated shareholders' equity on such date, and may not permit the indebtedness of our domestic subsidiaries (determined on a combined basis and excluding indebtedness to us and indebtedness incurred pursuant to permitted receivables securitizations) to exceed 15% of our consolidated shareholders' equity. This amendment also added a fixed charge coverage covenant beginning with our fiscal quarter ending August 31, 2009. Under the fixed charge coverage covenant, the ratio of our consolidated EBITDA for any four-fiscal-quarter-period to the sum of our consolidated interest expense, income taxes paid in cash (other than taxes on non-recurring gains), capital expenditures, scheduled principal payments on our amortizing indebtedness (other than indebtedness scheduled to be repaid at maturity) and dividends paid in cash (or, for testing periods ending on or before May 31, 2010, 70% of dividends paid in cash), in each case for such four-fiscal-quarter period, may not be less than 1.00 to 1. This amendment also includes a temporary, one-year restriction on certain mergers, asset dispositions and acquisitions, and contains customary representations and warranties.

We are subject to the same leverage, interest coverage and fixed charge coverage covenants under the AR program as those contained in our Credit Facility. On May 29, 2009, we also entered into an amendment to our AR program. Included in the amendment were the same amendments to the definition of EBITDA, an identical reduction in the maximum consolidated leverage ratio and the same fixed charge coverage covenants as were included in our Credit Facility amendment, as outlined above.

Our failure to comply with these and other covenants contained in the Credit Facility may result in an event of default under that agreement, entitling the lenders to, among other things, declare the entire amount outstanding under the Credit Facility to be due and payable. The instruments governing our other outstanding indebtedness generally include cross-default provisions that provide that under certain circumstances, an event of default that results in acceleration of our indebtedness under the Credit Facility will entitle the holders of such other indebtedness to declare amounts outstanding immediately due and payable.

As of May 31, 2009, we were in compliance with all covenants contained in our Credit Facility, including the leverage and interest coverage ratio covenants. At that date, our leverage ratio was 44.9% and our interest coverage ratio was 5.66:1. Additionally, in accordance with these covenants, at May 31, 2009, our domestic subsidiaries indebtedness did not exceed 15% of consolidated shareholders' equity as of that date.

Our access to funds under our Credit Facility is dependent on the ability of the financial institutions that are parties to the facility to meet their funding commitments. Those financial institutions may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time. Moreover, the obligations of the financial institutions under our Credit Facility are several and not joint and, as a result, a funding default by one or more institutions does not need to be made up by the others.

We are exposed to market risk associated with interest rates. We do not use financial derivative instruments for trading purposes, nor do we engage in foreign currency, commodity or interest rate speculation. Concurrent with the issuance of our 6.7% Senior Unsecured Notes, RPM United Kingdom G.P. entered into a cross currency swap, which fixed the interest and principal payments in euros for the life of the 6.7% Senior Unsecured Notes and resulted in an effective euro fixed rate borrowing of 5.31%. In addition to hedging the risk associated with our 6.7% Senior Unsecured Notes, our only other hedged risks are associated with certain fixed debt, whereby we have a $163.7 million notional amount interest rate swap contract designated as a fair value hedge to pay floating rates of interest, based on six-month LIBOR that matures in our fiscal year ending May 31, 2010. Because critical terms of the debt and interest rate swap match, the hedge is considered perfectly effective against changes in fair value of debt, and therefore, there is no need to periodically reassess the effectiveness during the term of the hedge.

Our available liquidity, including our cash and cash equivalents and amounts available under our committed credit facilities, stood at $620.7 million at May 31, 2009. Our debt-to-capital ratio was 44.9% at May 31, 2009, compared with 48.6% at May 31, 2008.

During fiscal 2009, we called for redemption all of our outstanding Senior Convertible Notes due May 13, 2033. Prior to the redemption, virtually all of the holders converted their Senior Convertible Notes into shares of our common stock. For additional information, refer to Note B, "Borrowings," to the Consolidated Financial Statements.

The following table summarizes our financial obligations and their expected maturities at May 31, 2009 and the effect such obligations are expected to have on our liquidity and cash flow in the periods indicated.

Contractual Obligations

	Total Contractual	Payments Due In			
(In thousands)	Payment Stream	2010	2011-12	2013-14	After 2014
Long-term debt obligations	$ 930,842	$168,547	$160,888	$201,508	$399,899
Capital lease obligations	3,186	559	990	879	758

Operating lease obligations	166,862	38,738	49,773	25,984	52,367
Other long-term liabilities(1):					
Interest payments on long-term debt obligations	258,665	39,502	76,287	63,787	79,089
Contributions to pension and postretirement plans(2)	340,400	20,500	61,400	81,500	177,000
Total	$1,699,955	$267,846	$349,338	$373,658	$709,113

(1) Excluded from other long-term liabilities is our liability for unrecognized tax benefits, which totaled $4.7 million at May 31, 2009. Currently, we cannot predict with reasonable reliability the timing of cash settlements to the respective taxing authorities.

(2) These amounts represent our estimated cash contributions to be made in the periods indicated for our pension and postretirement plans, assuming no actuarial gains or losses, assumption changes or plan changes occur in any period. The projection results assume $10.8 million will be contributed to the U.S. plans in fiscal 2009; all other plans and years assume the required minimum contribution will be contributed.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

The condition of the U.S. dollar fluctuated throughout the year, and was moderately stronger against other major currencies where we conduct operations at the fiscal year end versus the previous year end, causing an unfavorable change in the accumulated other comprehensive income (loss) (refer to Note A) component of stockholders' equity of $99.5 million this year versus a favorable change of $55.9 million last year. The change in fiscal 2009 was in addition to net changes of $(16.6) million, $(4.6) million and $(12.1) million related to adjustments required for minimum pension and other postretirement liabilities, unrealized gains on derivatives and unrealized gains on securities, respectively.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financings, other than the minimum leasing commitments described in Note F, "Leases," to the Consolidated Financial Statements. We have no subsidiaries that are not included in our financial statements, nor do we have any interests in or relationships with any special purpose entities that are not reflected in our financial statements.

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates and foreign currency exchange rates because we fund our operations through long- and short-term borrowings and denominate our business transactions in a variety of foreign currencies. We utilize a sensitivity analysis to measure the potential loss in earnings based on a hypothetical 1% increase in interest rates and a 10% change in foreign currency rates. A summary of our primary market risk exposures follows.

Interest Rate Risk

Our primary interest rate risk exposure results from our floating rate debt, including various revolving and other lines of credit (refer to Note B, "Borrowings"). At May 31, 2009, approximately 35.7% of our debt was subject to floating interest rates.

If interest rates were to increase 100 bps from May 31, 2008 and, assuming no changes in debt from the May 31, 2009 levels, the additional annual interest expense would amount to approximately $3.3 million on a pre-tax basis. A similar increase in interest rates in fiscal 2008 would have resulted in approximately $3.3 million in additional interest expense.

Our hedged risks are associated with certain fixed-rate debt whereby we have a $163.7 million notional amount interest rate swap contract designated as a fair value hedge to pay floating rates of interest based on six-month LIBOR that matures in fiscal 2010. Because critical terms of the debt and interest rate swap match, the hedge is considered perfectly effective against changes in the fair value of debt, and therefore, there is no need to periodically reassess the effectiveness during the term of the hedge.

All derivative instruments are recognized on the balance sheet and measured at fair value. Changes in the fair values of derivative instruments that do not qualify as hedges and/or any ineffective portion of hedges are recognized as a gain or loss in our Consolidated Statement of Income in the current period. Changes in the fair value of derivative instruments used effectively as fair value hedges are recognized in earnings (losses), along with the change in the value of the hedged item. Such derivative transactions are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended and interpreted. We do not hold or issue derivative instruments for speculative purposes.

Foreign Currency Risk

Our foreign sales and results of operations are subject to the impact of foreign currency fluctuations (refer to Note A, "Summary of Significant Accounting Policies"). As most of our foreign operations are in countries with fairly stable currencies, such as Belgium, Canada, France, Germany, the Netherlands and the United Kingdom, this effect has not generally been material. In addition, foreign debt is denominated in the respective foreign currency, thereby eliminating any related translation impact on earnings.

If the U.S. dollar continues to weaken, our foreign results of operations will be positively impacted, but the effect is not expected to be material. A 10% change in foreign currency exchange rates would not have resulted in a material impact to net income for the years ended May 31, 2009 and 2008. We do not currently hedge against the risk of exchange rate fluctuations.

FORWARD-LOOKING STATEMENTS

The foregoing discussion contains "forward-looking statements" relating to our business. These forward-looking statements, or other statements made by us, are made based on our expectations and beliefs concerning future events impacting us, and are subject to uncertainties and factors (including those specified below), which are difficult to predict and, in many instances, are beyond our control. As a result, our actual results could differ materially from those expressed in or implied by any such forward-looking statements. These uncertainties and factors include (a) global markets and general economic conditions; (b) the price, supply and capacity of raw materials, including assorted pigments, resins,

solvents and other natural gas- and oil-based materials; packaging, including plastic containers; and transportation services, including fuel surcharges; (c) continued growth in demand for our products; (d) legal, environmental and litigation risks inherent in our construction and chemicals businesses and risks related to the adequacy of our insurance coverage for such matters; (e) the effect of changes in interest rates; (f) the effect of fluctuations in currency exchange rates upon our foreign operations; (g) the effect of non-currency risks of investing in and conducting operations in foreign countries, including those relating to domestic and international political, social, economic and regulatory factors; (h) risks and uncertainties associated with our ongoing acquisition and divestiture activities; (i) risks related to the adequacy of our contingent liabilities, including for asbestos-related claims and warranty obligations; and (j) other risks detailed in our filings with the Securities and Exchange Commission, including the risk factors set forth in our Annual Report on Form 10-K for the year ended May 31, 2009, as the same may be updated from time to time. We do not undertake any obligation to publicly update or revise any forward-looking statements to reflect future events, information or circumstances that arise after the date of the filing of the report containing such statements.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

May 31	2009	2008
Assets		
Current Assets		
Cash and cash equivalents	$ 253,387	$ 231,251
Trade accounts receivable (less allowances of $22,934 in 2009 and $24,554 in 2008)	638,659	817,241
Inventories	406,175	476,149
Deferred income taxes	44,540	37,644
Prepaid expenses and other current assets	210,155	221,690
Total current assets	1,552,916	1,783,975
Property, Plant and Equipment, at Cost		
Land	33,836	33,299
Buildings and leasehold improvements	305,927	302,375
Machinery and equipment	716,792	719,045
	1,056,555	1,054,719
Less allowance for depreciation and amortization	586,452	556,998
Property, plant and equipment, net	470,103	497,721
Other Assets		
Goodwill	856,166	908,358
Other intangible assets, net of amortization	358,097	384,370
Deferred income taxes, non-current	92,500	88,754
Other	80,139	100,389
Total other assets	1,386,902	1,481,871
Total Assets	$ 3,409,921	$ 3,763,567
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 294,814	$ 411,448
Current portion of long-term debt	168,547	6,934
Accrued compensation and benefits	124,138	151,493
Accrued loss reserves	77,393	71,981
Asbestos-related liabilities	65,000	65,000
Other accrued liabilities	119,270	139,505
Total current liabilities	849,162	846,361
Long-Term Liabilities		
Long-term debt, less current maturities	762,295	1,066,687
Asbestos-related liabilities	425,328	494,745
Other long-term liabilities	205,650	192,412
Deferred income taxes	23,815	26,806
Total long-term liabilities	1,417,088	1,780,650
Total liabilities	2,266,250	2,627,011
Stockholders' Equity		
Preferred stock, par value $0.01; authorized 50,000 shares; none issued		
Common stock, par value $0.01; authorized 300,000 shares; issued and outstanding 128,501 as of May 2009; issued and outstanding 122,189 as of May 2008;	1,285	1,222
Paid-in capital	780,967	612,441
Treasury stock, at cost	(50,453)	(6,057)
Accumulated other comprehensive income (loss)	(31,557)	101,162
Retained earnings	443,429	427,788
Total stockholders' equity	1,143,671	1,136,556
Total Liabilities and Stockholders' Equity	$ 3,409,921	$ 3,763,567

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

Year Ended May 31	2009	2008	2007
Net Sales	$ 3,368,167	$ 3,643,791	$ 3,338,764
Cost of Sales	2,015,078	2,145,254	1,978,312
Gross Profit	1,353,089	1,498,537	1,360,452
Selling, General and Administrative Expenses	1,096,505	1,124,419	1,020,884
Asbestos Charges (Settlement Income)		288,100	(15,000)
Goodwill and Other Intangible Asset Impairments	15,462		
Interest Expense	54,460	60,476	58,237
Investment Expense (Income), Net	5,794	(13,512)	(11,204)
Income Before Income Taxes	180,868	39,054	307,535
Provision (Benefit) for Income Taxes	61,252	(8,655)	99,246
Net Income	$ 119,616	$ 47,709	$ 208,289
Average Number of Shares of Common Stock Outstanding			
Basic	126,373	120,151	118,179
Diluted	128,255	130,539	128,711
Earnings per Share of Common Stock			
Basic	$ 0.95	$ 0.40	$ 1.76
Diluted	$ 0.93	$ 0.39	$ 1.64
Cash Dividends Declared per Share of Common Stock	$ 0.790	$ 0.745	$ 0.685

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

Year Ended May 31	2009	2008	2007
Cash Flows From Operating Activities:			
Net income	$ 119,616	$ 47,709	$ 208,289
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	62,379	62,238	59,256
Amortization	22,765	23,128	22,351
Goodwill and other intangible asset impairments	15,462		
Other-than-temporary impairments on marketable securities	15,062	1,409	
Provision for asbestos-related liabilities		288,100	
Deferred income taxes	1,136	(73,888)	32,740
Other	6,692	11,751	9,595
Changes in assets and liabilities, net of effect from purchases and sales of businesses:			
(Increase) decrease in receivables	181,617	(55,056)	(75,185)
(Increase) decrease in inventory	75,014	(28,361)	(23,864)
(Increase) decrease in prepaid expenses and other current and long-term assets	18,024	(5,858)	(17,777)
Increase (decrease) in accounts payable	(119,327)	10,654	37,656
Increase (decrease) in accrued compensation and benefits	(29,039)	15,810	(4,335)
Increase (decrease) in accrued loss reserves	5,167	(5,382)	6,501
Increase (decrease) in other accrued liabilities	(11,695)	14,426	54,879
Payments made for asbestos-related claims	(69,417)	(82,623)	(67,017)
Other	(26,461)	10,657	(40,784)
Cash From Operating Activities	266,995	234,714	202,305
Cash Flows From Investing Activities:			
Capital expenditures	(54,986)	(71,840)	(70,393)
Acquisition of businesses, net of cash acquired	(16,669)	(123,130)	(124,154)
Purchase of marketable securities	(75,410)	(110,225)	(96,695)
Proceeds from sales of marketable securities	65,862	92,383	78,530
Proceeds from sale of assets and businesses	852	46,544	1,516
Other	(1,196)	(2,946)	2,945
Cash (Used For) Investing Activities	(81,547)	(169,214)	(208,251)
Cash Flows From Financing Activities:			
Additions to long-term and short-term debt	56,816	251,765	153,516
Reductions of long-term and short-term debt	(51,412)	(181,074)	(53,560)
Cash dividends	(101,836)	(90,638)	(82,106)
Repurchase of stock	(45,360)	(6,057)	
Tax benefit from exercise of stock options	131	3,792	1,549
Exercise of stock options	3,057	10,689	25,833
Cash From (Used For) Financing Activities	(138,604)	(11,523)	45,232
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(24,708)	18,258	11,114
Net Change in Cash and Cash Equivalents	22,136	72,235	50,400
Cash and Cash Equivalents at Beginning of Year	231,251	159,016	108,616
Cash and Cash Equivalents at End of Year	$ 253,387	$ 231,251	$ 159,016
Supplemental Disclosures of Cash Flows Information:			
Cash paid during the year for:			
Interest	$ 51,316	$ 58,650	$ 57,929
Income taxes	$ 62,930	$ 59,978	$ 51,971
Supplemental Schedule of Non-Cash Investing and Financing Activities:			
Stock-based compensation activity	$ 8,008	$ 13,396	$ 10,509
Debt from business combinations	$ 20	$ 4,314	$ 7,828
Issuance of stock for convertible-bond redemption	$ 150,612	$	$

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock						
	Number of Shares	Par/ Stated Value	Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance at June 1, 2006	118,743	$ 1,187	$ 545,422	$ —	$ 29,839	$ 349,493	$ 925,941
Comprehensive income							
Net income						208,289	208,289
Translation gain and other					37,580		37,580
Comprehensive income							245,869
Impact of adoption of SFAS No. 158, net of taxes of $22,468					(42,279)		(42,279)
Dividends paid						(82,106)	(82,106)
Stock option exercises, net	1,798	18	25,815				25,833
Stock based compensation expense			5,862				5,862
Restricted stock awards, net	365	4	7,746				7,750
Balance at May 31, 2007	120,906	1,209	584,845	—	25,140	475,676	1,086,870
Impact of adoption of measurement date provisions of SFAS No. 158:							
Net periodic benefit cost for the period March 1, 2007 - May 31, 2007, net of taxes of $1,722						(3,270)	(3,270)
Change in fair value and benefit obligation from March 1, 2007 - May 31, 2007, net of taxes of $6,203					11,658		11,658
Impact of adoption of FIN No. 48						(1,689)	(1,689)
Beginning Balance, as adjusted	120,906	1,209	584,845	—	36,798	470,717	1,093,569
Comprehensive income							
Net income						47,709	47,709
Translation gain and other					64,364		64,364
Comprehensive income							112,073
Dividends paid						(90,638)	(90,638)
Stock option exercises, net	750	8	10,665				10,673
Stock based compensation expense			5,239				5,239
Restricted stock awards, net	533	5	11,692	(6,057)			5,640
Balance at May 31, 2008	122,189	1,222	612,441	(6,057)	101,162	427,788	1,136,556
Impact of adoption of EITF 06-4						(2,139)	(2,139)
Beginning Balance, as adjusted	122,189	1,222	612,441	(6,057)	101,162	425,649	1,134,417
Comprehensive income							
Net income						119,616	119,616

Translation gain and other					(132,719)		(132,719)
Comprehensive income (loss)							(13,103)
Dividends paid						(101,836)	(101,836)
Issuance of stock for convertible bond redemption, including deferred tax benefit of $7,174	8,030	80	157,706				157,786
Shares repurchased	(2,355)	(24)		(43,345)			(43,369)
Stock option exercises, net	254	2	3,041	(82)			2,961
Stock based compensation expense			2,743				2,743
Restricted stock awards, net	383	5	5,036	(969)			4,072
Balance at May 31, 2009	128,501	$ 1,285	$ 780,967	$ (50,453)	$ (31,557)	$ 443,429	$ 1,143,671

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Consolidation and Basis of Presentation

Our financial statements consolidate all of our affiliates. We account for our investments in less-than-majority-owned joint ventures under the equity method. Effects of transactions between related companies are eliminated in consolidation.

