Fourth Quarter Results
Fiscal Year 2018

Consolidated Statements of Income: Fiscal Year 2018

(As Reported)

($ in thousands, except per share and percent data)

	Fiscal Year Ended May 31,				
	2018	%	2017	%	% Change
Net Sales	$ 5,321,643		$ 4,958,175		7.3
Cost of Sales	3,140,431	59.0	2,792,487	56.3	
Gross Profit	2,181,212	41.0	2,165,688	43.7	
SG&A	1,663,143	31.3	1,643,520	33.1	
Restructuring Expense	17,514	0.3	-	0.0	
Goodwill & Other Intangible Impairments	-	0.0	193,198	3.9	
Other Expense, Net	(598)	0.0	1,667	0.1	
EBIT*	501,153	9.4	327,303	6.6	53.1
Interest Expense	104,547	2.0	96,954	1.9	
Investment (Income), Net	(20,442)	(0.4)	(13,984)	(0.3)	
Income Before Income Taxes	417,048	7.8	244,333	5.0	
Provision for Income Taxes	77,791	1.5	59,662	1.2	
Net Income	339,257	6.3	184,671	3.8	83.7
Less: Net Income Attributable to Noncontrolling Interests	1,487	0.0	2,848	0.1	
Net Income Attributable to RPM Stockholders	$ 337,770	6.3	$ 181,823	3.7	85.8
Diluted Earnings Per Share	$ 2.50		$ 1.36		83.8

*Non-GAAP measure

Consolidated Statements of Income: Fourth Quarter

(As Reported)

($ in thousands, except per share and percent data)

Unaudited

	Fourth Quarter Ended May 31,				
	2018	%	2017	%	% Change
Net Sales	$ 1,558,156		$ 1,492,846		4.4
Cost of Sales	939,460	60.3	829,454	55.6	
Gross Profit	618,696	39.7	663,392	44.4	
SG&A	466,163	29.9	453,909	30.4	
Restructuring Expense	17,514	1.1	-	0.0	
Other Income, Net	(6)	0.0	366	0.0	
EBIT*	135,025	8.7	209,117	14.0	(35.4)
Interest Expense	23,919	1.5	27,502	1.8	
Investment (Income), Net	(6,779)	(0.4)	(4,103)	(0.2)	
Income Before Taxes	117,885	7.6	185,718	12.4	
Provision for Income Taxes	31,977	2.1	56,869	3.8	
Net Income	85,908	5.5	128,849	8.6	(33.3)
Less: Net Income Attributable to Noncontrolling Interests	244	0.0	797	0.0	
Net Income Attributable to RPM Stockholders	$ 85,664	5.5	$ 128,052	8.6	(33.1)
Diluted EPS	$ 0.63		$ 0.94		(33.0)

*Non-GAAP measure

Free Cash Flow Generation

($ in millions)

	Fiscal Year Ended May 31,			
	2018	2017	2016	2015
Net Income	$ 339	$ 185	$ 185	$ 185
Depreciation & Amortization	128	117	111	99
Working Capital & Other Operating Activities	(77)	84	6	3
Cash Flow From Operations	390	386	474	330
Less: Capital Expenditures	(115)	(126)	(117)	(85)
Less: Dividends Paid	(167)	(157)	(144)	(136)
Free Cash Flow*	$ 108	$ 103	$ 213	$ 109

*Non-GAAP measure

Reconciliations of Non-GAAP Measures to GAAP Measures

Free Cash Flow Generation (Non-GAAP Measure)

($ in thousands)

