To Our Shareholders

Strong second-quarter performance by our U.S.-based industrial companies and our new specialty products segment more than offset strong headwinds posed by the strength of the U.S. dollar against our other primary local currencies. As a result, we achieved a 20% increase in net income and a 19% increase in earnings per diluted share on an 8% sales increase for our fiscal 2016 second quarter ended November 30, 2015.

Second-Quarter Results

Net sales of $1.16 billion were up 7.9% over the $1.07 billion reported a year ago. Consolidated EBIT (earnings before interest and taxes) increased 17.9%, to $141.6 million from $120.1 million in the fiscal 2015 second quarter. Fiscal 2016 second-quarter net income was up 19.6%, to $83.4 million from $69.8 million in the fiscal 2015 second quarter. Earnings per diluted share increased 19.2%, to $0.62 from $0.52 a year ago.

During the second quarter, most of our international businesses posted solid sales gains in local currencies, which were reduced by foreign currency translation that lowered reported sales by 6.3% companywide. In total, foreign currency, including both translational and transactional, reduced earnings per share by $0.06. Sales and earnings benefited from the reconsolidation of our Specialty Products Holding Company (SPHC) subsidiary's businesses, which continued to perform in line with our expectations.

Second-Quarter Segment Sales and Earnings

During the fiscal 2016 second quarter, our industrial segment sales declined 5.8%, to $610.2 million from $647.8 million in the fiscal 2015 second quarter. Organic sales improved 1.9%, while acquisition growth added 0.7%. Foreign currency translation reduced sales by 8.4%. Industrial segment EBIT declined 0.4%, to $64.5 million from $64.8 million in the same period a year ago.

We continued to see solid performance by our businesses serving the U.S. commercial construction market. However, the impact is masked by the strong dollar, because a significant portion of the industrial segment's revenue is outside U.S. markets. Our great entrepreneurial businesses generating growth in local currencies are seeing those positive results erased by foreign currency translation. For example, in Europe, our second largest market, a 2.2% increase in sales in local currencies, when translated to U.S. dollars at current exchange rates, resulted in a reported 9.6% decline. Additionally, our industrial businesses serving the energy industry have been impacted by the global slowdown in oil and gas drilling, resulting in a decline in sales to that sector of nearly 10%.

Second-quarter sales for our specialty segment increased 164.8%, to $186.7 million from $70.5 million in the fiscal 2015 second period. Organic growth was 3.8%, while acquisitions, principally the reconsolidated SPHC subsidiaries, added 167.1%. Foreign currency translation reduced sales by 6.1%. Specialty segment EBIT improved 104.8%, to $29.1 million from $14.2 million.

Most of our core specialty businesses, including food coatings, wood protection products, pleasure marine and other high performance coatings, performed well in the quarter, excluding the negative impact from foreign currency.

Our fiscal 2016 second-quarter consumer segment sales increased 1.8%, to $359.1 million from $352.8 million a year ago. Organic sales increased 3.6%, while acquisition growth added 0.7%. Foreign currency translation reduced sales by 2.5%. Consumer segment EBIT improved 6.2%, to $65.4 million from $61.6 million a year ago. During the quarter, the final earn-out accrual of $14.5 million, or approximately $0.07 per share, related to our acquisition of Kirker in fiscal 2013 was reversed into income, compared to the $17.0 million, or approximately $0.09 per share, that was reversed during the same period last year.

During the quarter, our largest U.S. consumer businesses performed solidly and in line with expectations, while our nail enamel and Canadian businesses continued to struggle with sales declines. We expect to benefit from several product roll-outs with various customers in the third and fourth quarters of fiscal 2016.

Cash Flow and Financial Position

For the first half of fiscal 2016, our cash from operations was $167.1 million, compared to $55.3 million a year ago. Capital expenditures of $31.3 million compared to $26.5 million during the first half of last year. Total debt at November 30, 2015 was $1.68 billion, compared to $1.43 billion at November 30, 2014 and $1.66 billion at May 31, 2015. RPM's net (of cash) debt-to-total capitalization ratio was 53.5%, compared to 44.8% at November 30, 2014. At November 30, 2015, liquidity stood at $960.8 million, including cash of $190.6 million and $770.2 million in long-term committed available credit.