Our business is dependent on external weather factors. Historically, we have experienced strong sales and net income in our first, second and fourth fiscal quarters comprised of the three-month periods ending August 31, November 30 and May 31, respectively, with weaker performance in our third fiscal quarter (December through February).

Certain reclassifications have been made to prior-year amounts to conform to this year's presentation.

2) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in the United States requires us to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3) Acquisitions/Divestitures

We account for business combinations using the purchase method of accounting and accordingly, the assets and liabilities of the acquired entities are recorded at their estimated fair values at the acquisition date.

During the fiscal year ended May 31, 2009, we completed four acquisitions, all of which report through our industrial reportable segment. The acquired product lines and assets included the following: a distributor of flooring and joint sealants based in Switzerland; a contractor for insulation and air leakage control based in Canada; an industrial and commercial flooring products company based in South Africa; and various tangible and intangible assets related to construction-type metering equipment. During the fiscal year ended May 31, 2008, we completed nine acquisitions, the majority of which report through our industrial reportable segment. The acquired product lines and assets included a specialty coatings provider for industrial and marine applications in Scandinavia, a manufacturer of concrete admixture products in Chile, a decorative concrete system manufacturer based in the southern U.S., a sealant supplier for window assembly markets in southern and eastern Europe, and a manufacturer of high-performance flooring systems in England. The purchase price for each acquisition has been allocated to the preliminary, estimated fair values of the assets acquired and liabilities assumed as of the date of acquisition. These acquisitions have been aggregated by year of purchase in the following table:

	Fiscal 2009 Acquisitions		Fiscal 2008 Acquisitions	
(In thousands)	Weighted-Average Intangible Asset Amortization Life (In Years)	Total	Weighted-Average Intangible Asset Amortization Life (In Years)	Total
Current assets		$ 6,806		$ 70,921
Property, plant and equipment		870		13,637
Goodwill	N/A	8,687	N/A	61,917
Tradenames — indefinite lives	N/A	1,083	N/A	13,061
Other intangible assets	8	3,183	9	34,826
Other long-term assets		296		10,088
Total Assets Acquired		$20,925		$204,450
Liabilities assumed		(4,659)		(68,985)
Net Assets Acquired		$16,266		$135,465

During fiscal 2008, we completed the sale of our Bondo subsidiary, formerly one of our consumer segment product lines, to an outside third party. Sale proceeds of $45.0 million generated a one-time, pre-tax net gain of $1.1 million, which was included in SG&A expense for fiscal 2008. The reported amount of the gain is net of approximately $4.2 million of transaction-related costs, including $1.5 million for involuntary employee terminations and related costs, approximately $1.6 million in adjustments for product returns and product liability accruals, and approximately $1.0 million for closing costs and other fees.

Our Consolidated Financial Statements reflect the results of operations of acquired businesses as of their respective dates of acquisition. Pro-forma results of operations for the years ended May 31, 2009 and May 31, 2008 were not materially different from reported results and, consequently, are not presented.

4) Foreign Currency

The functional currency for each of our foreign subsidiaries is its local currency. Accordingly, for the periods presented, assets and liabilities have been translated using exchange rates at year end, while income and expense for the periods have been translated using a weighted-average exchange rate.

The resulting translation adjustments have been recorded in accumulated other comprehensive income (loss), a component of stockholders' equity, and will be included in net earnings only upon the sale or liquidation of the underlying foreign investment, neither of which is contemplated at this time. Transaction gains and losses have been immaterial during the past three fiscal years.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

5) Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) consists of the following components:

(In thousands)	Foreign Currency Translation Adjustments	Pension and Other Postretirement Benefit Liability Adjustments, Net of Tax	Unrealized Gain (Loss) on Derivatives, Net of Tax	Unrealized Gain (Loss) on Securities, Net of Tax	Total
Balance at June 1, 2006	$ 45,045	$(16,192)	$(1,999)	$ 2,985	$ 29,839
Reclassification adjustments for (gains) losses included in net income				(2,774)	(2,774)
Other comprehensive income	25,954	1,974	7,850	12,180	47,958
Deferred taxes		(1,317)	(2,540)	(3,747)	(7,604)
Impact of adopting SFAS No. 158, net of taxes of $22,468		(42,279)			(42,279)
Balance at May 31, 2007	70,999	(57,814)	3,311	8,644	25,140
Impact of adoption of SFAS No. 158 for change in fair value and benefit obligation from March 1, 2007 – May 31, 2007, net of taxes of $6,203		11,658			11,658
Balance at May 31, 2007, as adjusted	70,999	(46,156)	3,311	8,644	36,798
Reclassification adjustments for (gains) losses included in net income				(882)	(882)
Other comprehensive income (loss)	55,857	(1,433)	7,195	7,842	69,461
Deferred taxes		946	(2,404)	(2,757)	(4,215)
Balance at May 31, 2008	126,856	(46,643)	8,102	12,847	101,162
Reclassification adjustments for losses included in net income, net of tax of $3,989				9,682	9,682
Other comprehensive (loss)	(99,458)	(26,401)	(6,871)	(32,475)	(165,205)
Deferred taxes		9,842	2,283	10,679	22,804
Balance at May 31, 2009	$ 27,398	$(63,202)	$ 3,514	$ 733	$ (31,557)

6) Cash and Cash Equivalents

For purposes of the statement of cash flows, we consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. We do not believe we are exposed to any significant credit risk on cash and cash equivalents. The carrying amounts of cash and cash equivalents approximate fair value.

7) Marketable Securities

The following tables summarize marketable securities held at May 31, 2009 and 2008 by asset type:

	Available-For-Sale Securities			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value (Net Carrying Amount)
May 31, 2009				
Equity securities:				
Stocks	$36,475	$1,949	$(2,686)	$35,738
Mutual funds	21,321	804	(963)	21,162
Total equity securities	57,796	2,753	(3,649)	56,900
Fixed maturity:				

U.S. treasury and other government	9,164	258	(7)	9,415
Corporate	16,075	1,028	(117)	16,986
Total fixed maturity securities	25,239	1,286	(124)	26,401
Total	$83,035	$4,039	$(3,773)	$83,301

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

(In thousands)	Available-For-Sale Securities Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value (Net Carrying Amount)
May 31, 2008				
Equity securities:				
Stocks	$40,274	$18,500	$(1,034)	$ 57,740
Mutual funds	18,401	2,020	(418)	20,003
Total equity securities	58,675	20,520	(1,452)	77,743
Fixed maturity:				
U.S. treasury and other government	19,934	394	(95)	20,233
Corporate	12,480	144	(200)	12,424
Total fixed maturity securities	32,414	538	(295)	32,657
Total	$91,089	$21,058	$(1,747)	$110,400

Marketable securities, included in other current and long-term assets, are composed of available-for-sale securities and are reported at fair value. Realized gains and losses on sales of investments are recognized in net income on the specific identification basis. Changes in the fair values of securities that are considered temporary are recorded as unrealized gains and losses, net of applicable taxes, in accumulated other comprehensive income (loss) within stockholders' equity. Other-than-temporary declines in market value from original cost are reflected in operating income in the period in which the unrealized losses are deemed other than temporary. In order to determine whether an other-than-temporary decline in market value has occurred, the duration of the decline in value and our ability to hold the investment are considered in conjunction with an evaluation of the strength of the underlying collateral and the extent to which the investment's amortized cost or cost, as appropriate, exceeds its related market value.

Gross gains and losses realized on sales of investments were $4.7 million and $3.1 million, respectively, for the year ended May 31, 2009. Gross gains and losses realized on sales of investments were $5.7 million and $2.5 million, respectively, for the year ended May 31, 2008. During the fiscal years ended May 31, 2009 and 2008, we recognized losses of $15.1 million and $1.4 million, respectively, for securities deemed to have other-than-temporary impairments.

Summarized below are the securities we held at May 31, 2009 and 2008 that were in an unrealized loss position included in accumulated other comprehensive income, aggregated by the length of time the investments had been in that position:

	May 31, 2009		May 31, 2008	
(In thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Total investments with unrealized losses	$43,624	$(3,773)	$25,785	$(1,747)
Unrealized losses with a loss position for less than 12 months	43,013	(3,721)	24,730	(1,635)
Unrealized losses with a loss position for more than 12 months	611	(52)	1,055	(112)

Included in the figures above is our investment in Kemrock Industries, which has a fair value of $9.2 million and an unrealized loss of $2.0 million at May 31, 2009. At May 31, 2008, our investment in Kemrock Industries had a fair value of $20.9 million, and was in an unrealized gain position. We have reviewed all of the securities included in the table above and have concluded that we have the ability and intent to hold these investments until their cost can be recovered, based upon the severity and duration of the decline. Therefore, we did not recognize any further other-than-temporary impairment losses on these investments. Unrealized losses at May 31, 2009 were generally caused by the recent decline in valuations in the financial markets and the volatility in the global economy, specifically over the last six to nine months. If general economic conditions were to continue to deteriorate, including continued uncertainties surrounding the volatility in financial markets and the viability of banks and other financial institutions, and if we were to experience continuing or significant additional unrealized losses within our portfolio of investments in marketable securities, we may recognize additional other-than-temporary impairment losses. Such potential losses could have a material impact on our results of operations in any given reporting period. As such, we continue to closely evaluate the status of our investments and our ability and intent to hold these investments.

The net carrying value of debt securities at May 31, 2009, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

(In thousands)	Amortized Cost	Fair Value
Due:		
Less than one year	$ 1,595	$ 1,645
One year through five years	13,122	13,699

Six years through ten years	4,045	4,230
After ten years	6,477	6,827
	$25,239	$26,401

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

8) Financial Instruments

Financial instruments recorded on the balance sheet include cash and cash equivalents, accounts receivable, notes and accounts payable, and debt. The carrying amount of cash and cash equivalents, accounts receivable, and notes and accounts payable approximates fair value because of their short-term maturity.

An allowance for anticipated uncollectible trade receivable amounts is established using a combination of specifically identified accounts to be reserved, and a reserve covering trends in collectibility. These estimates are based on an analysis of trends in collectibility, past experience, and individual account balances identified as doubtful based on specific facts and conditions. Receivable losses are charged against the allowance when we confirm uncollectibility.

All derivative instruments are recognized on the balance sheet and measured at fair value. Changes in the fair values of derivative instruments that do not qualify as hedges and/or any ineffective portion of hedges are recognized as a gain or (loss) in our Consolidated Statement of Income in the current period. Changes in the fair value of derivative instruments used effectively as fair value hedges are recognized in earnings (losses), along with the change in the value of the hedged item. Such derivative transactions are accounted for under SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities,” as amended and interpreted. We do not hold or issue derivative instruments for speculative purposes.

The carrying amount of our debt instruments approximates fair value based on quoted market prices, variable interest rates or borrowing rates for similar types of debt arrangements, with the exception of our contingently-convertible notes due 2033. We called these notes for redemption during fiscal 2009. Please refer to Note B, “Borrowings,” for further information.

Effective June 1, 2008, we adopted Statement of Financial Accounting Standard No. 157 (“SFAS No. 157”), “Fair Value Measurements.” SFAS No. 157 clarifies the definition of fair value, establishes a framework for measuring fair value based on the inputs used to measure fair value and expands the disclosures of fair value measurements. In accordance with Financial Accounting Standards Board Staff Position No. FAS 157-2, “Effective Date of FASB Statement No. 157,” we will defer the adoption of SFAS No. 157 for our nonfinancial assets and nonfinancial liabilities until June 1, 2009, which is not expected to have a material impact on our financial statements. Our adoption of the portion of SFAS No. 157 relating to our financial assets and liabilities did not have a material impact on our financial statements.

SFAS No. 157 valuation techniques are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect management’s market assumptions. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value, as follows:

Level 1 Inputs — Quoted prices for identical instruments in active markets.

Level 2 Inputs — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Inputs — Instruments with primarily unobservable value drivers.

The following table presents our assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

(In thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at May 31, 2009
Marketable equity securities	$56,900	$	$	$ 56,900
Marketable debt securities		26,401		26,401
Interest rate swap		2,300		2,300
Cross-currency swap/interest rate swap		(21,733)		(21,733)
Total	$56,900	$ 6,968	$	$ 63,868

Our marketable securities are composed of mainly available-for-sale securities, and are valued using a market approach based on quoted market prices for identical instruments. The availability of inputs observable in the market varies from instrument to instrument and depends on a variety of factors including the type of instrument, whether the instrument is actively traded, and other characteristics particular to the transaction. For most of our financial instruments, pricing inputs are readily observable in the market, the valuation methodology used is widely accepted by market participants, and the valuation does not require significant management discretion. For other financial instruments, pricing inputs are less observable in the market and may require management judgment.

Our interest rate swap was a fixed-to-floating interest rate exchange of debt, with a fair value of zero at inception. The variable leg of this swap is based upon the benchmark interest rate designated as the interest rate risk being hedged, which is USD-LIBOR-BBA. As this rate is observable, but is not a quoted price, we consider our interest rate swap to be a

Level 2 asset under the fair value hierarchy.

Our cross-currency swap was designed to fix our interest and principal payments in euros for the life of the debt, which resulted in an effective euro fixed-rate borrowing of 5.31%. The basis for determining the rates for this swap included three legs at the inception of the agreement: the USD fixed rate to a USD floating rate; the euro floating to euro fixed rate; and the dollar to euro basis fixed rate at inception. Therefore, RPM essentially exchanged fixed payments denominated in USD for fixed payments denominated in fixed euros, paying fixed euros at 5.31% and receiving fixed USD at 6.70%. The ultimate payments are based on the notional principal amounts of 150 million USD and approximately 125 million euros. There will be

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

an exchange of the notional amounts at maturity. The rates included in this swap are based upon observable market data, but are not quoted market prices, and therefore, the cross-currency swap is considered a level 2 liability on the fair value hierarchy.

9) Inventories

Inventories are stated at the lower of cost or market, cost being determined on a FIFO basis and market being determined on the basis of replacement cost or net realizable value. Inventory costs include raw materials, labor and manufacturing overhead. Inventories were composed of the following major classes:

May 31	2009	2008
(In thousands)		
Raw materials and supplies	$ 133,708	$ 151,400
Finished goods	272,467	324,749
Total Inventories	$ 406,175	$ 476,149

10) Goodwill and Other Intangible Assets

We account for goodwill and other intangible assets in accordance with the provisions of SFAS No. 142, “Goodwill and Other Intangible Assets,” and account for business combinations using the purchase method of accounting and accordingly, the assets and liabilities of the entities acquired are recorded at their estimated fair values at the acquisition date. Goodwill represents the excess of the purchase price paid over the fair value of net assets acquired, including the amount assigned to identifiable intangible assets.

We perform the required annual impairment assessments as of the first day of our fourth fiscal quarter, using a fair-value approach at the reporting unit level. Our reporting units have been identified at the component level, or one level below our operating segments. The annual goodwill impairment assessment involves estimating the fair value of each reporting unit and comparing it with its carrying amount. If the carrying amount of the reporting unit exceeds its fair value, additional steps are followed to determine and recognize, if appropriate, an impairment loss. Calculating the fair value of the reporting units requires our significant use of estimates and assumptions. We estimate the fair values of our reporting units by applying a combination of third-party market-value indicators, when observable market data was available, and discounted future cash flows to each of our reporting unit’s projected EBITDA. In applying this methodology, we rely on a number of factors, including actual and forecasted operating results and market data.

For the fiscal year ended May 31, 2009, our fair value determinations indicated a potential goodwill impairment for one of our reporting units. Therefore, a fair value estimate of each tangible and intangible asset was established. This process required our estimation of the discounted cash flows expected to be generated by each asset in addition to independent asset appraisals, as deemed appropriate. Our cash flow estimates were based on our historical experience and our internal business plans, and appropriate discount rates were applied. This testing resulted in an impairment charge related to a reduction of the carrying value of goodwill in the amount of $14.9 million at this reporting unit for the fiscal year ended May 31, 2009. The goodwill impairment resulted primarily from soft domestic commercial construction sales coupled with continued low cash flow projections for this reporting unit.

Additionally, we test all indefinite-lived intangible assets for impairment annually. The results of our annual impairment test for the fiscal year ended May 31, 2009 resulted in a reduction in the carrying value of certain indefinite-lived tradenames of $0.5 million. The impairment resulted from continued slow sales associated with the ongoing declines in residential housing construction.

Should the future earnings and cash flows at our reporting units decline and/or discount rates increase, future impairment charges to goodwill and other intangible assets may be required.