	Fiscal Year Ended May 31,				
	2018	2017	2016	2015	2014
Cash Flows from Operating Activities:					
Net income	$ 339,257	$ 184,671	$ 357,458	$ 228,328	$ 305,984
Depreciation and amortization	128,499	116,773	111,039	99,176	90,069
Working capital and all other operating activities	(77,373)	84,683	6,209	2,944	(117,904)
Cash Flow from Operations (GAAP)	390,383	386,127	474,706	330,448	278,149
Cash Flows from Investing Activities:					
Capital expenditures	(114,619)	(126,109)	(117,183)	(85,363)	(93,792)
Cash Flows from Financing Activities:					
Dividends	(167,476)	(156,752)	(144,350)	(136,179)	(125,743)
Free Cash Flow (non-GAAP measure)	***108,288***	***103,266***	***213,173***	***108,906***	***58,614***
All other investing activities	(146,574)	(213,556)	(48,683)	(474,090)	(55,919)
All other financing activities	(71,900)	192,723	(61,755)	246,372	(11,500)
Effect of exchange rate changes on cash and short-term investments	4,111	2,912	(12,294)	(39,345)	(1,881)
Net increase (decrease) in cash and short-term investments (GAAP)	**$ (106,075)**	**$ 85,345**	**$ 90,441**	**$ (158,157)**	**$ (10,686)**

Management views Free Cash Flow, a non-GAAP measure, as an excellent reflection of RPM's remaining cash flow to be used to acquire complementary businesses, reduce debt levels, or a combination there of, ***after*** *supporting the organic growth needs of its businesses, including their working capital and capital expenditure needs, and after supporting RPM's dividend program.*

EBIT* (Non-GAAP Measure): RPM Consolidated

(As Reported)

Unaudited ($ in thousands, except percent data)

	Fourth Quarter Ended May 31,	
	2018	2017
Income Before Income Taxes	$ 117,885	$ 185,718
Add: Interest Expense, Net	17,140	23,399
EBIT* (non-GAAP measure)	135,025	209,117
Charge to exit Flowcrete China (a)	4,164	-
Severance expense (b)	-	15,001
Inventory-related charges (c)	37,683	-
Restructuring expense (d)	17,514	-
ERP consolidation plan (e)	1,416	-
Corporate governance professional fees (f)	1,467	-
Adjusted EBIT	197,269	224,118
Net Sales	1,558,156	1,492,846
EBIT* as % of Net Sales (non-GAAP measure)	8.7%	14.0%
Adjusted EBIT* as % of Net Sales (non-GAAP measure)	12.7%	15.0%

** EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.*

(a) Reflects the charges related to Flowcrete decision to exit China.

(b) Reflects severance expenses incurred during the fourth quarter of fiscal 2017 pursuant to a plan to reduce future SG&A expense.

(c) Inventory-related charges reflect product line and SKU rationalization and related obsolete inventory identification at our Consumer Segment, as well as inventory write-offs in connection with restructuring activities at our Industrial Segment, all of which have been recorded in cost of goods sold during the fourth quarter of fiscal 2018.

(d) Reflects restructuring expense, including headcount reductions, closures of facilities and related costs and accelerated vesting of equity awards in connection with a key executive, all of which were incurred during the fourth quarter of fiscal 2018.

(e) Includes implementation costs associated with ERP consolidation plan, which were incurred during the fourth quarter of fiscal 2018 by our Specialty Segment.

(f) Comprises professional fees incurred during the fourth quarter of fiscal 2018 in connection with the negotiation of a cooperation agreement. Refer to Form 8-K as filed on June 28, 2018.

EBIT* (Non-GAAP Measure): RPM Consolidated

(As Reported)

Unaudited ($ in thousands, except percent data)

	Year Ended May 31, 2018	Year Ended May 31, 2017
Income Before Income Taxes	$ 417,048	$ 244,333
Add: Interest Expense, Net	84,105	82,970
EBIT* (non-GAAP measure)	501,153	327,303
Charge to exit Flowcrete Middle East (a)	-	12,275
Charge to exit Flowcrete China (b)	4,164	-
Severance expense (c)	-	15,001
Inventory-related charges (d)	37,683	-
Restructuring expense (e)	17,514	-
Kirker impairment (f)	-	188,298
ERP consolidation plan (g)	1,416	-
Corporate governance professional fees (h)	1,467	-
Adjusted EBIT	563,397	542,877
Net Sales	5,321,643	4,958,175
EBIT* as % of Net Sales (non-GAAP measure)	9.4%	6.6%
Adjusted EBIT* as % of Net Sales (non-GAAP measure)	10.6%	11.0%

** EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.*

(a) Reflects the charges related to Flowcrete decision to exit the Middle East.