First-Half Sales and Earnings

Fiscal 2016 first-half net sales improved 5.4%, to $2.40 billion from $2.28 billion during the first six months of fiscal 2015. Consolidated EBIT increased 6.5%, to $302.2 million from $283.8 million in the year-ago first half. Net income was up 8.5%, to $183.2 million from $168.8 million in the fiscal 2015 first half. Diluted earnings per share were $1.36, up 9.7% from $1.24 a year ago.

First-Half Segment Sales and Earnings

Our industrial segment fiscal 2016 first-half sales declined 5.1%, to $1.27 billion from $1.34 billion in the fiscal 2015 first half. Organic sales increased 2.9%, while acquisition growth added 0.6%. Foreign currency translation reduced sales by 8.6%. Industrial segment EBIT decreased 2.7%, to $148.7 million from $152.9 million a year ago.

Specialty segment sales grew 146.7%, to $370.4 million from $150.1 million in the 2015 first half. Organic growth was 0.3%, while acquisitions, primarily the reconsolidated SPHC businesses, added 153.6%. Foreign currency translation reduced sales by 7.2%. For the first half of fiscal 2016, specialty segment EBIT increased 83.0%, to $57.1 million from $31.2 million.

Continued on inside page

Quarterly Report 2

RPM International Inc.

Second-Quarter Report

For Period Ended November 30, 2015

- **Second-quarter net income improves 20% on 8% sales increase**
- **Both periods impacted by currency headwinds, reconsolidation of SPHC businesses**
- **EPS guidance for FY 2016 maintained at $2.50**
- **Sales objective for FY 2020 set at $7 billion**

The Value of **168**®

The Value of
168®

The Value of 168 is a statement of the corporate philosophy of RPM. This figure, often cited by our founder, Frank C. Sullivan, literally represents the number of hours in a week. On a deeper level, it serves to remind us of his belief that we are born with two great gifts: life and the time to do something with it.

The Value of 168 signifies RPM's enduring commitment to our fellow employees, customers and stockholders. This commitment springs from an ethos woven into our culture. It is evident in the stimulus of a work environment characterized by empowerment, accountability, opportunity and respect. The care that goes into building and sustaining long-term relationships with those we serve. The refusal to compromise on quality. The integrity that ensures results the right way.

The Value of 168 is the essence of RPM.

First-half sales for the consumer segment declined 3.6%, to $754.6 million from $782.8 million a year ago. Organic sales decreased 1.3%, and acquisition growth added 0.5%. Foreign currency translation reduced sales by 2.8%. Consumer segment EBIT declined 4.9%, to $131.5 million from $138.2 million in the first half of fiscal 2015.

Business Outlook

In our industrial segment, we anticipate sales to be flat to up slightly for the balance of this fiscal year, principally due to the strength of our businesses serving the U.S. commercial construction markets. In the specialty segment, the second half of fiscal 2016 will have a one-month benefit, year over year, from the reconsolidation of SPHC. For the remaining months of this fiscal year, we expect sales growth in the specialty segment to be in the mid-to-upper-single-digit range. Our consumer segment growth will be in the mid-single digits. Over the last several months, the U.S. dollar has continued to strengthen against most of the major currencies around the world and we expect the negative impact in the back half of fiscal 2016 to be approximately $0.05 per share worse than we originally estimated. In addition, during last year's third quarter, we recognized a $0.10 per share tax benefit that will not repeat this fiscal year, reducing last year's EPS to an apples-to-apples comparison to this fiscal year of $0.10 per share. For the full year, however, we are reaffirming our guidance for earnings per diluted share of $2.50.

Dividend

On January 5, 2016, our board of directors declared a regular quarterly cash dividend of $0.275 per share, payable on January 29, 2016 to stockholders of record as of January 15, 2016. The quarterly dividend rate reflects the 5.8% increase enacted by the board last October.