The results of our annual impairment tests for the fiscal years ended May 31, 2008 and 2007 did not result in any adjustment to the carrying value of goodwill or indefinite-lived intangible asset impairments.

The changes in the carrying amount of goodwill, by reportable segment, for the years ended May 31, 2009 and 2008, are as follows:

(In thousands)	Industrial Segment	Consumer Segment	Total
Balance as of June 1, 2007	$423,172	$407,005	$830,177
Acquisitions, net of divestitures	60,953	(7,378)	53,575
Purchase accounting adjustments(1)	(621)	547	(74)
Translation adjustments	21,054	3,626	24,680
Balance as of May 31, 2008	504,558	403,800	908,358
Acquisitions	8,687		8,687
Purchase accounting adjustments(1)	816		816
Goodwill impairment charged to operations	(14,942)		(14,942)

Translation adjustments	(34,131)	(12,622)	(46,753)
Balance as of May 31, 2009	$464,988	$391,178	$856,166

(1) Relates primarily to other accruals and finalization of certain property, plant and equipment and intangibles valuations.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Other intangible assets consist of the following major classes:

(In thousands)	Amortization Period (in Years)	Gross Carrying Amount	Accumulated Amortization	Impairment Charged to Operations	Net Other Intangible Assets
As of May 31, 2009					
Amortized intangible assets					
Formulae	4 to 33	$206,466	$104,882	$	$101,584
Customer-related intangibles	5 to 33	117,932	43,266		74,666
Trademarks/names	3 to 40	27,235	8,766		18,469
Other	1 to 40	38,974	23,007		15,967
Total Amortized Intangibles		390,607	179,921		210,686
Indefinite-lived intangible assets					
Tradenames		147,931		520	147,411
Total Other Intangible Assets		$538,538	$179,921	$520	$358,097
As of May 31, 2008					
Amortized intangible assets					
Formulae	4 to 33	$203,084	$ 94,980		$108,104
Customer-related intangibles	5 to 33	115,250	36,436		78,814
Trademarks/names	5 to 40	25,493	7,198		18,295
Other	1 to 40	55,454	21,324		34,130
Total Amortized Intangibles		399,281	159,938		239,343
Indefinite-lived intangible assets					
Tradenames		145,027			145,027
Total Other Intangible Assets		$544,308	$159,938		$384,370

The aggregate intangible asset amortization expense for the fiscal years ended May 31, 2009, 2008 and 2007 was $22.5 million, $20.6 million and $20.1 million, respectively. For the next five fiscal years, we estimate annual intangible asset amortization expense related to our existing intangible assets to approximate the following: 2010 — $20 million, 2011 — $19 million, 2012 — $19 million, 2013 — $18 million and 2014 — $17 million.

11) Depreciation

Depreciation is computed primarily using the straight-line method over the following ranges of useful lives:

Land improvements	3 to 25 years
Buildings and improvements	3 to 50 years
Machinery and equipment	1 to 25 years

Total depreciation expense for each fiscal period includes the charges to income that result from the amortization of assets recorded under capital leases.

As required by SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," we review long-lived assets for impairment when circumstances indicate that the carrying values of these assets may not be recoverable. For assets that are to be held and used, an impairment charge is recognized when the estimated undiscounted future cash flows associated with the asset or group of assets are less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded for the difference between the carrying value and the fair value. Fair values are determined based on quoted market values, discounted cash flows, internal appraisals or external appraisals, as applicable. Assets to be disposed of are carried at the lower of their carrying value or estimated net realizable value.

12) Revenue Recognition

Revenues are recognized when realized or realizable, and when earned. In general, this is when title and risk of loss pass to the customer. Further, revenues are realizable when we have persuasive evidence of a sales arrangement, the product has been shipped or the services have been provided to the customer, the sales price is fixed or determinable, and collectibility is reasonably assured. We reduce our revenues for estimated customer returns and allowances, certain rebates, sales incentives, and promotions in the same period the related sales are recorded.

We also record revenues generated under long-term construction contracts, mainly in connection with the installation of specialized roofing and flooring systems, and related services. Certain long-term construction contracts are accounted for

under the percentage-of-completion method, and therefore we record contract revenues and related costs as our contracts progress. This method recognizes the economic results of contract performance on a timelier basis than does the completed-contract method; however, application of this method requires reasonably dependable estimates of progress toward completion, as well as other dependable estimates. When reasonably dependable estimates cannot be made, or if other factors make estimates doubtful, the completed contract method is applied. Under the completed contract method, billings and costs are accumulated on the balance sheet as the contract progresses, but no revenue is recognized until the contract is complete or substantially complete.

13) Shipping Costs

Shipping costs paid to third-party shippers for transporting products to customers are included in selling, general and administrative expenses. For the years ended May 31, 2009, 2008 and 2007, shipping costs were $108.8 million, $124.2 million and $119.1 million, respectively.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

14) Advertising Costs

Advertising costs are charged to operations when incurred and are included in SG&A expenses. For the years ended May 31, 2009, 2008 and 2007, advertising costs were $36.2 million, $39.9 million and $38.6 million, respectively.

15) Research and Development

Research and development costs are charged to operations when incurred and are included in selling, general and administrative expenses. The amounts charged to expense for the years ended May 31, 2009, 2008 and 2007 were $40.1 million, $40.2 million and $34.7 million, respectively.

16) Cost Reduction Initiatives

During fiscal 2009, we undertook various actions to lower the fixed cost base of certain of our businesses in response to the current economic environment. As a result of these cost reduction measures, which have included personnel reductions, we have incurred employee separation costs of $20.3 million in pre-tax charges. We do not anticipate any further expenses in relation to these particular cost reduction initiatives. Of the $20.3 million incurred, $14.6 million was related to our industrial reportable segment ("industrial segment") and $5.5 million was related to our consumer reportable segment ("consumer segment") with the remainder recognized at the nonoperating level. These costs, all of which are cash costs, are reflected within SG&A expenses on our Consolidated Statements of Income. At May 31, 2009, the balance included in other accrued liabilities in our Consolidated Balance Sheets for these initiatives totaled approximately $5.2 million.

17) Stock-Based Compensation

Stock-based compensation represents the cost related to stock-based awards granted to our employees and directors, which may include restricted stock, stock options and stock appreciation rights ("SARs"). We measure stock-based compensation cost at the date of grant, based on the estimated fair value of the award. We recognize the cost as expense on a straight-line basis (net of estimated forfeitures) over the related vesting period.

Effective June 1, 2006, we adopted the provisions of SFAS No. 123(R), "Share-Based Payment," utilizing the modified-prospective method of accounting. Due to our previous adoption of the fair value recognition provisions under SFAS No. 123, "Accounting for Stock-Based Compensation," as of June 1, 2004, and due to the fact that all unvested awards at the time of adoption were being recognized under a fair value approach, our adoption of SFAS No. 123(R) did not materially impact our operating income, earnings per share or cash flows for any of the periods presented herein. Refer to Note E, "Stock-Based Compensation," for further discussion.

18) Investment Expense (Income), Net

Net investment expense (income), consists of the following components:

Year Ended May 31	2009	2008	2007
(In thousands)			
Interest (income)	$ (5,935)	$ (9,411)	$ (5,203)
(Gain)/loss on sale of marketable securities	(1,577)	(3,169)	(4,189)
Other-than-temporary impairment on securities	15,062	1,409	
Dividend (income)	(1,756)	(2,341)	(1,812)
Investment expense (income), net	$ 5,794	$ (13,512)	$ (11,204)

19) Income Taxes

The provision for income taxes is calculated using the liability method. Under the liability method, deferred income taxes are recognized for the tax effect of temporary differences between the financial statement carrying amount of assets and liabilities and the amounts used for income tax purposes and for certain changes in valuation allowances. Valuation allowances are recorded to reduce certain deferred tax assets when, in our estimation, it is more likely than not that a tax benefit will not be realized.

We have not provided for U.S. income and foreign withholding taxes on approximately $742.7 million of foreign subsidiaries' undistributed earnings as of May 31, 2009, because such earnings have been retained and reinvested by the subsidiaries. Accordingly, no provision has been made for U.S. or foreign withholding taxes, which may become payable if undistributed earnings of foreign subsidiaries were paid to us as dividends. The additional income taxes and applicable withholding taxes that would result had such earnings actually been repatriated are not practically determinable.

20) Earnings Per Share of Common Stock

Our basic earnings per share calculation is based on the weighted-average number of shares of common stock outstanding. Our diluted earnings per share calculation is based on the weighted-average number of shares of common stock outstanding adjusted for the number of additional shares that would have been outstanding had all potentially dilutive common shares been issued. Potentially dilutive shares of common stock include stock options, nonvested share awards and shares issuable under our employee stock purchase plan, as well as shares of common stock that would have been issued pursuant to the assumed conversion of our convertible notes. Since the potentially dilutive shares related to the convertible notes are included in the calculation of diluted earnings per share through the date they were converted to common stock, the related interest expense, net of tax, is added back to net earnings, as this interest would not have been paid if the convertible notes had been converted to common stock. Nonvested market-based stock awards and nonvested performance-based awards are included in the average diluted shares outstanding each period if established market or performance criteria have been met at the end of the respective periods.

For the years ended May 31, 2009 and 2008, approximately 828,000 and 431,000 shares of stock, respectively, granted under stock-based compensation plans were excluded from the calculation of diluted EPS, as the effect would have been anti-dilutive.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

The following table sets forth the computation of basic and diluted earnings per share of common stock:

Year ended May 31	2009	2008	2007
(In thousands, except per share amounts)			
Shares Outstanding			
For computation of basic earnings per share of common stock			
Weighted-average shares — used for basic earnings per share	126,373	120,151	118,179
For computation of diluted earnings per share of common stock			
Net issuable common share equivalents	1,041	2,355	2,498
Additional shares issuable assuming conversion of convertible securities	841	8,033	8,034
Total shares for diluted earnings per share	128,255	130,539	128,711
Net Income			
Net income applicable to shares of common stock for basic earnings per share	$ 119,616	$ 47,709	$ 208,289
Add: Income effect of contingently issuable shares	280	3,065	3,085
Net income applicable to shares of common stock for diluted earnings per share	$ 119,896	$ 50,774	$ 211,374
Basic Earnings Per Share of Common Stock	$ 0.95	$ 0.40	$ 1.76
Diluted Earnings Per Share of Common Stock	$ 0.93	$ 0.39	$ 1.64

21) Other Recent Accounting Pronouncements

SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)," requires an employer to recognize a net liability or asset and an offsetting adjustment to accumulated other comprehensive income to report the funded status of defined benefit pension and other postretirement benefit plans. In accordance with the transition requirements of this pronouncement, we adopted the funded-status provisions in our Consolidated Balance Sheets as of May 31, 2007. Separately, SFAS No. 158 also requires employers to measure plan assets and obligations at their fiscal year-end balance sheet date. We early-adopted the measurement date provisions of SFAS No. 158 for defined benefit plans as of June 1, 2007, with the exception of certain newly-added plans associated with acquisitions completed during fiscal 2007, for which we had already elected to apply a May 31, 2007 measurement date. Please refer to Note G, "Pension Plans," for further details.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 clarifies the definition of fair value, establishes a framework for measuring fair value and expands the disclosures on fair value measurements. We adopted SFAS No. 157 as of June 1, 2008. See page 37 for the disclosures required by this statement. The adoption of this standard had no impact on our Consolidated Financial Statements.

As of June 1, 2008, we adopted SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115," which provides companies with the option to measure, at fair value, certain financial instruments and other items that are not currently required to be measured at fair value. The election is made on an instrument-by-instrument basis and is irrevocable. The adoption of FASB Statement No. 159 had no impact on our financial statements.

We adopted Emerging Issues Task Force Issue 06-4 (EITF 06-4), "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements," as of June 1, 2008. This Issue addresses the recognition of a liability and related compensation costs for endorsement split-dollar life insurance arrangements that provide a benefit to an employee that extends to postretirement periods. We elected to adopt the provisions of this Issue as a change in accounting principle through a cumulative-effect adjustment to beginning retained earnings. Our adoption of these provisions did not have a material impact on our Consolidated Financial Statements.

We adopted EITF 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards," as of June 1, 2008. This Issue addresses recognition of income tax benefits received on certain dividend payments accounted for under FASB Statement No. 123(R). The Task Force reached a consensus that the realized income tax benefits associated with those dividends should be recognized in additional paid-in capital. Our adoption of the provisions of this Issue was prospective and did not have a material impact on our Consolidated Financial Statements.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations," and SFAS No. 160, "Accounting and Reporting of Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51." SFAS No. 141(R) and SFAS No. 160 are required to be adopted simultaneously. Under SFAS No. 141(R), upon initially obtaining control of another entity or business, an acquirer will recognize 100% of the fair values of assets acquired, including goodwill, and liabilities assumed, with limited exceptions, even if the acquirer has not acquired 100% of the

target. Also, under SFAS No. 141(R), transaction costs will no longer be considered part of the fair value of an acquisition, and will be expensed as incurred. SFAS No. 160 requires entities to report noncontrolling (minority) interests in subsidiaries as equity in the Consolidated Financial Statements. We will adopt the provisions of these statements for our fiscal year ending May 31, 2010. The impact of the adoption will depend on the nature and significance of any future acquisitions subject to this statement.

In May 2008, the FASB issued FASB Staff Position ("FSP") APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)." The FSP requires the issuer of certain convertible debt instruments that may be settled in cash upon conversion to separately account for liability and equity components of the instrument in a manner that reflects the issuer's nonconvertible debt borrowing rate. The FSP is effective for our fiscal year ending May 31, 2010. Subsequent to the end of our

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

fiscal year ended May 31, 2008, we called for redemption all of our outstanding Senior Convertible Notes due May 13, 2033. However, the transition guidance of the FSP requires retrospective application to all years presented. We are currently evaluating the impact that the adoption of this FSP may have on our financial statements upon retrospective application.

In June 2008, the FASB issued FSP EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities." The FSP requires all shares that qualify as participating securities prior to vesting to be included in the earnings allocation in computing earnings per share under the two-class method. Upon adoption, the provisions of this FSP are required to be retrospectively applied to all earnings per share data presented. The FSP is effective beginning with our first interim period for fiscal 2010. We are currently evaluating the impact this pronouncement may have on our financial statements.

NOTE B — BORROWINGS

A description of long-term debt follows:

May 31	2009	2008
(In thousands)		
Unsecured 4.45% senior notes due October 15, 2009(1)	$ 163,715	$ 200,000
Unsecured 6.25% senior notes due December 15, 2013	200,000	200,000
Unsecured 6.50% senior notes due February 14, 2018(2)	246,785	246,416
Unsecured $297,000 face value at maturity 2.75% senior convertible notes due May 13, 2033		150,214
Unsecured 6.70% senior notes due November 1, 2015(3)	150,000	150,000
Revolving credit agreement for $400,000 with a syndicate of banks, through December 29, 2011. Interest, which is tied to LIBOR, averaged 2.50% for U.S. dollar denominated debt and 2.80% for Sterling Pound denominated debt at May 31, 2009	158,904	110,777
Accounts receivable securitization program for $150,000 with two banks, through April 6, 2012		
Other obligations, including capital leases, and unsecured notes payable at various rates of interest due in installments through 2011	11,438	16,214
	930,842	1,073,621
Less current portion	168,547	6,934
Total Long-Term Debt, Less Current Maturities	$ 762,295	$ 1,066,687

(1) We entered into an interest rate swap, which has the effect of converting this fixed-rate note to variable rates based on the six-month London Interbank Offered Rate (LIBOR). The weighted-average effective rate was 1.74% as of May 31, 2009.

(2) The $250.0 million face amount of the notes due 2018 is adjusted for the amortization of the original issue discount, which approximated $3.2 million and $3.6 million at May 31, 2009 and 2008, respectively. The original issue discount effectively reduced the ultimate proceeds from the financing. The effective interest rate on the notes, including the amortization of the discount, is 6.704% for both years presented.

(3) We entered into a cross-currency swap, which fixed the interest and principal payments in euros, resulting in an effective fixed-rate borrowing of 5.31%.

The aggregate maturities of long-term debt for the five years subsequent to May 31, 2009 are as follows: 2010 — $168.5 million; 2011 — $1.2 million; 2012 — $159.7 million; 2013 — $0.8 million; 2014 — $200.7 million; and thereafter $399.9 million. Additionally, at May 31, 2009, we had unused lines of credit totaling $367.3 million.

On September 30, 2004, we issued and sold $200.0 million of 4.45% Senior Unsecured Notes due 2009, which we concurrently swapped back to floating interest rate debt. As of May 31, 2009 and 2008, the fair value of this interest-rate swap, which was in an asset position for both years presented, was $2.3 million and $0.9 million, respectively.

In December 2003, we issued and sold $200.0 million of 6.25% Senior Notes due 2013 as a means of refinancing.

On February 20, 2008, we issued and sold $250.0 million of 6.50% Senior Notes due February 15, 2018. The net proceeds of the sale, approximating $244.7 million, were used to repay $100.0 million of our Unsecured Senior Notes due March 1, 2008; $125.0 million outstanding principal under our accounts receivable securitization program; and $19.0 million in short-term borrowings under our revolving credit facility.

The 2.75% Convertible Notes due May 13, 2033 were convertible into 8,034,355 shares of our common stock at a price of $18.68 per share, subject to adjustment, during any fiscal quarter in which the closing price of the common stock was greater than $22.41 per share for at least 20 trading days, within the 30 consecutive trading day period on the last trading day of the calendar quarter. The Notes were also convertible during any period in which the credit rating of the Notes was below a specified level or if

specified corporate transactions had occurred. During the first quarter of fiscal 2009, the 2.75% Notes became eligible for conversion based upon the price of our common stock. On June 13, 2008, we called for the redemption of all of our outstanding Convertible Notes on the effective date of July 14, 2008 (the “Redemption Date”). Prior to the Redemption Date, virtually all of the holders had already converted their Convertible Notes into 8,030,455 shares of our common stock, or 27.0517 shares of common stock for each $1,000 Face Value Convertible Note they held. Fractional shares from the conversion were paid in cash.