(b) Reflects the charges related to Flowcrete decision to exit China.

(c) Reflects severance expenses incurred during the fourth quarter of fiscal 2017 pursuant to a plan to reduce future SG&A expense.

(d) Inventory-related charges reflect product line and SKU rationalization and related obsolete inventory identification at our Consumer Segment, as well as inventory write-offs in connection with restructuring activities at our Industrial Segment, all of which have been recorded in cost of goods sold during the fourth quarter of fiscal 2018.

(e) Reflects restructuring expense, including headcount reductions, closures of facilities and related costs and accelerated vesting of equity awards in connection with a key executive, all of which were incurred during the fourth quarter of fiscal 2018.

(f) Reflects the impact of goodwill and other intangible asset impairment charges of $188.3 million related to our Kirker reporting unit.

(g) Includes implementation costs associated with ERP consolidation plan, which were incurred during the fourth quarter of fiscal 2018 by our Specialty Segment.

(h) Comprises professional fees incurred during the fourth quarter of fiscal 2018 in connection with the negotiation of a cooperation agreement. Refer to Form 8-K as filed on June 28, 2018.

Reconciliation of "Reported" to "Adjusted" Net Income

	Fourth Quarter Ended May 31,		Fiscal Year Ended May 31,	
	2018	2017	2018	2017
Net Income, As Reported	$ 85,664	$ 128,052	$ 337,770	$ 181,823
Adjustments, pre-tax (a)	62,244	15,001	62,244	215,574
Tax impact of adjustments	(5,790)	(4,763)	(5,790)	(64,043)
Net Income, As Adjusted	$ 142,118	$ 138,290	$ 394,224	$ 333,354

(a) Refer to slide 8 for all adjustment detail

Reconciliation of "Reported" to "Adjusted" EPS

	Three Months Ended May 31, 2018	Three Months Ended May 31, 2017	Year Ended May 31, 2018	Year Ended May 31, 2017
<u>Reconciliation of Reported Earnings per Diluted Share to</u>				
Reported Earnings per Diluted Share	$ 0.63	$ 0.94	$ 2.50	$ 1.36
Charge to exit Flowcrete Middle East (a)				0.09
Charge to exit Flowcrete China (b)	0.03		0.03	
Severance expense (c)		0.08		0.08
Inventory-related charges (d)	0.19		0.19	
Restructuring expense (e)	0.09		0.09	
Goodwill and other intangible asset impairments (f)				0.94
ERP consolidation plan (g)	0.01		0.01	
Professional fees for negotiation of cooperation agreement (h)	0.01		0.01	
Adjustment to tax expense (i)	0.09		0.09	
Adjusted Earnings per Diluted Share (j)	$ 1.05	$ 1.02	$ 2.92	$ 2.47

(a) Reflects the charges related to Flowcrete decision to exit the Middle East.

(b) Reflects the charges related to Flowcrete decision to exit China.

(c) Reflects severance expense incurred during the fourth quarter of fiscal 2017 pursuant to a plan to reduce future SG&A expense.

(d) Inventory-related charges reflect product line and SKU rationalization and related obsolete inventory identification at our Consumer Segment, as well as inventory write-offs in connection with restructuring activities at our Industrial Segment, all of which have been recorded in cost of goods sold during the fourth quarter of fiscal 2018.

(e) Reflects restructuring expense, including headcount reductions, closures of facilities and related costs and accelerated vesting of equity awards in connection with a key executive, all of which were incurred during the fourth quarter of fiscal 2018.

(f) Reflects the impact of goodwill and other intangible asset impairment charges of $188.3 million related to our Kirker reporting unit.

(g) Includes implementation costs associated with ERP consolidation plan, which were incurred during the fourth quarter of fiscal 2018 by our Specialty Segment.

(h) Comprises professional fees incurred during the fourth quarter of fiscal 2018 in connection with the negotiation of a cooperation agreement. Refer to Form 8-K as filed on June 28, 2018.

(i) Reflects an adjustment to tax expense for U.S. tax reform and related guidance subsequently issued by the Internal Revenue Service.