20/20 Vision

In our investor conference call on January 6, we reviewed some of our long-term strategies designed to bring RPM to $7 billion in revenue by 2020. Included in this strategy is a goal of building more $1 billion global brands. We have done this already with Rust-Oleum. We hope to mirror this success in several other business units by 2020, including Tremco, Euclid, DAP and Carboline.

We intend to continue increasing our cash dividend every year, as we have done for the past 42 consecutive years. Reinvestment of existing dividends, annual dividend increases and our proven ability to generate sales and earnings records should result in continuing improvement in total return for our investors.

We will achieve our goal by adhering to strategies that have worked for us over time, while augmenting them with supplemental strategies to accelerate our existing growth rates. The core strategies include:

- A comprehensive acquisition program that has positioned us as "the best home for entrepreneurial businesses in our industry." It has also allowed us to pick up smaller product line acquisitions that can be easily integrated into our existing business platforms and grow through enhanced distribution, marketing and investment.
- Customer-focused new product development efforts where our entrepreneurial customer-focused philosophy creates new opportunities for our customers through innovation.
- Adherence to "The Value of 168," a philosophy set forth by our company's founder, my grandfather, who recognized that we have a limited amount of time, and we should use it wisely, whether at work, with our families, or in our civic engagements.

We have supplemented these core strategies in recent years through some additions, including:

- The "connections creating value" program. While we have been talking about this internally since 2010, we first introduced it to investors in our 2013 annual report. Fundamentally, it involves our operating companies cooperating with one another to better leverage manufacturing capacity, distribution or technology to drive growth in the coming years.
- A greater investment in internal growth, made possible by the settlement of our Bondex legacy asbestos liability. With some $600 million over the past several years devoted to a totally non-productive use, this capital is now available to invest in product innovation and growth opportunities.

At RPM, we have never been more optimistic about our future. Our foundation is strong; our newer initiatives are gaining traction; our operating companies are competing and winning in their markets.

I thank you for your continued confidence in RPM. I also appreciate the efforts of our 13,000 associates around the globe that have enabled RPM to become a premier participant in the markets we serve.

Sincerely yours,

Frank C. Sullivan
Chairman and Chief Executive Officer

January 28, 2016

Consolidated Statements of Income

IN THOUSANDS, EXCEPT PER SHARE DATA (UNAUDITED)

	Three Months Ended November 30,		Six Months Ended November 30,	
	2015	2014	2015	2014
Net Sales	$ 1,155,984	$ 1,071,128	$ 2,398,510	$ 2,275,024
Cost of sales	662,050	617,185	1,371,618	1,312,688
Gross profit	493,934	453,943	1,026,892	962,336
Selling, general & administrative expenses	352,594	334,889	725,448	681,414
Interest expense	22,478	19,404	44,938	38,819
Investment (income), net	(1,100)	(5,058)	(5,168)	(8,861)
Other (income), net	(299)	(1,042)	(788)	(2,864)
Income before income taxes	120,261	105,750	262,462	253,828
Provision for income taxes	36,112	31,894	77,951	75,133
Net income	84,149	73,856	184,511	178,695
Less: Net income attributable to noncontrolling interests	716	4,090	1,263	9,850
Net income attributable to RPM International Inc. Stockholders	$ 83,433	$ 69,766	$ 183,248	$ 168,845
Earnings per share of common stock attributable to RPM International Inc. Stockholders:				
Basic	$ 0.63	$ 0.52	$ 1.39	$ 1.27
Diluted	$ 0.62	$ 0.52	$ 1.36	$ 1.24
Average shares of common stock outstanding - basic	129,398	130,028	129,723	130,061
Average shares of common stock outstanding - diluted	136,734	134,966	137,072	135,000

Consolidated Balance Sheets

IN THOUSANDS (UNAUDITED)