On October 19, 2005, RPM United Kingdom G.P., our indirect wholly-owned finance subsidiary, issued and sold $150.0 million of 6.70% Senior Unsecured Notes due 2015, which are fully and unconditionally guaranteed by us. Concurrent with the issuance of the 6.70% Senior Unsecured Notes, RPM United Kingdom G.P. entered into a cross-currency swap, which fixed the interest and principal payments in euros for the life of the Senior Unsecured Notes and resulted in an effective euro fixed-rate borrowing of 5.31%. As of May 31, 2009 and 2008, the fair value of this cross-currency swap was $21.7 million and $32.5 million, respectively, which is reflected in other long-term liabilities on the Consolidated Balance Sheets.

Our $400.0 million five-year revolving credit agreement (the “Credit Facility”) will be used for working capital needs and general corporate purposes, including acquisitions. The Credit Facility provides for borrowings in U.S. dollars and several foreign currencies and also provides sublimits for the issuance of letters of credit in an aggregate amount of up to $35.0 million and a swing-line of up to $20.0 million for short-term borrowings of less than 15 days. In addition, the size of the Credit Facility may be expanded, subject to lender approval, upon our request by up to an additional $175.0 million, thus potentially expanding the Credit Facility to $575.0 million.

On May 29, 2009, we entered into an amendment to our Credit Facility agreement with our lenders. Under the amendment, we are required to comply with various customary affirmative and negative covenants. These include financial covenants requiring us to maintain certain leverage and interest coverage ratios. The definition of EBITDA has been amended to add back the sum of all (i) non-cash charges relating to the writedown or impairment of goodwill and other intangibles during the applicable period, (ii) other non-cash charges up to an aggregate of $25.0 million during such applicable period and (iii) one-time cash charges incurred during the period from June 1, 2008 through May 31, 2010, but only up to an aggregate of not more than $25.0 million during such applicable period. The interest coverage ratio is calculated at the end of each fiscal quarter for the four fiscal quarters then ended. The minimum required consolidated interest coverage ratio, EBITDA to interest expense, remains 3.50 to 1 under the amendment, but allowance of the add-backs referred to above has the effect of making this convenant less restrictive. Under the terms of the leverage covenant, we may not permit our consolidated indebtedness at any date to exceed 55% of the sum of such indebtedness and our consolidated shareholders’ equity on such date, and may not permit the indebtedness of our domestic subsidiaries (determined on a combined basis and excluding indebtedness to us and indebtedness incurred pursuant to permitted receivables securitizations) to exceed 15% of our consolidated shareholders’ equity. This amendment also added a fixed charge coverage covenant beginning with our fiscal quarter ending August 31, 2009. Under the fixed charge coverage covenant, the ratio of our consolidated EBITDA for any four-fiscal-quarter-period to the sum of our consolidated interest expense, income taxes paid in cash (other than taxes on non-recurring gains), capital expenditures, scheduled principal payments on our amortizing indebtedness (other than indebtedness scheduled to be repaid at maturity) and dividends paid in cash (or, for testing periods ending on or before May 31, 2010, 70% of dividends paid in cash), in each case for such four-fiscal-quarter period, may not be less than 1.00 to 1. This amendment also includes a temporary, one-year restriction on certain mergers, asset dispositions and acquisitions, and contains customary representations and warranties.

On April 7, 2009, we replaced our $125.0 million accounts receivable securitization program, under which we had no outstanding balance and which was set to expire on May 7, 2009, with a new, three-year, $150.0 million accounts receivable securitization program (the “AR program”). The AR program, which was established with two banks for certain of our subsidiaries (“originating subsidiaries”), contemplates that the originating subsidiaries will sell certain of their accounts receivable to RPM Funding Corporation, a wholly-owned SPE, which will then transfer undivided interests in such receivables to the participating banks. Once transferred to the SPE, such receivables are owned in their entirety by the SPE and are not available to satisfy claims of our creditors or creditors of the originating subsidiaries until the obligations owing to the participating banks have been paid in full. Transactions under the AR program do not constitute a form of off-balance sheet financing. The AR program increases our liquidity by $25.0 million, but increases our financing costs due to higher market rates. The amounts available to borrow under the AR program are subject to changes in the credit ratings of our customers, customer concentration levels or certain characteristics of the underlying accounts receivable, and therefore at certain times we may not be able to fully access the $150.0 million of funding under the AR program. At May 31, 2009, approximately $147.9 million was available under this AR program.

We are subject to the same leverage, interest coverage and fixed charge coverage covenants under the AR program as those contained in our Credit Facility. On May 29, 2009, we also entered into an amendment to our AR program. Included in the amendment were the same amendments to the definition of EBITDA, and identical reduction in the maximum consolidated leverage ratio and the same fixed charge coverage covenants as were included in our Credit Facility amendment, as outlined above.

As of May 31, 2009, we were in compliance with all covenants contained in each of our credit agreements, including the leverage and interest coverage ratio covenants. At that date, our leverage ratio was 44.9% and our interest coverage ratio was 5.66: 1. Additionally, in accordance with these covenants, at May 31, 2009, our domestic subsidiaries indebtedness did not exceed 15% of consolidated shareholders' equity as of that date.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

NOTE C — INCOME TAXES

The provision for income taxes is calculated in accordance with SFAS No. 109, "Accounting for Income Taxes," which requires the recognition of deferred income taxes using the liability method.

Income (loss) before income taxes as shown in the Consolidated Statements of Income consisted of the following for the periods indicated:

Year Ended May 31	2009	2008	2007
(In thousands)			
United States	$ 90,425	$ (94,164)	$ 215,859
Foreign	90,443	133,218	91,676
Income Before Income Taxes	$ 180,868	$ 39,054	$ 307,535

Provision (benefit) for income taxes consists of the following for the periods indicated:

Year Ended May 31	2009	2008	2007
(In thousands)			
Current:			
U.S. federal	$ 27,743	$ 19,793	$ 28,276
State and local	3,764	8,145	7,007
Foreign	27,277	37,295	31,223
Total Current	58,784	65,233	66,506
Deferred:			
U.S. federal	3,347	(69,643)	36,455
State and local	(2,617)	(3,039)	(264)
Foreign	1,738	(1,206)	(3,451)
Total Deferred	2,468	(73,888)	32,740
Provision (Benefit) for Income Taxes	$ 61,252	$ (8,655)	$ 99,246

The significant components of deferred income tax assets and liabilities as of May 31, 2009 and 2008 were as follows:

	2009	2008
(In thousands)		
Deferred income tax assets related to:		
Inventories	$ 7,237	$ 7,572
Allowance for losses	6,344	759
Accrued compensation and benefits	49,011	30,920
Asbestos-related liabilities	173,552	196,413
Accrued other expenses	11,771	2,041
Other long-term liabilities	26,608	24,062
Net operating loss and credit carryforwards	26,032	30,898
Total Deferred Income Tax Assets	300,555	292,665
Less: valuation allowances	(24,056)	(23,222)
Net Deferred Income Tax Assets	276,499	269,443
Deferred income tax (liabilities) related to:		
Depreciation	(53,888)	(54,754)
Pension and other postretirement benefits	(5,190)	(7,531)
Amortization of intangibles	(104,196)	(107,566)
Total Deferred Income Tax (Liabilities)	(163,274)	(169,851)
Deferred Income Tax Assets, Net	$ 113,225	$ 99,592

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

At May 31, 2009, we had U.S. federal foreign tax credit carryforwards of approximately $9.6 million, which expire starting in 2012. Additionally we had approximately $7.5 million of state net operating loss carryforwards that expire at various dates beginning in 2010 and foreign net operating loss carryforwards of approximately $52.3 million at May 31, 2009, of which approximately $5.2 million will expire at various dates beginning in 2010 and approximately $47.1 million that have an indefinite carryforward period. These net operating loss and foreign tax credit carryforwards may be used to offset a portion of future taxable income and, thereby, reduce or eliminate our U.S. federal, state or foreign income taxes otherwise payable.

We have determined, based on the available evidence, that it is uncertain whether future taxable income of certain of our foreign subsidiaries, as well as anticipated foreign source income, will be significant enough to recognize certain of these deferred tax assets. As a result, valuation allowances of approximately $24.1 million and $23.2 million have been recorded as of May 31, 2009 and 2008, respectively. Valuation allowances relate to U.S. federal foreign tax credit carryforwards, certain foreign net operating losses and net foreign deferred tax assets. A portion of the valuation allowance is associated with deferred tax assets recorded in purchase accounting. In accordance with SFAS No. 141, any reversal of a valuation allowance that was recorded in purchase accounting has reduced goodwill.

The following table reconciles income tax expense (benefit) computed by applying the U.S. statutory federal income tax rate against income (loss) before income taxes to the provision (benefit) for income taxes:

Year Ended May 31	2009	2008	2007
(In thousands)			
Income tax expense (benefit) at the U.S. statutory federal income tax rate	$ 63,304	$ 13,669	$ 107,637
Impact of foreign operations	(11,285)	(23,478)	(11,627)
Nondeductible impairment of goodwill	5,230		
State and local income taxes, net of federal income tax benefit	746	3,319	4,383
Tax benefits from the domestic manufacturing deduction	(1,018)	(1,894)	(1,352)
Nondeductible business expense	1,490	1,591	1,516
Valuation allowance	3,252	(1,614)	2,527
Other	(467)	(248)	(3,838)
Provision (Benefit) for Income Tax Expense	$ 61,252	$ (8,655)	$ 99,246
Effective Income Tax Rate	33.9%	(22.2)%	32.3%

On June 1, 2007, we adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" ("FIN 48"). As required, the cumulative effect of applying this interpretation has been recorded as a $1.7 million decrease to retained earnings. Our unrecognized tax benefits upon adoption of FIN 48 were $2.8 million, of which $1.9 million would affect the effective tax rate, if recognized. In conjunction with the adoption of FIN 48, unrecognized tax benefits have been classified as other long-term liabilities unless expected to be paid in one year.

We recognize interest and penalties related to unrecognized tax benefits in income tax expense, consistent with our accounting method prior to adopting FIN 48. For the years ended May 31, 2009 and 2008, the accrual for interest and penalties was $1.6 million and $1.3 million, respectively.

The following table summarizes the activity related to unrecognized tax benefits:

(In millions)	2009	2008
Balance at June 1	$ 3.2	$ 2.8
Additions based on tax positions related to current year		0.4
Additions for tax positions of prior years		
Reductions for tax positions of prior years	(0.2)	
Settlements	(0.2)	
Balance at May 31	$ 2.8	$ 3.2

The total amount of unrecognized tax benefits that would impact the effective tax rate, if recognized, was $2.0 million at May 31, 2009 and $2.4 million at May 31, 2008. We do not anticipate any significant changes to the total unrecognized tax benefits within the next 12 months.

We file income tax returns in the U.S. and various state, local and foreign jurisdictions. As of May 31, 2009 we are subject to U.S. federal income tax examinations for the fiscal years 2006 through 2009. In addition, with limited exceptions, we are subject to state and local or non-U.S. income tax examinations by tax authorities for the fiscal years 2003 through 2009. We are currently subject to an Internal Revenue Service audit for the fiscal 2007 and 2008 tax years. We do not expect the results of this examination to have a material impact on the financial statements.

NOTE D — COMMON STOCK

On April 21, 2009, our board of directors adopted a new Stockholder Rights Plan to replace the rights plan that was originally adopted in 1999 and expired in May 2009. The new plan is substantively similar to its predecessor. Under the new plan, our board declared a dividend distribution of one right for each outstanding share of our common stock, payable May 11, 2009. The rights will initially trade together with shares of our common stock and will not be exercisable. The rights generally will become exercisable and allow the holder to acquire shares of our common stock at a discounted price if a person or group acquires 15% or more of our outstanding shares. Rights held by persons who exceed the applicable threshold will be void. Under certain circumstances, the rights will entitle the holder to buy shares in an acquiring entity at a discounted price. Our board may, at its option, redeem all rights for $0.001 per right, generally at any time prior to the rights becoming exercisable. The rights will expire May 11, 2019, unless earlier redeemed, exchanged or amended by the board. The new plan specifically provides that our board will review the status of the new plan at the end of five years to determine if any such action should be taken.

On January 8, 2008, we announced our authorization of a stock repurchase program under which we may repurchase shares of our common stock at our discretion for general corporate purposes. Our intention with regard to this program is to limit our repurchases only to amounts required to offset dilution created by stock issued in connection with our equity-based compensation plans, or approximately one to two million shares per year. As a result of this authorization, we may repurchase shares from time to time in the open market or in private transactions at various times and in amounts and for prices that we deem appropriate, subject to insider trading rules and other securities law restrictions. The timing of our purchases has depended upon, and will continue to depend upon, prevailing market conditions, alternative uses of capital and other factors. We may limit or terminate the repurchase program at any time. During the fiscal year ended May 31, 2009, we repurchased approximately 2.4 million shares of our common stock at a cost of approximately $43.4 million, or an average cost of $18.41 per share, under this program. There was no activity under this program during fiscal 2008.

NOTE E — STOCK-BASED COMPENSATION

Effective June 1, 2006, we adopted the provisions of SFAS No. 123(R), “Share-Based Payment,” utilizing the modified-prospective method of accounting. Stock-based compensation represents the cost related to stock-based awards granted to our employees and directors; these awards include restricted stock, stock options and SARs. We measure stock-based compensation cost at the date of grant, based on the estimated fair value of the award. We recognize the cost as expense on a straight-line basis (net of estimated forfeitures) over the related vesting period.

The following table represents total stock-based compensation expense included in our Consolidated Statements of Income:

Year ended May 31	2009	2008	2007
(In thousands)			
Selling, general and administrative expense	$ 8,008	$ 13,396	$ 10,509
Income tax (benefit)	(2,622)	(4,074)	(3,381)
Total stock-based compensation expense	$ 5,386	$ 9,322	$ 7,128

Total unrecognized compensation cost related to non-vested awards at May 31, 2009 was $3.5 million, and is expected to be recognized over a weighted-average period of approximately three years.

We grant stock-based incentive awards to our employees and/or our directors under various share-based compensation plans. Plans that provide for stock option grants or share-based payment awards include the 1996 Key Employees Stock Option Plan (the “1996 Plan”) and the 2004 Omnibus Equity and Incentive Plan (the “Omnibus Plan”), which includes provisions for grants of restricted stock, restricted stock units, performance stock, performance stock units and SARs. Other plans, which provide for restricted stock grants only, include the 2003 Restricted Stock Plan for Directors (the “2003 Plan”) and the 2007 Restricted Stock Plan (the “2007 Plan”). The 2007 Plan succeeded the 1997 Restricted Stock Plan (“1997 Plan”), which expired by its terms at May 31, 2007.

Stock Option Plans

Stock options are awards which allow our employees to purchase shares of our common stock at a fixed price. We grant stock options at an exercise price equal to the stock price on the date of the grant. The fair value of stock options and SARs granted is estimated as of the date of grant using a Black-Scholes option-pricing model with the following weighted-average assumptions:

Year Ended May 31	2009	2008	2007
Risk-free interest rate	3.9%	4.5%	4.6%
Expected life of option	7.4 yrs	7.5 yrs	6.7 yrs
Expected dividend yield	5.7%	3.3%	3.7%
Expected volatility rate	28.4%	26.7%	27.4%

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The expected life of options granted is derived from the input of the option-pricing model and represents the period of time that options granted are expected to be outstanding. Expected volatility rates are based on historical volatility of shares of our common stock.

The 1996 Plan, which expired by its terms on August 15, 2006, provided for the granting of stock options for up to 9,000,000 shares. Stock options were granted to employees and directors at an exercise price equal to the fair market value of our common stock at the date of grant. These options are generally exercisable cumulatively in equal annual installments commencing one year from the grant date, and have expiration dates ranging from October 2009 to October 2014. Compensation cost for these awards is recognized on a straight-line basis over the related vesting period. The total fair value of shares

vested during the year ended May 31, 2009 was $0.5 million. Shares of common stock under option are not eligible for dividend payments until the shares are exercised.

The Omnibus Plan was approved by our stockholders on October 8, 2004, and is intended to be the primary stock-based award program for covered employees. A wide variety of stock and stock-based awards, as well as dollar-denominated performance-based awards, may be granted under the Omnibus Plan. A total of 6,000,000 shares of our common stock may be subject to awards under the Omnibus Plan. Of the 6,000,000 shares of common stock issuable under the Omnibus Plan, any number of shares that remain available after “full-value” awards are granted, or up to a maximum of 6,000,000 shares, may be in the form of SARs grants or other types of awards other than “full-value” awards such as restricted stock awards, restricted stock unit awards, performance share awards or performance unit awards. SARs are issued at fair value at the date of grant, have up to ten-year terms and have graded-vesting terms over four years. Compensation cost for these awards is recognized on a straight-line basis over the related vesting period. Currently all SARs outstanding are to be settled with stock. As of May 31, 2009, there were 2,000,000 SARs outstanding.