(j) Adjusted EPS is provided for the purpose of adjusting diluted earnings per share for one-off items impacting revenues and/or expenses that are not considered by management to be indicative of ongoing operations.

EBIT* (Non-GAAP Measure): Industrial Segment

(As Reported)

Unaudited ($ in thousands, except percent data)

	Fourth Quarter Ended May 31, 2018	Fourth Quarter Ended May 31, 2017
Income Before Income Taxes**	$ 96,390	$ 92,073
Add: Interest Expense, Net	2,935	1,313
EBIT* (non-GAAP measure)	99,325	93,386
Charge to exit Flowcrete China (a)	4,164	-
Severance expense (b)	-	7,721
Inventory-related charges (c)	1,220	-
Restructuring expense (d)	4,587	-
Adjusted EBIT	109,296	101,107
Net Sales	812,872	733,530
EBIT* as % of Net Sales (non-GAAP measure)	12.2%	12.7%
Adjusted EBIT* as % of Net Sales (non-GAAP measure)	13.4%	13.8%

** EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net,*
***Prior Period information has been recast to reflect the current period change in reportable segment.*

(a) Reflects the charges related to Flowcrete decision to exit China.

(b) Reflects severance expenses incurred during the fourth quarter of fiscal 2017 pursuant to a plan to reduce future SG&A expense.

(c) Inventory-related charges reflect write-offs in connection with restructuring activities at our Industrial Segment, which have been recorded in cost of goods sold during the fourth quarter of fiscal 2018.

(d) Reflects restructuring expense, including headcount reductions, and closures of facilities and related costs, all of which were incurred during the fourth quarter of fiscal 2018.

EBIT* (Non-GAAP Measure): Industrial Segment

(As Reported)

Unaudited ($ in thousands, except percent data)

	Year Ended May 31,	
	2018	2017
Income Before Income Taxes**	$ 270,792	$ 243,335
Add: Interest Expense, Net	10,507	7,985
EBIT* (non-GAAP measure)	281,299	251,320
Charge to exit Flowcrete Middle East (a)	-	12,275
Charge to exit Flowcrete China (b)	4,164	-
Severance expense (c)	-	7,721
Inventory-related charges (d)	1,220	-
Restructuring expense (e)	4,587	-
Adjusted EBIT	291,270	271,316
Net Sales	2,814,755	2,564,202
EBIT* as % of Net Sales (non-GAAP measure)	10.0%	9.8%
Adjusted EBIT* as % of Net Sales (non-GAAP measure)	10.3%	10.6%

** EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.*

***Prior Period information has been recast to reflect the current period change in reportable segment.*

(a) Reflects the charges related to Flowcrete decision to exit the Middle East.

(b) Reflects the charges related to Flowcrete decision to exit China.

(c) Reflects severance expenses incurred during the fourth quarter of fiscal 2017 pursuant to a plan to reduce future SG&A expense.

(d) Inventory-related charges reflect write-offs in connection with restructuring activities at our Industrial Segment, which have been recorded in cost of goods sold during the fourth quarter of fiscal 2018.

(e) Reflects restructuring expense, including headcount reductions, and closures of facilities and related costs, all of which were incurred during the fourth quarter of fiscal 2018.

EBIT* (Non-GAAP Measure): Consumer Segment

(As Reported)

Unaudited ($ in thousands, except percent data)

	Fourth Quarter Ended May 31,	
	2018	**2017**
Income Before Income Taxes	**$ 25,298**	**$ 99,411**
Add: Interest Expense, Net	**220**	**209**
EBIT* (non-GAAP measure)	**25,518**	**99,620**
Severance expense (a)	**-**	**4,277**
Inventory-related charges (b)	**36,463**	**-**
Restructuring expense (c)	**10,791**	**-**
Adjusted EBIT	**72,772**	**103,897**
Net Sales	**548,394**	**565,289**
EBIT* as % of Net Sales (non-GAAP measure)	**4.7%**	**17.6%**
Adjusted EBIT* as % of Net Sales (non-GAAP measure)	**13.3%**	**18.4%**

**** EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.***

(a) Reflects severance expenses incurred during the fourth quarter of fiscal 2017 pursuant to a plan to reduce future SG&A expense.