	November 30, 2015		November 30, 2014		May 31, 2015	
Assets						
Current Asset						
Cash and cash equivalents	$	190,609	$	296,527	$	174,711
Trade accounts receivable	841,924		833,378		980,737	
Allowance for doubtful accounts	(25,110)		(26,605)		(24,526)	
Net trade accounts receivable		816,814		806,773		956,211
Inventories		710,282		637,932		674,205
Deferred income taxes		28,620		20,280		29,892
Prepaid expenses and other current assets		265,090		198,301		264,827
Total current assets		2,011,415		1,959,813		2,099,846
Property, Plant and Equipment, at Cost		1,262,062		1,172,307		1,258,304
Allowance for depreciation		(687,426)		(662,329)		(668,658)
Property, plant and equipment, net		574,636		509,978		589,646
Other Assets						
Goodwill		1,187,204		1,118,444		1,215,688
Other intangible assets, net of amortization		577,324		441,556		604,130
Deferred income taxes, non-current		2,902		7,582		5,685
Other		164,751		159,880		179,245
Total other assets		1,932,181		1,727,462		2,004,748
Total Assets	$	4,518,232	$	4,197,253	$	4,694,240
Liabilities and Stockholders' Equity						
Current Liabilities						
Accounts payable	$	396,896	$	379,874	$	512,165
Current portion of long-term debt		2,593		151,358		2,038
Accrued compensation and benefits		119,482		111,032		169,370
Accrued losses		22,468		18,537		22,016
Other accrued liabilities		197,229		208,701		197,647
Total current liabilities		738,668		869,502		903,236
Long-Term Liabilities						
Long-term debt, less current maturities		1,673,471		1,275,875		1,654,037
Other long-term liabilities		732,467		411,922		752,821
Deferred income taxes		81,402		48,476		90,681
Total long-term liabilities		2,487,340		1,736,273		2,497,539
Total liabilities		3,226,008		2,605,775		3,400,775
Commitments and contingencies						
Stockholders' Equity						
Preferred stock; none issued						
Common stock (outstanding 133,318; 133,748; 133,203)		1,333		1,337		1,332
Paid-in capital		887,650		806,898		872,127
Treasury stock, at cost		(170,220)		(94,354)		(124,928)
Accumulated other comprehensive (loss)		(477,470)		(259,267)		(394,135)
Retained earnings		1,048,968		935,773		936,996
Total RPM International Inc. stockholders' equity		1,290,261		1,390,387		1,291,392
Noncontrolling interest		1,963		201,091		2,073
Total equity		1,292,224		1,591,478		1,293,465
Total Liabilities and Stockholders' Equity	$	4,518,232	$	4,197,253	$	4,694,240

Consolidated Statements of Cash Flows

IN THOUSANDS (UNAUDITED)

	Six Months Ended November 30, 2015	Six Months Ended November 30, 2014
Cash Flows From Operating Activities:		
Net income	$ 184,511	$ 178,695
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation	33,509	30,132
Amortization	22,144	16,015
Reversal of contingent consideration obligations	(14,500)	(18,080)
Deferred income taxes	(680)	2,170
Stock-based compensation expense	15,524	15,706
Other non-cash interest expense	4,862	1,329
Other	1,441	(2,551)
Changes in assets and liabilities, net of effect from purchases and sales of businesses:		
Decrease in receivables	117,358	44,564
(Increase) in inventory	(49,781)	(41,392)
Decrease in prepaid expenses and other current and long-term assets	4,617	1,306
(Decrease) in accounts payable	(105,841)	(133,960)
(Decrease) in accrued compensation and benefits	(45,649)	(57,837)
Increase (decrease) in accrued losses	715	(8,471)
Increase in other accrued liabilities	7,375	37,229
Other	(8,532)	(9,599)
Cash Provided By Operating Activities	167,073	55,256
Cash Flows From Investing Activities:		
Capital expenditures	(31,295)	(26,498)
Acquisition of businesses, net of cash acquired	(12,006)	(33,355)
Purchase of marketable securities	(14,213)	(14,308)
Proceeds from sales of marketable securities	11,737	19,205
Other	5,355	6,515
Cash (Used For) Investing Activities	(40,422)	(48,441)
Cash Flows From Financing Activities:		
Additions to long-term and short-term debt	38,765	83,312
Reductions of long-term and short-term debt	(18,774)	(6,501)
Cash dividends	(71,276)	(66,763)
Shares of common stock repurchased and returned for taxes	(45,292)	(8,954)
Payments of acquisition-related contingent consideration	(1,631)	(24,750)
Other	270	1,048
Cash (Used For) Financing Activities	(97,938)	(22,608))
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(12,815)	(20,548)
Net Change in Cash and Cash Equivalents	15,898	(36,341)
Cash and Cash Equivalents at Beginning of Period	174,711	332,868
Cash and Cash Equivalents at End of Period	$ 190,609	$ 296,527