The following table summarizes option and share-based payment activity (including SARs) under these plans during the three fiscal years ended May 31:

	2009		2008		2007	
Share-Based Payments	Weighted Average Exercise Price	Number of Shares Under Option	Weighted Average Exercise Price	Number of Shares Under Option	Weighted Average Exercise Price	Number of Shares Under Option
(In thousands, except per share amounts)						
Balance at June 1	$15.71	4,742	$14.67	4,950	$14.34	6,414
Options granted	$14.05	520	$22.88	600	$18.80	380
Options canceled/expired	$18.16	(55)	$15.58	(24)	$14.75	(43)
Options exercised	$12.04	(261)	$14.64	(784)	$14.37	(1,801)
Balance at May 31	$15.70	4,946	$15.71	4,742	$14.67	4,950
Exercisable at May 31	$14.90	3,719	$14.09	3,548	$13.73	3,630

At May 31, 2009, the aggregate intrinsic value and weighted-average remaining contractual life of options outstanding was $6.2 million and 4.9 years respectively, while the aggregate intrinsic value and weighted-average remaining contractual life of options exercisable was $5.6 million and 3.7 years, respectively. Stock options granted during the years ended May 31, 2009, 2008 and 2007 were granted at exercise prices equivalent to the stock price on the date of grant and had weighted-average grant-date fair values of $2.40, $5.61 and $4.34, respectively.

The total intrinsic value of options exercised during the years ended May 31, 2009, 2008 and 2007 was $1.6 million, $6.6 million and $12.8 million, respectively. There was a tax benefit of $0.3 million, $1.8 million and $3.7 million realized for the tax deductions from option exercises of the share-based payment for the year ended May 31, 2009, 2008 and 2007, respectively.

The fair values of all nonvested share-based payment awards have been calculated using the market value of the shares on the date of issuance. We anticipate that approximately 1.2 million shares at a weighted-average exercise price of $18.11 and a weighted-average remaining contractual term of 8.46 years will ultimately vest under these plans.

A summary of the status of our nonvested share-based payment awards as of May 31, 2009, and the changes during the year then-ended, is incorporated as follows:

Nonvested Share-Based Payment Awards

(Shares in thousands)	Weighted Average Grant-Date Fair Value	Number of Shares Under Option	Weighted Average Remaining Contractual Term
June 1, 2008	$4.94	1,194	
Granted	$2.37	520	
Vested	$4.69	(464)	
Forfeited/expired	$5.71	(23)	
May 31, 2009	$3.93	1,227	8.46

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Restricted Stock Plans

We also grant stock-based awards, which may be made in the form of restricted stock, restricted stock units, performance stock and performance stock units. These awards are granted to eligible employees or directors, and entitle the holder to shares of our common stock as the award vests. The fair value of the awards is determined and fixed based on the stock price at the date of grant. A description of our restricted stock plans follows.

Under the Omnibus Plan, as previously discussed, a total of 6,000,000 shares of our common stock may be subject to awards. Of the 6,000,000 shares of common stock issuable under the Omnibus Plan, up to 3,000,000 shares may be subject to “full-value” awards such as restricted stock, restricted stock unit, performance stock and performance stock unit awards. During the fiscal year ended May 31, 2009, we granted 445,250 shares of performance-earned restricted stock under the Omnibus Plan at a weighted-average grant price of $14.05. The restricted stock cliff vests after three years. Nonvested restricted shares of common stock under the Omnibus Plan are eligible for dividend payments. In July 2007, performance-contingent restricted stock (“PCRS”) awards were approved. PCRS awards were made pursuant to the Omnibus Plan and are contingent upon the level of attainment of performance goals for the three-year period from June 1, 2007 ending May 31, 2010. During the fiscal years ended May 31, 2009 and 2008, we did not grant any PCRS awards. During the fiscal year ended May 31, 2007, we granted PCRS awards covering 378,600 shares at a weighted-average price of $18.80 per share. Up to 758,078 shares of our common stock may be subject to awards under the Omnibus Plan.

The 2003 Plan was approved on October 10, 2003 by our stockholders, and was established primarily for the purpose of recruiting and retaining directors, and to align the interests of directors with the interests of our stockholders. Only directors who are not our employees are eligible to participate. Under the 2003 Plan, up to 500,000 shares of our common stock may be awarded, with awards cliff vesting over a three-year period. For the year ended May 31, 2009, 36,000 shares were granted at a weighted-average price of $14.05 per share, with 353,400 shares available for future grant. For the year ended May 31, 2008, 22,000 shares were granted at a weighted-average price of $22.88 per share. For the year ended May 31, 2007, 27,000 shares were granted at a weighted-average price of $18.80 per share. Unamortized deferred compensation expense relating to restricted stock grants for directors of $0.7 million at May 31, 2009, is being amortized over a three-year vesting period. Nonvested restricted shares of common stock under the 2003 Plan are eligible for dividend payments.

Under the 1997 Plan, a total of 38,149 shares were awarded at a weighted average price of $18.52 for the fiscal year ended May 31, 2007. The 1997 Plan expired by its terms at May 31, 2007, and was succeeded by the 2007 Plan. Under the 2007 Plan, up to 1,000,000 shares may be awarded to certain employees, generally subject to forfeiture. The shares vest upon the latter of attainment of age 55 and the fifth anniversary of the May 31st immediately preceding the date of the grant. During the year ended May 31, 2009, a total of 52,108 shares were awarded under the 2007 Plan at a weighted-average price of $20.26. During the year ended May 31, 2008, a total of 48,009 shares were awarded under the 2007 Plan at a weighted-average price of $23.47. As of May 31, 2009, 899,883 shares were available for future issuance under the 2007 Plan. At May 31, 2009, unamortized deferred compensation expense of $1.2 million relating to the 2007 Plan, and an additional $0.4 million remaining under the 1997 Plan, is being amortized over the applicable vesting period associated with each participant.

The following table summarizes the activity for all nonvested restricted shares during the year ended May 31, 2009:

Nonvested Restricted Shares

(Shares in thousands)	Weighted Average Grant-Date Fair Value	Number of Shares
June 1, 2008	$20.23	1,634
Granted	$14.68	535
Vested	$17.26	(334)
Forfeited/expired	$22.00	(40)
May 31, 2009	$19.09	1,795

The remaining weighted-average contractual term of nonvested restricted shares at May 31, 2009 is the same as the period over which the remaining cost of the awards will be recognized, which is approximately 1.4 years. The fair value of the nonvested restricted share awards have been calculated using the market value of the shares on the date of issuance. For the years ended May 31, 2009, 2008 and 2007, the weighted-average grant-date fair value for restricted share grants was $14.68, $23.16 and $18.78, respectively. The total fair value of shares that vested during the years ended May 31, 2009, 2008 and 2007 was $5.8 million, $12.9 million and $0.8 million, respectively. We anticipate that approximately 1.8 million shares at a weighted-average grant-date fair value of $19.09 and a weighted-average remaining contractual term of 1.4 years will ultimately vest, based upon the unique terms and participants of each plan. Approximately 13,994 shares of restricted stock were vested at June 1, 2008, with 30,309 restricted shares vested as of May 31, 2009. The total intrinsic value of restricted shares converted during the years ended May 31, 2009, 2008 and 2007 was $0.09 million, $8.5 million and $1.1 million, respectively.

Total unrecognized compensation cost related to nonvested awards of restricted shares of common stock was $11.2 million as of May 31, 2009. That cost is expected to be recognized over a weighted-average period of 1.4 years. We did not receive any cash from employees as a result of employee vesting and release of restricted shares for the year ended May 31, 2009.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

NOTE F — LEASES

We lease certain property, plant and equipment under long-term operating lease agreements, some of which provide for increased rental payments based upon increases in the cost-of-living index. The following table illustrates our future minimum lease commitments under all non-cancelable lease agreements, for each of the next five years and in the aggregate, as of May 31, 2009:

May 31 *(In thousands)*	
2010	$ 39,297
2011	29,998
2012	20,765
2013	15,241
2014	11,622
Thereafter	53,125
Total Minimum Lease Commitments	$170,048

Total rental expense for all operating leases amounted to $40.4 million in fiscal 2009, $38.5 million in fiscal 2008 and $28.8 million in fiscal 2007.

NOTE G — PENSION PLANS

We sponsor several pension plans for our employees, including our principal plan (the “Retirement Plan”), which is a non-contributory defined benefit pension plan covering substantially all domestic non-union employees. Pension benefits are provided for certain domestic union employees through separate plans. Employees of our foreign subsidiaries receive pension coverage, to the extent deemed appropriate, through plans that are governed by local statutory requirements.

The Retirement Plan provides benefits that are based upon years of service and average compensation with accrued benefits vesting after five years. Benefits for union employees are generally based upon years of service, or a combination of years of service and average compensation. Our pension funding policy is to contribute an amount on an annual basis that can be deducted for federal income tax purposes, using a different actuarial cost method and different assumptions from those used for financial reporting. For the fiscal year ending May 31, 2010, we expect to contribute approximately $10.8 million to the retirement plans in the U.S. and approximately $8.7 million to our foreign plans.

Net periodic pension cost consisted of the following for the year ended May 31:

	U.S. Plans			Non-U.S. Plans		
(In thousands)	2009	2008	2007	2009	2008	2007
Service cost	$ 14,721	$ 14,240	$ 13,224	$ 3,033	$ 3,282	$ 3,135
Interest cost	11,907	10,296	9,063	7,655	6,545	5,095
Expected return on plan assets	(12,893)	(13,319)	(11,428)	(7,387)	(6,725)	(5,047)
Amortization of:						
Prior service cost	342	240	193	4	16	22
Net actuarial losses recognized	2,652	1,415	2,397	1,243	1,509	1,803
Curtailment/settlement (gains) losses			65	(119)	(699)	
Net Pension Cost	$ 16,729	$ 12,872	$ 13,514	$ 4,429	$ 3,928	$ 5,008

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

The changes in benefit obligations and plan assets, as well as the funded status of our pension plans at May 31, 2009 and 2008, were as follows:

(In thousands)	U.S. Plans 2009	U.S. Plans 2008	Non-U.S. Plans 2009	Non-U.S. Plans 2008
Benefit obligation at beginning of year	$ 185,569	$ 177,920	$ 130,571	$ 123,580
Service cost	14,721	14,240	3,033	3,282
Interest cost	11,907	10,296	7,655	6,545
Service and interest cost during gap period*		6,100		2,252
Benefits paid	(10,463)	(14,985)	(6,072)	(4,937)
Participant contributions			815	883
Acquisitions and new plans			5,646	2,084
Plan amendments		1,208	62	
Actuarial (gains)	(9,095)	(9,210)	(20,608)	(14,887)
Settlements/Curtailments			(317)	(888)
Premiums paid			(67)	(58)
Currency exchange rate changes			(14,344)	12,715
Benefit Obligation at End of Year	$ 192,639	$ 185,569	$ 106,374	$ 130,571
Fair value of plan assets at beginning of year	$ 147,884	$ 143,798	$ 115,424	$ 94,359
Actual return on plan assets	(34,976)	8,588	(12,153)	1,291
Employer contributions	10,233	10,483	8,027	11,229
Participant contributions			815	883
Acquisitions			5,029	1,361
Benefits paid	(10,463)	(14,985)	(6,072)	(4,937)
Premiums paid			(67)	(58)
Currency exchange rate changes			(12,704)	11,296
Fair Value of Plan Assets at End of Year	$ 112,678	$ 147,884	$ 98,299	$ 115,424
(Deficit) of plan assets versus benefit obligations at end of year	$ (79,961)	$ (37,685)	$ (8,075)	$ (15,147)
Net Amount Recognized	$ (79,961)	$ (37,685)	$ (8,075)	$ (15,147)
Accumulated Benefit Obligation	$ 156,423	$ 142,408	$ 97,257	$ 114,576

* Adjustments resulting from the prior-year adoption of SFAS No. 158 measurement date provisions.

The fair value of the assets held by our pension plans has declined at May 31, 2009 since our previous measurement date at May 31, 2008, due primarily to the recent significant declines in the stock markets. As such, we have increased our recorded liability for the net underfunded status of our pension plans, and we expect pension expense in fiscal 2010 to increase from fiscal 2009. Any further declines in the value of our pension plan assets could require us to further increase our recorded liability for the net underfunded status of our pension plans and could also require accelerated and higher cash contributions to our pension plans.

Amounts recognized in the Consolidated Balance Sheets for the years ended May 31, 2009 and 2008 are as follows:

(In thousands)	U.S. Plans 2009	U.S. Plans 2008	Non-U.S. Plans 2009	Non-U.S. Plans 2008
Noncurrent assets	$	$ 334	$ 4,245	$ 3,394
Current liabilities	(97)	(104)	(416)	(442)
Noncurrent liabilities	(79,864)	(37,915)	(11,904)	(18,099)
Net Amount Recognized	$ (79,961)	$ (37,685)	$ (8,075)	$ (15,147)

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

The following table summarizes the relationship between our plans' benefit obligations and assets:

	U.S. Plans			
	2009		2008	
(In thousands)	Benefit Obligation	Plan Assets	Benefit Obligation	Plan Assets
Plans with projected benefit obligation in excess of plan assets	$192,639	$112,678	$182,142	$144,122
Plans with accumulated benefit obligation in excess of plan assets	156,423	112,678	1,864	1,305
Plans with assets in excess of projected benefit obligations			3,427	3,762
Plans with assets in excess of accumulated benefit obligations			140,544	146,579

	Non-U.S. Plans			
	2009		2008	
(In thousands)	Benefit Obligation	Plan Assets	Benefit Obligation	Plan Assets
Plans with projected benefit obligation in excess of plan assets	$50,052	$37,731	$110,230	$91,689
Plans with accumulated benefit obligation in excess of plan assets	43,878	37,731	47,080	40,292
Plans with assets in excess of projected benefit obligations	56,322	60,568	20,341	23,735
Plans with assets in excess of accumulated benefit obligations	53,379	60,568	67,496	75,132

The following table presents the pre-tax net actuarial loss, prior service (costs) and transition assets/(obligations) recognized in accumulated other comprehensive income (loss) not affecting retained earnings:

	U.S. Plans		Non-U.S. Plans	
(In thousands)	2009	2008	2009	2008
Net actuarial loss	$ (79,291)	$ (43,169)	$ (20,675)	$ (26,343)
Prior service (costs)	(2,725)	(3,067)	(82)	(32)
Total recognized in accumulated other comprehensive income not affecting retained earnings	$ (82,016)	$ (46,236)	$ (20,757)	$ (26,375)

The following table includes the changes recognized in other comprehensive income:

	U.S. Plans		Non-U.S. Plans	
(In thousands)	2009	2008	2009	2008
Changes in plan assets and benefit obligations recognized in other comprehensive income:				
Prior service cost	$	$ 1,208	$ 62	$
Net loss (gain) arising during the year*	38,774	11,157	(1,267)	(3,825)
Effect of exchange rates on amounts included in AOCI			(3,166)	672
Amounts recognized as a component of net periodic benefit cost:				
Amortization or curtailment recognition of prior service credit (cost)	(342)	(240)	(4)	(204)
Amortization or settlement recognition of net gain (loss)	(2,652)	(1,415)	(1,243)	(1,510)
Total recognized in other comprehensive loss (income)	$ 35,780	$ 10,710	$ (5,618)	$ (4,867)

* Includes curtailment gains not recognized as a component of net periodic pension cost.

The following table presents the amounts in accumulated other comprehensive income (loss) as of May 31, 2009 that have not yet been recognized in net periodic pension cost, but will be recognized in our Consolidated Statements of Income during the fiscal year ending May 31, 2010:

(In thousands)	U.S. Plans	Non-U.S. Plans
Net actuarial loss	$ (5,708)	$ (941)

Prior service (costs)	$	(351)	$	(9)

In measuring the projected benefit obligation and net periodic pension cost for our plans, we utilize actuarial valuations. These valuations include specific information pertaining to individual plan participants, such as salary, age and years of service, along with certain assumptions. The most significant assumptions applied include discount rates, expected return on plan assets and rate of compensation increases. We evaluate these assumptions, at a minimum, on an annual basis, and make required changes, as applicable. In developing our expected long-term rate of return on pension plan assets, we consider the current and expected target asset allocations of the pension portfolio, as well as historical returns and future expectations for returns on various categories of plan assets.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

The following weighted-average assumptions were used to determine our year-end benefit obligations and net periodic pension cost under the plans:

Year-End Benefit Obligations	U.S. Plans 2009	U.S. Plans 2008	Non-U.S. Plans 2009	Non-U.S. Plans 2008
Discount rate	6.90%	6.50%	6.96%	5.88%
Rate of compensation increase	3.28%	3.78%	3.76%	3.97%

Net Periodic Pension Cost	U.S. Plans 2009	U.S. Plans 2008	U.S. Plans 2007	Non-U.S. Plans 2009	Non-U.S. Plans 2008	Non-U.S. Plans 2007
Discount rate	6.50%	6.00%	5.75%	5.88%	5.23%	4.89%
Expected return on plan assets	8.75%	8.75%	8.75%	6.28%	6.38%	6.68%
Rate of compensation increase	3.78%	3.79%	3.73%	3.97%	3.88%	3.39%

The following tables illustrate the weighted-average actual and target allocation of plan assets:

U.S. Plans

	Target Allocation as of May 31, 2009	Actual Asset Allocation 2009	Actual Asset Allocation 2008
Equity securities	70%	68%	70%
Fixed income securities	25%	22%	21%
Cash		4%	4%
Other	5%	6%	5%
Total assets	100%	100%	100%

Non-U.S. Plans

	Target Allocation as of May 31, 2009	Actual Asset Allocation 2009	Actual Asset Allocation 2008
Equity securities	42%	43%	46%
Fixed income securities	51%	50%	48%
Cash	1%	2%	2%
Property and other	6%	5%	4%
Total assets	100%	100%	100%

The primary objective for the investments of the Retirement Plan is to provide for long-term growth of capital without undue exposure to risk. This objective is accomplished by utilizing a strategy of equities, fixed income securities and cash equivalents in a mix that is conducive to participation in a rising market, while allowing for adequate protection in a falling market. Our Investment Committee oversees the investment allocation process, which includes the selection and evaluation of investment managers, the determination of investment objectives and risk guidelines, and the monitoring of actual investment performance. In order to manage investment risk properly, Plan policy prohibits short selling, securities lending, financial futures, options and other specialized investments except for certain alternative investments specifically approved by the Investment Committee. The Investment Committee reviews, on a quarterly basis, reports of actual Plan investment performance provided by independent third parties, in addition to its review of the Plan investment policy on an annual basis. The investment objectives are similar for our plans outside of the U.S., subject to local regulations. In general, investments for all plans are managed by private investment managers, reporting to our Investment Committee on a regular basis.