(b) Inventory-related charges reflect product line and SKU rationalization and related obsolete inventory identification at our Consumer Segment, which have been recorded in cost of goods sold during the fourth quarter of fiscal 2018.

(c) Reflects restructuring expense, including headcount reductions, closures of facilities and related costs and accelerated vesting of equity awards in connection with a key executive, all of which were incurred during the fourth quarter of fiscal 2018.

EBIT* (Non-GAAP Measure): Consumer Segment

(As Reported)

Unaudited ($ in thousands, except percent data)

	Year Ended May 31,	
	2018	**2017**
Income Before Income Taxes	$ 171,874	$ 58,726
Add: Interest Expense, Net	713	323
EBIT* (non-GAAP measure)	172,587	59,049
Severance expense (a)	-	4,277
Inventory-related charges (b)	36,643	-
Restructuring expense (c)	10,791	-
Kirker impairment (d)	-	188,298
Adjusted EBIT	219,841	251,624
Net Sales	1,754,339	1,680,384
EBIT* as % of Net Sales (non-GAAP measure)	9.8%	3.5%
Adjusted EBIT* as % of Net Sales (non-GAAP measure)	12.5%	15.0%

** EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.*

(a) Reflects severance expenses incurred during the fourth quarter of fiscal 2017 pursuant to a plan to reduce future SG&A expense.

(b) Inventory-related charges reflect product line and SKU rationalization and related obsolete inventory identification at our Consumer Segment, which have been recorded in cost of goods sold during the fourth quarter of fiscal 2018.

(c) Reflects restructuring expense, including headcount reductions, closures of facilities and related costs and accelerated vesting of equity awards in connection with a key executive, all of which were incurred during the fourth quarter of fiscal 2018.

(d) Reflects the impact of goodwill and other intangible asset impairment charges of $188.3 million related to our Kirker reporting unit.

EBIT* (Non-GAAP Measure): Specialty Segment

(As Reported)

Unaudited ($ in thousands, except percent data)

	Fourth Quarter Ended May 31,	
	2018	2017
Income Before Income Taxes	$ 32,909	$ 31,240
Add: Interest Expense, Net	(592)	(120)
EBIT* (non-GAAP measure)	32,317	31,120
Severance expense (a)	-	2,926
ERP consolidation (b)	1,416	-
Adjusted EBIT	33,733	34,046
Net Sales	196,890	194,027
EBIT* as % of Net Sales (non-GAAP measure)	16.4%	16.0%
Adjusted EBIT* as % of Net Sales (non-GAAP measure)	17.1%	17.5%

** EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.*

(a) Reflects severance expenses incurred during the fourth quarter of fiscal 2017 pursuant to a plan to reduce future SG&A expense.

(b) Includes implementation costs associated with ERP consolidation plan, which were incurred during the fourth quarter of fiscal 2018 by our Specialty Segment.

EBIT* (Non-GAAP Measure): Specialty Segment

(As Reported)

Unaudited ($ in thousands, except percent data)

	Year Ended May 31,	
	2018	**2017**
Income Before Income Taxes	$ 123,307	$ 107,904
Add: Interest Expense, Net	(876)	(526)
EBIT* (non-GAAP measure)	122,431	107,378
Severance expense (a)	-	2,926
ERP consolidation (b)	1,416	-
Adjusted EBIT	123,847	110,304
Net Sales	752,549	713,589
EBIT* as % of Net Sales (non-GAAP measure)	16.3%	15.1%
Adjusted EBIT* as % of Net Sales (non-GAAP measure)	16.5%	15.5%

** EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.*

(a) Reflects severance expenses incurred during the fourth quarter of fiscal 2017 pursuant to a plan to reduce future SG&A expense.

(b) Includes implementation costs associated with ERP consolidation plan, which were incurred during the fourth quarter of fiscal 2018 by our Specialty Segment.