Supplemental Segment Information

IN THOUSANDS (UNAUDITED)

	Three Months Ended November 30, 2015	Three Months Ended November 30, 2014 (a)	Six Months Ended November 30, 2015	Six Months Ended November 30, 2014 (a)
Net Sales:				
Industrial Segment	$ 610,201	$ 647,836	$ 1,273,530	$ 1,342,120
Specialty Segment	186,729	70,511	370,369	150,113
Consumer Segment	359,054	352,781	754,611	782,791
Total	$ 1,155,984	$ 1,071,128	$ 2,398,510	$ 2,275,024
Income Before Income Taxes (a):				
Industrial Segment				
Income Before Income Taxes (b)	$ 62,962	$ 62,810	$ 145,713	$ 148,233
Interest (Expense), Net (c)	(1,535)	(1,976)	(3,034)	(4,647)
EBIT (d)	$ 64,497	$ 64,786	$ 148,747	$ 152,880
Specialty Segment				
Income Before Income Taxes (b)	$ 29,324	$ 14,299	$ 57,530	$ 31,340
Interest Income, Net (c)	199	78	395	116
EBIT (d)	$ 29,125	$ 14,221	$ 57,135	$ 31,224
Consumer Segment				
Income Before Income Taxes (b)	$ 65,429	$ 61,562	$ 131,552	$ 138,231
Interest Income (Expense), Net (c)	42	(4)	100	(12)
EBIT (d)	$ 65,387	$ 61,566	$ 131,452	$ 138,243
Corporate/Other				
(Expense) Before Income Taxes (b)	$ (37,454)	$ (32,921)	$ (72,333)	$ (63,976)
Interest (Expense), Net (c)	(20,084)	(12,444)	(37,231)	(25,415)
EBIT (d)	$ (17,370)	$ (20,477)	$ (35,102)	$ (38,561)
Consolidated				
Income Before Income Taxes (b)	$ 120,261	$ 105,750	$ 262,462	$ 253,828
Interest (Expense), Net (c)	(21,378)	(14,346)	(39,770)	(29,958)
EBIT (d)	$ 141,639	$ 120,096	$ 302,232	$ 283,786

(a) Prior period information has been recast to reflect the current period change in reportable segments.
(b) The presentation includes a reconciliation of Income (Loss) Before Income Taxes, a measure defined by Generally Accepted Accounting Principles in the United States (GAAP), to EBIT.
(c) Interest (expense), net includes the combination of interest (expense) and investment income/(expense), net.
(d) EBIT is defined as earnings (loss) before interest and taxes. We evaluate the profit performance of our segments based on income before income taxes, but also look to EBIT as a performance evaluation measure because interest expense is essentially related to acquisitions, as opposed to segment operations. For that reason, we believe EBIT is also useful to investors as a metric in their investment decisions. EBIT should not be considered an alternative to, or more meaningful than, income before income taxes 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.

RPM International Inc. (NYSE: RPM) owns subsidiaries that are world leaders in specialty coatings, sealants and building materials. RPM's industrial products include roofing systems, sealants, corrosion control coatings, flooring coatings and other construction chemicals. Its consumer products are used for home maintenance and improvement. RPM's specialty products include colorants, exterior finishes, industrial cleaners, specialty OEM coatings, edible coatings and restoration services equipment. Among its leading brands are Rust-Oleum, DAP, Varathane, Day-Glo, Dryvit, Stonhard, Tremco and Carboline.

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