In addition to the defined benefit pension plans discussed above, we also sponsor employee savings plans under Section 401(k) of the Internal Revenue Code, which cover most of our employees in the U.S. We record expense for defined contribution plans for any employer matching contributions made in conjunction with services rendered by employees. The majority of our plans provide for matching contributions made in conjunction with services rendered by employees. Matching contributions are invested in the same manner that the participants invest their own contributions. Matching contributions charged to income were $10.7 million, $10.7 million and $9.5 million for the years ending May 31, 2009, 2008 and 2007, respectively.

We expect to pay the following estimated pension benefit payments in the next five years (in millions): $15.6 in 2010; $17.9 in 2011; $19.8 in 2012; $21.8 in 2013; and $23.1 in 2014. In the five years thereafter (2015-2019) we expect to pay $139.1 million.

NOTE H — POSTRETIREMENT BENEFITS

We sponsor several, unfunded-health-care-benefit plans for certain of our retired employees as well as post-retirement life insurance for certain key employees. Eligibility for these benefits is based upon various requirements. The following table illustrates the effect on operations of these plans for the three years ended May 31, 2009:

(In thousands)	U.S. Plans 2009	2008	2007	Non-U.S. Plans 2009	2008	2007
Service cost — Benefits earned during this period	$ 3	$	$	$ 358	$ 531	$ 468
Interest cost on the accumulated obligation	576	522	542	688	725	626
Amortization of prior service cost	(123)	(28)	(28)			
Amortization of unrecognized losses					96	96
Net Periodic Postretirement Expense	$ 456	$ 494	$ 514	$ 1,046	$ 1,352	$ 1,190

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

The changes in the benefit obligations of the plans at May 31, 2009 and 2008 were as follows:

	U.S. Plans		Non-U.S. Plans	
(In thousands)	2009	2008	2009	2008
Accumulated postretirement benefit obligation at beginning of year	$ 6,952	$ 9,072	$ 11,772	$ 12,372
Service cost	3		358	531
Interest cost	576	522	688	725
Benefit payments	(700)	(736)	(264)	(262)
Medicare subsidy received	104	107		
Actuarial (gains)	(490)	(2,013)	(3,365)	(2,542)
Impact of new accounting standard*	2,139			
Currency exchange rate changes			(1,056)	948
Accumulated and accrued postretirement benefit obligation at end of year	$ 8,584	$ 6,952	$ 8,133	$ 11,772

* Represents the impact of our adoption of EITF 06-4. Please refer to Note A(21), “Other Recent Accounting Pronouncements,” for further information.

In determining the postretirement benefit amounts outlined above, measurement dates as of May 31 for each period were applied.

The following table presents the amounts recognized in the Consolidated Balance Sheets for the years ended May 31, 2009 and 2008:

	U.S. Plans		Non-U.S. Plans	
(In thousands)	2009	2008	2009	2008
Current liabilities	$ (653)	$ (626)	$ (273)	$ (291)
Noncurrent liabilities	(7,931)	(6,326)	(7,860)	(11,481)
Net Amount Recognized	$ (8,584)	$ (6,952)	$ (8,133)	$ (11,772)

The following table presents the pre-tax net actuarial gain (loss) and prior service credits recognized in accumulated other comprehensive income (loss) not affecting retained earnings:

	U.S. Plans		Non-U.S. Plans	
(In thousands)	2009	2008	2009	2008
Net acturial gain (loss)	$ 2,201	$ 1,806	$ 3,055	$ (340)
Prior service credits	210	239		
Total recognized in accumulated other comprehensive income not affecting retained earnings	$ 2,411	$ 2,045	$ 3,055	$ (340)

The following table includes the changes we recognized in other comprehensive income:

	U.S. Plans		Non-U.S. Plans	
(In thousands)	2009	2008	2009	2008
Changes in plan assets and benefit obligations recognized in other comprehensive income:				
Net loss (gain) arising during the year*	$ (490)	$ (2,012)	$ (3,696)	$ (2,361)
Effect of exchange rates on amounts included in AOCI			301	24
Amounts recognized as a component of net periodic benefit cost:				
Amortization or curtailment recognition of prior service credit (cost)	28	28		
Amortization or settlement recognition of net gain (loss)	96			(89)
Total recognized in other comprehensive loss (income)	$ (366)	$ (1,984)	$ (3,395)	$ (2,426)

* Includes curtailment gains not recognized as a component of net periodic pension cost.

The following weighted-average assumptions were used to determine our year-end benefit obligations and net periodic postretirement benefit costs under the plans:

Year-End Benefit Obligations	U.S. Plans 2009	U.S. Plans 2008	Non-U.S. Plans 2009	Non-U.S. Plans 2008
Discount rate	6.90%	6.50%	8.00%	6.50%
Current healthcare cost trend rate	8.60%	8.50%	10.00%	6.50%
Ultimate healthcare cost trend rate	4.50%	5.00%	5.00%	4.50%
Year ultimate healthcare cost trend rate will be realized	2029	2015	2024	2012

Net Periodic Postretirement Benefit Cost	U.S. Plans 2009	U.S. Plans 2008	U.S. Plans 2007	Non-U.S. Plans 2009	Non-U.S. Plans 2008	Non-U.S. Plans 2007
Discount rate	6.50%	6.00%	6.00%	6.50%	5.50%	5.50%
Healthcare cost trend rate	8.50%	9.00%	9.50%	6.50%	7.00%	7.00%
Ultimate healthcare cost trend rate	5.00%	5.00%	5.00%	4.50%	4.50%	5.00%
Year ultimate healthcare cost trend rate will be realized	2015	2015	2015	2012	2012	2008

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Increasing or decreasing current healthcare cost trend rates by 1% would affect our accumulated postretirement benefit obligation and net postretirement expense by the following amounts for the years ended May 31, 2009 and 2008:

	U.S. Plans		Non-U.S. Plans	
(In thousands)	2009	2008	2009	2008
1% Increase in trend rate				
Accumulated Benefit Obligation	$ 488	$ 540	$ 1,430	$ 2,901
Postretirement Cost	35	46	135	371
1% Decrease in trend rate				
Accumulated Benefit Obligation	$ (432)	$ (477)	$ (1,138)	$ (1,902)
Postretirement Cost	(31)	(40)	(260)	(149)

We expect to pay approximately $1.0 million in estimated postretirement benefits in each of the next five years. In the five years thereafter (2015-2019) we expect to pay a cumulative total of $6.5 million.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act"), was signed into law on December 8, 2003. The Act provides for prescription drug benefits under Medicare Part D and contains a subsidy to plan sponsors who provide "actuarially equivalent" prescription drug plans. Our actuary has determined that the prescription drug benefit provided by our postretirement plan is considered to be actuarially equivalent to the benefits provided under the Act for all years since inception.

In accordance with the provision of FASB Staff Position FSP FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003," we have included the impact of our portion of the subsidy in the determination of accumulated postretirement benefit obligation for the U.S. nonpension postretirement benefit plan for the periods ended May 31, 2009 and 2008. The impact of the subsidy resulted in a reduction in our benefit obligation of approximately $1.7 million and $1.5 million at May 31, 2009 and 2008, respectively, and a $0.2 million and $0.1 million decrease in net periodic cost for the years ended May 31, 2009 and 2008, respectively. For the fiscal years ended May 31, 2009 and 2008, we received reimbursements from Medicare related to this law amounting to approximately $100,000 each year.

NOTE I — CONTINGENCIES AND LOSS RESERVES

Accrued loss reserves and asbestos-related liabilities consist of the following:

May 31	2009	2008
(In thousands)		
Accrued product liability reserves	$ 51,453	$ 56,500
Accrued warranty reserves	18,993	8,055
Accrued environmental reserves	6,947	7,426
Accrued loss reserves — current	77,393	71,981
Asbestos-related liabilities — current	65,000	65,000
Total Reserves — Current	$ 142,393	$ 136,981
Accrued product liability reserves — noncurrent	$ 7,067	$ 8,518
Accrued environmental reserves — noncurrent	3,846	5,455
Accrued loss reserves — noncurrent	10,913	13,973
Asbestos-related liabilities — noncurrent	425,328	494,745
Total Reserves — Noncurrent	$ 436,241	$ 508,718

Certain of our wholly-owned subsidiaries, principally Bondex International, Inc. (collectively referred to as the subsidiaries), are defendants in various asbestos-related bodily injury lawsuits filed in various state courts with the vast majority of current claims pending in six states —Texas, Florida, Mississippi, Maryland, Illinois and Ohio. These cases generally seek unspecified damages for asbestos-related diseases based on alleged exposures to asbestos-containing products previously manufactured by our subsidiaries or others.

As of May 31, 2009, our subsidiaries had a total of 10,173 active asbestos cases, compared to a total of 11,202 cases as of May 31, 2008. For the fourth quarter ended May 31, 2009, our subsidiaries secured dismissals and/or settlements of 751 cases, compared to a total of 664 cases dismissed and/or settled for the quarter ended May 31, 2008. For the year ended May 31, 2009, our subsidiaries secured dismissals and/or settlements of 3,004 cases, compared to a total of 1,546 cases dismissed and/or settled for the year ended May 31, 2008.

Of the 3,004 cases that were dismissed during the year ended May 31, 2009, 1,420 were non-malignancies or unknown disease cases that had been maintained on an inactive docket in Ohio and were administratively dismissed by the Cuyahoga County Court of Common Pleas during our second fiscal quarter ended November 30, 2008. These claims were dismissed without prejudice and may be re-filed should the claimants involved be able to demonstrate disease in accordance with medical criteria laws established in the State of Ohio.

For the fourth quarter ended May 31, 2009, our subsidiaries made total payments of $17.2 million relating to asbestos cases, which included defense-related payments paid during the quarter of $6.5 million, compared to total payments of $15.0 million relating to asbestos cases during the quarter ended May 31, 2008, which included defense-related payments paid during the quarter of $7.7 million. For the year ended May 31, 2009, our subsidiaries made total payments of $69.4 million relating to asbestos cases, which included defense-related payments paid during the year of $26.2 million, compared to total payments of $82.6 million relating to asbestos cases during the year ended May 31, 2008, which included defense-related payments paid during the year of $39.7 million.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

During the second quarter of fiscal 2009, one payment totaling $3.6 million was made to satisfy an adverse judgment in a previous trial that occurred in calendar 2006 in California. This payment, which included a significant amount of accrued pre-judgment interest as required by California law, was made on December 8, 2008, approximately two and a half years after the adverse verdict and after all post-trial and appellate remedies had been exhausted. Such satisfaction of judgment amounts are not included in incurred costs until available appeals are exhausted and the final payment amount is determined. As a result, the timing and amount of any such payments could have a significant impact on quarterly settlement costs.

During fiscal 2008, our subsidiaries incurred higher year-over-year, defense-related payments as a result of implementing various changes to our management and defense of asbestos claims, including a transition to a new claims intake and database service provider. To facilitate that transition and other related changes, we incurred duplicate defense-related payments approximating $3.0 million during the second quarter of fiscal 2008. The transition was completed during the third quarter of fiscal 2008.

Excluding defense-related payments, the average payment made to settle or dismiss a case approximated $14,000 and $11,000 for each of the quarters ended May 31, 2009 and 2008, respectively; and $14,000 and $28,000 for each of the years ended May 31, 2009 and 2008, respectively. The amount and timing of dismissals and settlements can fluctuate significantly from period to period, resulting in volatility in the average cost to resolve a case in any given quarter or year. In addition, in some jurisdictions, cases may involve more than one individual claimant. As a result, settlement or dismissal payments on a per case basis are not necessarily reflective of the payment amounts on a per claimant basis. For example, the average amount paid to settle or dismiss a case can vary widely depending on a variety of factors, including the mix of malignancy and non-malignancy claimants and the amount of defense expenditures incurred during the period.

Estimating the future cost of asbestos-related contingent liabilities was and continues to be subject to many uncertainties that may change over time, including (i) the ultimate number of claims filed; (ii) the amounts required to resolve both currently known and future unknown claims; (iii) the amount of insurance, if any, available to cover such claims, including the outcome of coverage litigation against our subsidiaries' third-party insurers; (iv) future earnings and cash flow of our subsidiaries; (v) the impact of bankruptcies of other companies whose share of liability may be imposed on our subsidiaries under certain state liability laws; (vi) the unpredictable aspects of the litigation process including a changing trial docket and the jurisdictions in which trials are scheduled; (vii) the outcome of any such trials including judgments or jury verdicts, as a result of our more aggressive defense posture, which includes taking selective cases to verdict; (viii) the lack of specific information in many cases concerning exposure to products for which one of our subsidiaries is responsible and the claimants' diseases; (ix) potential changes in applicable federal and/or state law; and (x) the potential impact of various proposed structured settlement transactions or subsidiary bankruptcies by other companies, some of which are the subject of federal appellate court review, the outcome of which could materially affect any future asbestos-related liability estimates.

In fiscal 2006, we retained Crawford & Winiarski ("C&W"), an independent, third-party consulting firm with expertise in the area of asbestos valuation work, to assist us in calculating an estimate of our liability for unasserted-potential-future-asbestos-related claims. The methodology used by C&W to project our liability for unasserted-potential-future-asbestos-related claims included C&W doing an analysis of: (a) widely accepted forecast of the population likely to have been exposed to asbestos; (b) epidemiological studies estimating the number of people likely to develop asbestos-related diseases; (c) historical rate at which mesothelioma incidences resulted in the payment of claims by us; (d) historical settlement averages to value the projected number of future compensable mesothelioma claims; (e) historical ratio of mesothelioma-related-indemnity payments to non-mesothelioma indemnity payments; and (f) historical defense costs and their relationship with total indemnity payments.

During fiscal 2006, we recorded a liability for asbestos claims in the amount of $380.0 million, while paying out $59.9 million for dismissals and/or settlements, which resulted in our accrued liability balance moving from $101.2 million at May 31, 2005 to $421.3 million at May 31, 2006. This increase was based largely upon C&W's analysis of our total estimated liability for unasserted-potential-future-asbestos-related claims through May 31, 2016. This amount was also calculated on a pre-tax basis and was not discounted for the time value of money. In light of the uncertainties inherent in making long-term projections, we determined at that time that a ten-year period was the most reasonable time period over which reasonably accurate estimates might still be made for projecting asbestos liabilities and defense costs and, accordingly, our accrual did not include asbestos liabilities for any period beyond ten years.

During the fiscal year ended May 31, 2008, we reviewed and evaluated our ten-year asbestos liability established as of May 31, 2006. As part of that review and evaluation process, the credibility of epidemiological studies of our mesothelioma claims, first introduced to management by C&W some two-and-one-half years ago, was validated. At the core of our evaluation process, and the basis of C&W's actuarial work on behalf of Bondex, is the *Nicholson Study*. The *Nicholson Study* is the most widely recognized reference in bankruptcy trust valuations, global settlement negotiations and the Congressional Budget Offices' work done on the proposed FAIR Act in 2006. Based on our ongoing comparison of the *Nicholson Study* projections and Bondex's specific actual experience, which at that time continued to bear an extremely close correlation to the study's projections, we decided to extend our asbestos liability projection out to the year

2028. C&W assisted us in calculating an estimate of our liability for unasserted-potential-future-asbestos-related claims out to that twenty-year period.

C&W projected that the cost of extending the asbestos liability to 2028, coupled with an updated evaluation of our current known claims to reflect our most recent actual experience, would be $288.1 million. Therefore, we added $288.1 million to our existing asbestos liability, which brought our total asbestos-related balance sheet liabilities at May 31, 2008 to $559.7 million. Of that total, $65.0 million was estimated to be the short-term liability due in fiscal 2009, with the remaining $494.7 million balance reflected as a long-term liability. The material components of the accruals are: (i) the gross number of open malignancy claims (principally mesothelioma claims) as these claims have the most significant impact on our asbestos settlement costs; (ii) historical and current settlement costs and dismissal rates by various categories; (iii) analysis of the jurisdiction and governing laws of the states in which these claims are pending; (iv) outside defense counsel's opinions and recommendations with respect to the merits of such claims; and (v) analysis of projected liabilities for unasserted potential future claims.

In determining the amount of our asbestos liability, we relied on assumptions that are based on currently known facts and projection models. Our actual expenses could be significantly higher or lower than those recorded if assumptions used in our calculations vary significantly from actual results. Key variables in these assumptions include the period of exposure to asbestos claims, the number and type of new claims to be filed each year, the rate at which

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

mesothelioma incidences result in compensable claims against us, the average cost of disposing of each such new claim, the dismissal rates each year and the related annual defense costs. Furthermore, predictions with respect to these variables are subject to greater uncertainty as the projection period lengthens. A significant upward or downward trend in the number of claims filed, depending on the nature of the alleged injury, the jurisdiction where filed, the average cost of resolving each such claim and the quality of the product identification, could change our estimated liability, as could any substantial adverse verdict at trial. A federal legislative solution, further state tort reform or a structured-settlement transaction could also change the estimated liability.

Subject to the foregoing variables, and based on currently available data, we believe that our current asbestos liability is sufficient to cover asbestos-related expenses for our known pending and unasserted-potential-future-asbestos-related claims through 2028. However, given the uncertainties associated with projecting matters into the future and numerous other factors outside of our control, we believe that it is reasonably possible we may incur additional material asbestos liabilities in periods before 2028. Due to the uncertainty inherent in the process undertaken to estimate our losses, we are unable at the present time to estimate an additional range of loss in excess of our existing accruals. While it is reasonably possible that such excess liabilities could be material to operating results in any given quarter or year, we do not believe that it is reasonably possible that such excess liabilities would have a material adverse effect on our long-term results of operations, liquidity or consolidated financial position.