EBIT* & EBITDA (Non-GAAP Measures)

(In thousands)	2014	2015 (2)	2016	2017	2018
Net income	**$ 305,984**	**$ 228,328**	**$ 357,458**	**$ 184,671**	**$ 339,257**
Add: Restructuring charges					17,514
Add: Provision (benefit) for income taxes	118,503	224,925	126,008	59,662	77,791
Add: Interest expense	80,951	87,615	91,683	96,954	104,547
Add: Investment expense (income), net	(15,715)	(18,577)	(10,365)	(13,984)	(20,442)
Add: Inventory-related charges					37,683
Add: ERP consolidation plan					1,416
Add: Corporate Governance professional fees					1,467
Add: Charge to exit Flowcrete China					4,164
Add: Charge to exit Flowcrete Middle East				12,275	
Add: Goodwill and other intangible asset impairments				188,298	
Add: Severance expense				15,001	
EBIT * (non-GAAP measure)	489,723	522,291	564,784	542,877	563,397
Add: Amortization	31,526	36,988	44,307	44,903	46,527
EBITA * (non-GAAP measure)	521,249	559,279	609,091	587,780	609,924
Add: Depreciation	58,543	62,188	66,732	71,870	81,976
EBITDA * (non-GAAP measure)	579,792	621,467	675,823	659,650	691,900
Deduct: Interest expense	(80,951)	(87,615)	(91,683)	(96,954)	(104,547)
Deduct: Investment expense (income), net	15,715	18,577	10,365	13,984	20,442
Deduct: Provision (benefit) for income taxes	(118,503)	(224,925)	126,008	(59,662)	(77,791)
Add: Changes in operating assets, liabilities and other	(117,904)	2,944	6,209	(130,891)	(139,621)
Cash from operating activities	**$ 278,149**	**$ 330,448**	**$ 474,706**	**$ 386,127**	**$ 390,383**
Net sales	**$4,376,353**	**$4,594,550**	**$4,813,649**	**$4,958,175**	**$5,321,643**
EBITA * as % of net sales (non-GAAP measure)	***11.9%***	***12.2%***	***12.7%***	***11.9%***	***11.5%***
EBITDA * as % of net sales (non-GAAP measure)	***13.2%***	***13.5%***	***14.0%***	***13.3%***	***13.0%***

1. Proforma, excluding one time charges detailed in noted additions above.

2. Reflects adjustments related to the recognition of ASC 740-30 tax liability for the potential repatriation of foreign earnings and related impact on NCI Net Income.

*EBIT is defined as earnings before interest and taxes, while EBITDA is defined as earnings before interest, taxes, depreciation and amortization. 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. 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, income before income taxes as determined in accordance with GAAP, since it 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. We evaluate our liquidity based on cash flows from operating, investing and financing activities, as defined by GAAP, but also look to EBITDA as a supplemental liquidity measure, because we find it useful to understand and evaluate our capacity, excluding the impact of interest, taxes, and non-cash depreciation and amortization charges, for servicing our debt and otherwise meeting our cash needs, prior to our consideration of the impacts of other potential sources and uses of cash such as working capital items. We believe that EBITDA is useful to investors for these purposes as well. EBITDA should not be considered an alternative to, or more meaningful than, cash flows from operating activities, as determined in accordance with GAAP, since it omits the impact of interest, taxes and changes in working capital that use/provide cash (such as receivables, payables, and inventories) as well as the sources/uses of cash associated with changes in other balance sheet items (such as long-term loss accruals and deferred items). Since EBITDA excludes depreciation and amortization, EBITDA does not reflect any cash requirements for the replacement of the assets being depreciated and amortized, which assets will often have to be replaced in the future. Further, EBITDA, since it also does not reflect the impact of debt service, cash dividends or capital expenditures, does not represent how much discretionary cash we have available for other purposes. Nonetheless, EBIT and EBITDA are key measures expected by and useful to our fixed income investors, rating agencies and the banking community of all of whom believe, and we concur that these measures are critical to the capital markets' analysis of (i) our segments core operating performance, and (ii) our ability to service debt, fund capital expenditures and otherwise meet cash needs, respectively. We also evaluate EBIT and EBITDA because it is clear that movements in these non-GAAP measures impact our ability to attract financing. Our underwriters and bankers consistently require inclusion of these two measures in offering memoranda in conjunction with any debt underwriting or bank financing.