During fiscal 2004, certain of our subsidiaries' third-party insurers claimed exhaustion of coverage. On July 3, 2003, certain of our subsidiaries filed the case of *Bondex International, Inc. et al. v. Hartford Accident and Indemnity Company et al.*, Case No. 1:03-cv-1322, in the United States District Court for the Northern District of Ohio, for declaratory judgment, breach of contract and bad faith against these third-party insurers, challenging their assertion that their policies covering asbestos-related claims have been exhausted. The coverage litigation involves, among other matters, insurance coverage for claims arising out of alleged exposure to asbestos containing products manufactured by the previous owner of the Bondex tradename before March 1, 1966. On March 1, 1966, Republic Powdered Metals Inc. (as it was known then), purchased the assets and assumed the liabilities of the previous owner of the Bondex tradename. That previous owner subsequently dissolved and was never a subsidiary of Republic Powdered Metals, Bondex, RPM, Inc. or the Company. Because of the earlier assumption of liabilities, however, Bondex has historically responded, and must continue to respond, to lawsuits alleging exposure to these asbestos-containing products. We discovered that the defendant insurance companies in the coverage litigation had wrongfully used cases alleging exposure to these pre-1966 products to erode their aggregate limits. This conduct, apparently known by the insurance industry based on discovery conducted to date, was in breach of the insurers' policy language. Two of the defendant insurers have filed counterclaims seeking to recoup certain monies should the plaintiffs prevail on their claims.

During the second fiscal quarter ended November 30, 2006, plaintiffs and one of the defendant insurers reached a settlement of $15.0 million, the terms of which are confidential by agreement of the parties. The settling defendant was dismissed from the case.

In 2007, plaintiffs had filed motions for partial summary judgment against the defendants and defendants had filed motions for summary judgment against plaintiffs. In addition, plaintiffs had filed a motion to dismiss the counterclaim filed by one of the defendants. On December 1, 2008, the court decided the pending motions for summary judgment and dismissal. The court denied the plaintiffs' motions for partial summary judgment and granted the defendants' motions for summary judgment against plaintiffs on a narrow ground. The court also granted the plaintiffs' motion to dismiss one defendant's amended counterclaim. In light of its summary judgment rulings, the court entered judgment as a matter of law on all remaining claims and counterclaims, including the counterclaim filed by another defendant, and dismissed the action. The court also dismissed certain remaining motions as moot. Plaintiffs have filed a notice of appeal to the United States Sixth Circuit Court of Appeals and will continue to aggressively pursue their claims on appeal. At present, the appellate court has not yet entered a scheduling order in connection with the appeal.

We are unable at the present time to predict the timing or ultimate outcome of this insurance coverage litigation or whether there will be any further settlements. Consequently, we are unable to predict whether, or to what extent, any additional insurance may be available to cover a portion of our subsidiaries' asbestos liabilities. We have not included any potential benefits from this litigation in calculating our current asbestos liability. Our wholly-owned captive insurance companies have not provided any insurance or reinsurance coverage for any of our subsidiaries' asbestos-related claims.

The following table illustrates the movement of current and long-term asbestos-related liabilities through May 31, 2009:

Asbestos Liability Movement (Current and Long-Term)

(In thousands)	Balance at Beginning of Period	Additions to Asbestos Charge	Deductions*	Balance at End of Period
Year Ended May 31, 2009	$559,745		$69,417	$490,328
Year Ended May 31, 2008	354,268	$288,100	82,623	559,745
Year Ended May 31, 2007	421,285		67,017	354,268

* Deductions include payments for defense-related costs and amounts paid to settle claims.

Other Contingencies

As of May 31, 2009, Dryvit, one of our wholly-owned subsidiaries, was a defendant or co-defendant in various single family residential exterior insulating finishing systems ("EIFS") cases, the majority of which are pending in the southeastern region of the country. Dryvit is also defending EIFS lawsuits involving commercial structures, townhouses and condominiums. The vast majority of Dryvit's EIFS lawsuits seek monetary relief for water intrusion related property damages, although some claims in certain lawsuits allege personal injuries from exposure to mold.

Dryvit is a defendant in a class action lawsuit filed on November 14, 2000 in Jefferson County, Tennessee styled *Bobby R. Posey, et al. v. Dryvit Systems, Inc.* (formerly styled *William J. Humphrey, et al. v. Dryvit Systems, Inc.*) (Case No. 17,715-IV) ("*Posey*"), which was finally certified by court order on September 15, 2005. The deadline for filing claims in the Posey class action expired on June 5, 2004 and claims have been processed during the pendency of the various appeals. As of June 30, 2009, a total of 1,705 claims have been paid for a total of approximately $14.1 million. Although additional payments have and will continue to be made under the terms of the

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

settlement agreement, which include inspection costs, third party warranties and class counsel attorneys' fees, we do not expect these payments to be material in future periods.

Third-party excess insurers have historically paid varying shares of Dryvit's defense and settlement costs in the individual commercial and residential EIFS lawsuits under various cost-sharing agreements. Dryvit has assumed a greater share of the costs associated with its EIFS litigation as it seeks funding commitments from our third party excess insurers and will likely continue to do so pending the outcome of coverage litigation involving these same third party insurers. This coverage litigation, styled *RPM, Inc., et al, v. Chubb Custom Insurance Company, et al*, (Case No. CV 05 578004), is pending in the Cuyahoga County Court of Common Pleas. In accordance with a Court order, the parties filed dispositive motions on certain of the coverage issues. Oral argument on these motions was completed on September 2, 2008. The parties currently await a ruling on their respective summary judgment motions, after which they will participate in a Court-ordered and agreed mediation. Discovery is stayed in the meantime. A trial date has not yet been scheduled. If mediation is not successful, the parties will resume discovery and a trial date will be scheduled. As of May 31, 2009, the receivable balance related to these insurance claims totaled approximately $26.0 million.

We provide, through our wholly-owned insurance subsidiaries, certain insurance coverage, primarily product liability, to our other subsidiaries. Excess coverage is provided by third-party insurers. Our reserves provide for these potential losses as well as other uninsured claims.

We also offer warranty programs at several of our industrial businesses and have established a product warranty liability. We review this liability for adequacy on a quarterly basis and adjust it as necessary. The primary factors that could affect this liability may include changes in the historical system performance rate as well as the costs of replacement. Provision for estimated warranty costs is recorded at the time of sale and periodically adjusted, as required, to reflect actual experience. It is probable that we will incur future losses related to warranty claims we have received, but that have not been fully investigated, and claims not yet received, which are not currently estimable due to the significant number of variables contributing to the extent of any necessary remediation. While our warranty liability represents our best estimate at May 31, 2009, we can provide no assurances that we will not experience material claims in the future or that we will not incur significant costs to defend or settle such claims beyond the amounts accrued or beyond what we may recover from our suppliers.

The changes in our accrued warranty balances are included in the following table:

Year Ended May 31	2009	2008	2007
(In thousands)			
Beginning Balance	$ 8,055	$ 8,676	$ 8,987
Deductions(1)	(12,702)	(2,275)	(2,355)
Provision charged to SG&A expense	23,640	1,208	2,044
Acquisitions		446	
Ending Balance	$ 18,993	$ 8,055	$ 8,676

(1) Primarily claims paid during the year.

In addition, like other companies participating in similar lines of business, some of our subsidiaries are involved in several proceedings relating to environmental matters. It is our policy to accrue remediation costs when it is probable that such efforts will be required and the related costs can be reasonably estimated. These liabilities are undiscounted.

NOTE J — SEGMENT INFORMATION

We operate a portfolio of businesses and product lines that manufacture and sell a variety of specialty paints, protective coatings and roofing systems, sealants and adhesives. We manage our portfolio by organizing our businesses and product lines into two reportable segments: the consumer reportable segment and the industrial reportable segment. Within each reportable segment, we aggregate three operating segments that consist of individual groups of companies and product lines, which generally address common markets, share similar economic characteristics, utilize similar technologies and can share manufacturing or distribution capabilities. Our six operating segments represent components of our business for which separate financial information is available that is utilized on a regular basis by our chief executive officer in determining how to allocate the assets of the company and evaluate performance. These six operating segments are each managed by an operating segment manager, who is responsible for the day-to-day operating decisions and performance evaluation of the operating segment's underlying businesses.

Our industrial reportable segment products are sold throughout North America and also account for the majority of our international sales. Our industrial product lines are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. This reportable segment comprises three separate operating segments — our Tremco Group, StonCor Group, and RPM II/Industrial Group. Products and services within this reportable segment include construction chemicals, roofing systems, weatherproofing and other sealants, flooring, and specialty chemicals.

Our consumer reportable segment manufactures and markets professional use and do-it-yourself (“DIY”) products for a variety of mainly consumer applications, including home improvement and personal leisure activities. Our consumer segment’s major manufacturing and distribution operations are located primarily in North America. Consumer segment products are sold throughout North America directly to mass merchandisers, home improvement centers, hardware stores, paint stores, craft shops and to other smaller customers through distributors. This reportable segment comprises three operating segments — our DAP Group, Rust-Oleum/Zinsser Group, and RPM II/Consumer Group. Products within this reportable segment include specialty, hobby and professional paints; caulks; adhesives; silicone sealants; wood stains and specialty confectionary coatings and films.

In addition to our two reportable segments, there is a category of certain business activities and expenses, referred to as corporate/ other, that does not constitute an operating segment. This category includes our corporate headquarters and related administrative expenses, results of our captive insurance companies, gains or losses on the sales of certain assets and other expenses not directly associated with either reportable segment. Assets related to the corporate/other category consist primarily of investments, prepaid expenses, deferred pension assets, and headquarters’ property and equipment. These corporate and other assets and expenses reconcile reportable segment data to total consolidated income (loss) before income taxes, identifiable assets, capital expenditures, and depreciation and amortization.

We reflect income from our joint ventures on the equity method, and receive royalties from our licensees. Total income from royalties and joint ventures amounted to approximately $3.1 million, $3.3 million and $2.5 million for the years ended May 31, 2009, 2008 and 2007, respectively, and are therefore included as an offset to selling, general and administrative expenses.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

The following table reflects the results of our reportable segments consistent with our management philosophy, and represents the information we utilize, in conjunction with various strategic, operational and other financial performance criteria, in evaluating the performance of our portfolio of businesses.

Year ended May 31	2009	2008	2007
(In thousands)			
Segment Information			
Net Sales			
Industrial	$ 2,265,957	$ 2,367,970	$ 2,102,684
Consumer	1,102,210	1,275,821	1,236,080
Total	$ 3,368,167	$ 3,643,791	$ 3,338,764
Gross Profit			
Industrial	$ 942,820	$ 999,989	$ 885,999
Consumer	410,269	498,548	474,453
Total	$ 1,353,089	$ 1,498,537	$ 1,360,452
Income (Loss) Before Income Taxes (1)			
Industrial (2)	$ 176,116	$ 259,630	$ 233,396
Consumer	102,311	155,600	151,220
Corporate/Other	(97,559)	(376,176)	(77,081)
Total	$ 180,868	$ 39,054	$ 307,535
Identifiable Assets			
Industrial	$ 1,778,526	$ 2,071,920	$ 1,761,107
Consumer	1,187,633	1,341,406	1,343,128
Corporate/Other	443,762	350,241	228,914
Total	$ 3,409,921	$ 3,763,567	$ 3,333,149
Capital Expenditures			
Industrial	$ 33,310	$ 47,523	$ 49,235
Consumer	21,121	23,247	20,141
Corporate/Other	555	1,070	1,017
Total	$ 54,986	$ 71,840	$ 70,393
Depreciation and Amortization			
Industrial	$ 52,714	$ 48,739	$ 46,446
Consumer	30,095	31,923	30,867
Corporate/Other	2,335	4,704	4,294
Total	$ 85,144	$ 85,366	$ 81,607
Geographic Information			
Net Sales (based on shipping location)			
United States	$ 2,161,494	$ 2,384,357	$ 2,341,008
Foreign			
Canada	260,928	306,339	255,246
Europe	734,853	775,651	596,613
Other Foreign	210,892	177,444	145,897
Total Foreign	1,206,673	1,259,434	997,756
Total	$ 3,368,167	$ 3,643,791	$ 3,338,764
Long-Lived Assets (3)			
United States	$ 1,171,288	$ 1,206,399	$ 1,195,731
Foreign			
Canada	128,888	144,027	132,052
Europe	424,119	501,828	385,066
Other Foreign	40,210	38,584	31,357
Total Foreign	593,217	684,439	548,475
Total	$ 1,764,505	$ 1,890,838	$ 1,744,206

(1) Asbestos-related charges, totaling $288.1 million in fiscal 2008 and the impact of an asbestos-related insurance settlement of $15.0 million in fiscal 2007, are reflected in Corporate/Other, and relate to our Bondex International, Inc. subsidiary.

(2) Includes the impact of impairment losses related to a reduction of the carrying value of goodwill and indefinite-lived intangible assets, totaling $15.5 million during the fiscal year ended May 31, 2009.

(3) Long-lived assets include all non-current assets, excluding non-current deferred income taxes.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

NOTE K — QUARTERLY INFORMATION (UNAUDITED)

The following is a summary of the quarterly results of operations for the years ended May 31, 2009 and 2008:

	For Quarter Ended			
(In thousands, except per share amounts)	August 31	November 30	February 28	May 31
2009				
Net Sales	$ 985,465	$ 889,965	$ 635,396	$ 857,341
Gross Profit	$ 403,589	$ 356,726	$ 234,658	$ 358,116
Net Income (Loss)	$ 69,517	$ 41,726	$ (30,933)	$ 39,306(c)
Basic Earnings (Loss) Per Share	$ 0.56	$ 0.33	$ (0.24)	$ 0.31
Diluted Earnings (Loss) Per Share	$ 0.54	$ 0.33	$ (0.24)	$ 0.31
Dividends Per Share	$ 0.19	$ 0.20	$ 0.20	$ 0.20

	For Quarter Ended			
(In thousands, except per share amounts)	August 31	November 30	February 29	May 31
2008				
Net Sales	$ 930,339	$ 905,708	$ 731,773	$ 1,075,971
Gross Profit	$ 383,902	$ 367,738	$ 291,245	$ 455,652
Net Income (Loss)	$ 68,268	$ 54,855	$ 12,150	$ (87,564)(a)
Basic Earnings (Loss) Per Share	$ 0.57	$ 0.46	$ 0.10	$ (0.73)
Diluted Earnings (Loss) Per Share	$ 0.53	$ 0.43	$ 0.10	$ (0.73)(b)
Dividends Per Share	$ 0.175	$ 0.190	$ 0.190	$ 0.190

(a) During the fourth fiscal quarter ended May 31, 2008, we increased our liability for asbestos-related payments, which reduced pretax earnings by $288.1 million ($185.1 million after-tax), representing our estimation of our liability for pending and unasserted claims through May 31, 2028. See Note I to the Consolidated Financial Statements for further details.

(b) Conversion of the shares related to convertible securities for the three month period ended May 31, 2008 was not assumed, since the result would have been anti-dilutive.

(c) Includes impairment charges related to a reduction of the carrying value of goodwill and indefinite-lived intangible assets, which impacted net income and basic and diluted earnings per share by $15.5 million and $0.12 per share, respectively, during the fourth fiscal year ended May 31, 2009.

Quarterly earnings per share may not total to the yearly earnings per share due to the weighted-average number of shares outstanding in each quarter.

Quarterly Stock Price and Dividend Information

Shares of our common stock are traded on the New York Stock Exchange under the symbol RPM. The high and low sales prices for the shares of common stock, and the cash dividends paid on the common stock, for each quarter of the two most recent fiscal years are set forth in the table below.

Range of Sales Prices and Dividends Paid

Fiscal 2009	High	Low	Dividends paid per share
First Quarter	$25.19	$19.31	$0.190
Second Quarter	$22.00	$10.05	$0.200
Third Quarter	$14.32	$10.58	$0.200
Fourth Quarter	$15.70	$ 9.09	$0.200

Fiscal 2008	High	Low	Dividends paid per share
First Quarter	$25.74	$20.19	$0.175
Second Quarter	$24.44	$17.25	$0.190
Third Quarter	$22.50	$18.77	$0.190
Fourth Quarter	$24.74	$19.30	$0.190

Source: New York Stock Exchange

Cash dividends are payable quarterly, upon authorization of the Board of Directors. Regular payment dates are approximately the last day of July, October, January and April.

The number of holders of record of our common stock as of July 17, 2009 was approximately 29,794 in addition to 53,848 beneficial holders.

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Management's Report on Internal Control Over Financial Reporting

The management of RPM International Inc. is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. RPM's internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Consolidated Financial Statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may be inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of RPM's internal control over financial reporting as of May 31, 2009. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework. Based on this assessment, management concluded that, as of May 31, 2009, RPM's internal control over financial reporting is effective.

The independent registered public accounting firm Ernst & Young LLP, has also audited the Company's internal control over financial reporting as of May 31, 2009 and their report thereon is included on page 62 of this report.

Frank C. Sullivan
Chairman and Chief Executive Officer

P. Kelly Tompkins
Executive Vice President — Administration and Chief Financial Officer

July 24, 2009

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Report of Independent Registered Public Accounting Firm

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS

RPM International Inc. and Subsidiaries
Medina, Ohio

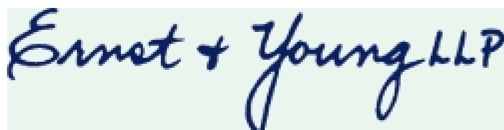
We have audited the accompanying consolidated balance sheets of RPM International Inc. and Subsidiaries ("RPM" or "the Company") as of May 31, 2009 and 2008 and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended May 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of RPM at May 31, 2009 and 2008 and the consolidated results of its operations and its cash flows for each of the three years in the period ended May 31, 2009, in conformity with U.S. generally accepted accounting principles.

As discussed in Note A to the Consolidated Financial Statements, effective on May 31, 2007 and June 1, 2007, the Company adopted the recognition and measurement date provisions, respectively, of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Post Retirement Plans, an amendment to FAS 87, 88, 106 and 132(R)."

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of RPM's internal control over financial reporting as of May 31, 2009, based on criteria established in Internal Control- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated July 24, 2009 expressed an unqualified opinion thereon.



Cleveland, Ohio

July 24, 2009

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Report of Independent Registered Public Accounting Firm

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS

RPM International Inc. and Subsidiaries
Medina, Ohio

We have audited RPM International Inc. and Subsidiaries' ("RPM" or "the Company") internal control over financial reporting as of May 31, 2009, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). RPM's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying, "Management's Report on Internal Control Over Financial Reporting." Our responsibility is to express an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

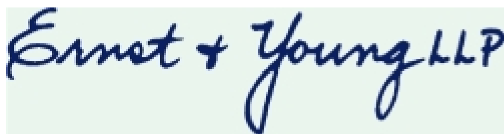
We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, RPM maintained, in all material respects, effective internal control over financial reporting as of May 31, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of RPM as of May 31, 2009 and 2008 and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended May 31, 2009 and our report dated July 24, 2009 expressed an unqualified opinion thereon.



Cleveland, Ohio

July 24, 2009

Source: RPM INTERNATIONAL IN, 10-K, July 28, 2009

Exhibit 21.1

The following is a list of subsidiaries of RPM International Inc. as of July 1, 2009.

Company Name **	Place of Incorporation
A/D Fire Protection Systems Corp.	Nevada (USA)
A/D Fire Protection Systems, Inc.	Canada
Advanced Construction Materials Limited *(Dormant)*	United Kingdom
Agpro (N.Z.) Limited	New Zealand
AgriCoat Industries Limited *(Dormant)*	United Kingdom
AgriCoat NatureSeal Limited *(83% JV)*	United Kingdom
Alteco Chemical-Produtos Quimicos SA *(Dormant)*	Portugal
Alteco Technik GmbH	Germany
Amtred Limited *(Dormant)*	United Kingdom
Anglo Building Products Limited *(Dormant)*	United Kingdom
Ardenbrite Products Limited *(Dormant)*	United Kingdom
AWCI Insurance Company, Ltd. *(27.03% JV)*	Bermuda
Beijing Dryvit Chemical Building Materials Co., Ltd. *(88% JV)*	China
Bondex International, Inc.	Ohio (USA)
BPAG, Inc.	Delaware (USA)
CAI-Tec GmbH *(95%)*	Switzerland
Canam Building Envelope Specialists Inc.	Canada
Carboline Company	Delaware (USA)
Carboline Dalian Paint Production Co., Ltd. *(49% JV)*	China
Carboline Dubai Corporation	Missouri (USA)
Carboline France S.A.S.	France
Carboline International Corporation	Delaware (USA)
Carboline Italia S.p.A.	Italy
Carboline Korea Ltd. *(49% JV)*	Korea
Carboline Marine Europe AS	Norway
Carboline Norge AS	Norway
CDC Carboline (India) Ltd. *(40% JV)*	India
Chemical Coatings, Inc.	North Carolina (USA)
Chemical Specialties Manufacturing Corp.	Maryland (USA)
Chemrite Equipment Systems (Pty.) Ltd.	South Africa
Chemspec Europe Limited	United Kingdom
Colcon NV	Belgium
Compact Technology GmbH	Germany
Corgrate Fiberglass Systems, S.A. de C.V.	Mexico
Crossco (261) Limited *(Dormant)*	United Kingdom
Crossco (754) Limited *(Dormant)*	United Kingdom
Crossland Distributors Ltd.	Canada
Dane Color UK Limited	United Kingdom
DAP Brands Company	Delaware (USA)
DAP Holdings, LLC	Delaware (USA)
DAP Products Inc.	Delaware (USA)
Day-Glo Color Corp.	Ohio (USA)
Deancove Limited *(Dormant)*	United Kingdom
Dore Holdings Limited *(In liquidation)*	United Kingdom
Dryvit Holdings, Inc.	Delaware (USA)
Dryvit Systems, Inc.	Rhode Island (USA)
Dryvit Systems USA (Europe) Sp. zo.o.	Poland
Dryvit UK Limited	United Kingdom

Company Name **	Place of Incorporation
Duratec Coatings Consultants Limited *(Dormant)*	United Kingdom
Ecoloc NV	Belgium
Espan Corporation Pte. Ltd.	Singapore
Euclid Admixture Canada Inc.	Canada
The Euclid Chemical Company	Ohio (USA)
Euclid Chemical International Sales Corp. *(In liquidation)*	Ohio (USA)
Euclid Chemical Venezuela S.A.	Venezuela
Euclid Ecuador S.A.	Ecuador
Eucomex S.A. de C.V.	Mexico
Failsafe Metering International Limited	United Kingdom
Fibergrate Composite Structures Incorporated	Delaware (USA)
Fibergrate Composite Structures Limited	United Kingdom
First Continental Services Co.	Vermont (USA)
Flowcrete Asia Sdn. Bhd.	Malaysia
Flowcrete Australia Pty. Ltd.	Australia
Flowcrete Europe Limited *(Dormant)*	United Kingdom
Flowcrete Europe s.r.o. *(In liquidation)*	Czech Republic
Flowcrete Group Limited	United Kingdom
Flowcrete (Hong Kong) Limited	Hong Kong
Flowcrete International Limited *(Dormant)*	United Kingdom
Flowcrete Middle East FZCO	United Arab Emirates
Flowcrete New Zealand Limited	New Zealand
Flowcrete North America, Inc.	Texas (USA)
Flowcrete Norway AS	Norway
Flowcrete Polska Sp. zo.o	Poland
Flowcrete S.A. (Pty.) Limited	South Africa
Flowcrete Sweden AB	Sweden
Flowcrete UK Limited	United Kingdom
Gloucester Co., Inc.	Massachusetts (USA)
Grandcourt NV	Netherlands Antilles
Grupo StonCor, S.A. de C.V.	Colombia
Grupo StonCor, S.A. de C.V.	Mexico
Guardian Protection Products, Inc.	Delaware (USA)
Harry A. Crossland Investments, Ltd.	Nevada (USA)
Holdtite Adhesives Limited	United Kingdom
ilbruck Holdings Limited *(Dormant)*	United Kingdom
ilbruck Sealant Systems NV	Belgium
Industrial Flooring Services Limited *(Dormant)*	United Kingdom
Isocrete Floor Screeds Limited	United Kingdom
Ivory Industrials (Pty.) Limited	South Africa
Japan Carboline Company Ltd. *(50% JV)*	Japan
Juárez Inmobiliaria, S.A.	Mexico
Karochemie AG	Switzerland
Kop-Coat, Inc.	Ohio (USA)
Kop-Coat New Zealand Limited	New Zealand
Magnagro Industries Pte. Ltd. *(Dormant)*	China
Mantrose-Haeusser Co., Inc.	Massachusetts (USA)
Mantrose UK Limited	United Kingdom
Martin Mathys NV	Belgium
Modern Masters Inc.	California (USA)
Monile France S.ár.l.	France
NatureSeal, Inc. *(83% JV)*	Delaware (USA)
NMBFil, Inc.	Ohio (USA)

Company Name **	Place of Incorporation
Nullifire Limited	United Kingdom
Oakdyke Limited *(Dormant)*	United Kingdom
Paramount Technical Products, Inc.	South Dakota (USA)
Parklin Management Group, Inc.	New Jersey (USA)
PDR GmbH *(9.214% JV)*	Germany
PDR Recycling GmbH & Co. KG *(8.32% JV)*	Germany
Permaquik Western Ltd. *(77% JV)*	Canada
Perstorp Industrial Surfaces Limited *(20% JV)*	China
Plasite, S.A. de C.V. *(Dormant)*	Mexico
PLB Holdings Inc.	Nevada (USA)
Portazul, S.A. (94%)	Dominican Republic
Productos Cave S.A.	Chile
Productos DAP de Mexico S.A. de C.V.	Mexico
Radiant Color NV	Belgium
Redwood Transport, Inc.	Ohio (USA)
Republic Powdered Metals, Inc.	Ohio (USA)
RPM Asia Pte. Ltd.	Singapore
RPM/Belgium NV	Belgium
RPM Canada, a General Partnership	Canada
RPM Canada Company	Canada
RPM Canada Investment Company	Canada
RPM China Pte. Ltd.	Singapore
RPM Consumer Holding Company	Delaware (USA)
RPM Enterprises, Inc.	Delaware (USA)
RPM Europe Coöperatief U.A.	Dutch Co-op
RPM Europe Holdco B.V.	Netherlands
RPM Europe SA	Belgium
RPM FCP I, Inc.	Delaware (USA)
RPM FCP II, Inc.	Delaware (USA)
RPM FCP Belgium SPRL	Belgium
RPM Funding Corporation	Delaware (USA)
RPM Germany GmbH	Germany
RPM Holdco Corp.	Delaware (USA)
RPM Holdings UK Limited *(In liquidation)*	United Kingdom
RPM, Inc.	Ohio (USA)
RPM Industrial Holding Company	Delaware (USA)
RPM Ireland IP Limited	Ireland
RPM/Lux Consult SA *(In liquidation)*	Luxembourg
RPM Lux Enterprises S.ár.l.	Luxembourg
RPM Lux Holdco S.ár.l.	Luxembourg
RPM Nova Scotia ULC	Canada
RPM of Mass, Inc.	Massachusetts (USA)
RPM United Kingdom G.P.	Non-registered UK Part.
RPM Wood Finishes Group, Inc.	Nevada (USA)
RPM Wood Finishes — Hong Kong Limited	Hong Kong
RPM Wood Finishes Ltd. — Shanghai	China
RPOW France S.A.S.	France
RPOW UK Limited	United Kingdom
RSIF International Limited	Ireland
Rust-Oleum Argentina S.A.	Argentina
Rust-Oleum Brands Company	Delaware (USA)
Rust-Oleum Corporation	Illinois (USA)
Rust-Oleum France S.A.S.	France

Company Name **	Place of Incorporation
Rust-Oleum International, LLC	Delaware (USA)
Rust-Oleum Japan Corporation	Japan
Rust-Oleum Mahtys Italia S.r.l.	Italy
Rust-Oleum Netherlands B.V.	Netherlands
Rust-Oleum Sales Company, Inc.	Ohio (USA)
Rust-Oleum Service Company	Delaware (USA)
Rust-Oleum UK Limited	United Kingdom
Sandco 953 Limited *(Dormant)*	United Kingdom
Shanghai Tremco International Trading Co., Ltd. *(Dormant)*	China
Sime Tremco Sdn. Bhd. *(49% JV) (In Liquidation)*	Malaysia
Sime Tremco Specialty Chemicals Sdn. Bhd. *(In liquidation)*	Malaysia
Sino-British Flowcrete (Beijing) Trading Limited	China
SK Polymers FZCO *(50% JV)*	United Arab Emirates
Star Maling og Lakkfabrikk AS	Norway
StonCor Africa (Pty.) Ltd.	South Africa
StonCor Benelux B.V.	Netherlands
StonCor Corrosion Specialists Group Ltda.	Brazil
StonCor (Deutschland) GmbH	Germany
StonCor Espaňa SL	Spain
StonCor Group, Inc.	Delaware (USA)
StonCor Lux S.ár.l	Luxembourg
StonCor Middle East LLC *(49% JV)*	United Arab Emirates
StonCor Namibia (Pty.) Ltd.	Namibia
StonCor Poland Sp. zo.o.	Poland
StonCor South Cone S.A.	Argentina
StonCor (Zhangjiagang Bonded Logistics Park) Trading Co., Ltd.	China
Stonhard de Mexico S.A. de C.V. *(99.99%)*	Mexico
Stonhard Nederland B.V.	Netherlands
Stonhard S.A.S.	France
Stonhard (U.K.) Limited	United Kingdom
TCI, Inc.	Georgia (USA)
TCI Powder Coatings de Mexico S.A. de C.V.	Mexico
The Testor Corporation	Ohio (USA)
Timberex International Limited *(Dormant)*	United Kingdom
Tor Coatings Limited	United Kingdom
Toxement S.A.	Colombia
Tremco Asia Pacific Pty. Limited *(Dormant)*	Australia
Tremco Asia Pte. Ltd.	Singapore
Tremco Barrier Solutions, Inc.	Delaware (USA)
Tremco Far East Limited *(99.999%)*	Hong Kong
Tremco GmbH *(Dormant)*	Germany
Tremco illbruck AB	Sweden
Tremco illbruck B.V.	Netherlands
Tremco illbruck Export Limited	United Kingdom
Tremco illbruck GmbH	Austria
Tremco illbruck GmbH & Co. KG	Germany
Tremco illbruck kft	Hungary
Tremco illbruck International GmbH	Germany
Tremco illbruck Limited	United Kingdom
Tremco illbruck NV	Belgium
Tremco illbruck ooo	Russia
Tremco illbruck OY	Finland
Tremco illbruck Productie B.V.	Netherlands

Company Name **	Place of Incorporation
Tremco illbruck Production Limited	United Kingdom
Tremco illbruck Production SAS	France
Tremco illbruck Produktion GmbH	Germany
Tremco illbruck SAS	France
Tremco illbruck Sp. zo.o.	Poland
Tremco illbruck s.r.o.	Czech Republic
Tremco Incorporated	Ohio (USA)
Tremco (Malaysia) Sdn. Bhd.	Malaysia
Tremco Pty. Limited	Australia
Tremco Roofing UK Limited	United Kingdom
Tretobond Limited *(Dormant)*	United Kingdom
Tretol Group Limited *(Dormant)*	United Kingdom
Tretol Limited *(Dormant)*	United Kingdom
Vandex AG *(95%)*	Switzerland
Vandex Holding AG *(99%)*	Switzerland
Vandex International AG *(99.88%)*	Switzerland
Vandex Isoliermittel Gesellschaft mbH	Germany
Vandex UK Limited	United Kingdom
Vandex (USA) LLC *(49% JV)*	Pennsylvania (USA)
Watco GmbH	Germany
Watco Group Manufacturing Limited *(Dormant)*	United Kingdom
Watco International Limited *(Dormant)*	United Kingdom
Watco Limited *(Dormant)*	United Kingdom
Watco S.ár.L.	France
Watco UK Limited	United Kingdom
Weatherproofing Technologies, Inc.	Delaware (USA)
Westfield Coatings Corporation	Massachusetts (USA)
Wm. Zinsser Limited *(Dormant)*	United Kingdom
Zinsser Asia Pacific Pty. Limited	Australia
Zinsser Brands Company	Delaware (USA)
Zinsser Divestiture Co., Inc.	New York (USA)
Zinsser Europe NV *(Dormant)*	Belgium
Zinsser Holdings, LLC	Delaware (USA)

** When a percentage is noted without JV, the remaining percentage of shares are held by the directors of the Company.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in this Annual Report (Form 10-K) of RPM International Inc. (RPM) of our reports dated July 24, 2009, with respect to the consolidated financial statements of RPM, and the effectiveness of internal control over financial reporting of RPM, included in the 2009 Annual Report to Stockholders of RPM.

Our audits also included the financial statement schedule of RPM listed in Item 15(a). This schedule is the responsibility of RPM's management. Our responsibility is to express an opinion based on our audits. In our opinion, as to which the date is July 24, 2009, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statements (Form S-8 Nos. 333-35967 and 333-60104, 1996 Stock Option Plan; 333-101512, Deferred Compensation Plan; 333-101501, 401(k) Trust and Plan and Union 401(k) Retirement Savings Trust and Plan; 333-117581, 2003 Restricted Stock Plan for Directors; 333-120067, 2004 Omnibus Equity and Incentive Plan; and 333-139906, 2007 Restricted Stock Plan); and

(2) Registration Statement (Form S-3 No. 333-149232) of RPM International Inc.

of our reports dated July 24, 2009, with respect to the consolidated financial statements of RPM, and the effectiveness of internal control over financial reporting of RPM, incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule of RPM included in this Annual Report (Form 10-K) of RPM.

/s/ Ernst & Young LLP
ERNST & YOUNG LLP

Cleveland, Ohio
July 24, 2009

Exhibit 31.1

RULE 13a-14(a) CERTIFICATION

I, Frank C. Sullivan, certify that:

1. I have reviewed this Annual Report on Form 10-K of RPM International Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2009

/s/ Frank C. Sullivan
Frank C. Sullivan
Chairman and Chief Executive Officer

Exhibit 31.2

RULE 13a-14(a) CERTIFICATION

I, P. Kelly Tompkins, certify that:

1. I have reviewed this Annual Report on Form 10-K of RPM International Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2009

/s/ P. Kelly Tompkins
P. Kelly Tompkins
Executive Vice President and Chief Financial Officer

Exhibit 32.1

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of RPM International Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

(1) The Annual Report on Form 10-K for the period ended May 31, 2009 (the "Form 10-K") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-K.

Date: July 27, 2009

/s/ Frank C. Sullivan
Frank C. Sullivan
Chairman and Chief Executive Officer

The foregoing Certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Form 10-K or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of RPM International Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

(1) The Annual Report on Form 10-K for the period ended May 31, 2009 (the "Form 10-K") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-K.

Date: July 27, 2009

/s/ P. Kelly Tompkins
P. Kelly Tompkins
Executive Vice President and Chief Financial Officer

The foregoing Certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Form 10-K or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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