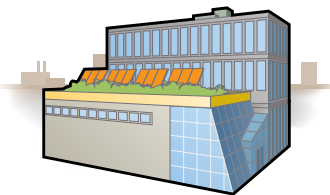




2015 Annual Report



house



structure



world

RPM International Inc.

*A World Leader in
Specialty Coatings and Sealants*

Selected Financial Data

(In thousands, except per share and percent data)

Refer to page 3 for
related financial charts

All financial data based on fiscal years ended May 31		2015 ¹	2014	2013 ²	2012	2011	2010 ^{3,4}	2009 ⁵	2008 ⁶	2007 ⁶	2006 ⁶	2005 ⁶
RESULTS FROM OPERATIONS	Net sales	\$ 4,594,550	\$ 4,376,353	\$ 4,078,655	\$ 3,777,416	\$ 3,381,841	\$ 3,412,716	\$ 3,368,167	\$ 3,643,791	\$ 3,338,764	\$ 3,008,338	\$ 2,555,735
	Income (loss) before income taxes	453,253	424,487	176,891	328,289	295,053	268,454	180,868	34,007	307,535	(122,475)	163,728
	Net income (loss) attributable to RPM International Inc. stockholders	239,484	291,660	98,603	215,936	189,058	180,037	119,616	44,428	208,289	(76,205)	105,032
PERFORMANCE MEASURES	Return on sales %	5.2	6.7	2.4	5.7	5.6	5.3	3.6	1.2	6.2	(2.5)	4.1
	Return on total RPM International Inc. stockholders' equity %	17.9	22.6	8.3	17.7	16.1	16.2	10.5	4.0	20.7	(7.8)	10.5
PER SHARE DATA	Basic earnings (loss) per common share attributable to RPM International Inc. stockholders	\$ 1.81	\$ 2.20	\$ 0.75	\$ 1.65	\$ 1.46	\$ 1.40	\$ 0.93	\$ 0.36	\$ 1.71	\$ (0.68)	\$ 0.87
	Diluted earnings (loss) per common share attributable to RPM International Inc. stockholders	1.78	2.18	0.74	1.65	1.45	1.39	0.93	0.36	1.64	(0.68)	0.86
	Cash dividends declared per share	1.02	0.945	0.890	0.855	0.835	0.815	0.7900	0.7450	0.6850	0.6300	0.5900
	Total RPM International Inc. stockholders' equity per share	9.94	10.68	9.31	9.24	9.91	8.50	9.05	9.46	9.20	7.93	8.88
BALANCE SHEET HIGHLIGHTS	Total RPM International Inc. stockholders' equity	\$ 1,291,392	\$ 1,382,844	\$ 1,200,858	\$ 1,183,656	\$ 1,263,164	\$ 1,079,473	\$ 1,143,671	\$ 1,136,556	\$ 1,086,870	\$ 925,941	\$ 1,037,739
	Retained earnings	936,996	833,691	667,774	686,818	583,035	502,562	427,955	412,314	475,676	349,493	500,125
	Working capital	1,196,610	1,125,209	957,887	1,012,179	1,172,540	818,667	703,754	937,614	705,509	655,718	693,656
	Total assets	4,694,240	4,378,365	4,120,847	3,561,813	3,521,186	3,004,024	3,409,921	3,763,567	3,333,149	2,996,064	2,647,475
	Long-term debt	1,654,037	1,345,965	1,369,176	1,112,952	1,106,304	924,308	762,295	1,066,687	886,416	870,415	837,948
OTHER DATA	Cash from operating activities	\$ 330,448	\$ 278,149	\$ 368,454	\$ 294,872	\$ 238,166	\$ 203,936	\$ 266,995	\$ 234,714	\$ 202,305	\$ 185,489	\$ 157,352
	Depreciation and amortization	99,176	90,069	86,336	76,023	75,656	84,253	85,144	85,366	81,607	74,299	65,992
	Average shares outstanding	129,933	129,438	128,956	128,130	127,403	127,047	126,373	120,151	118,179	116,837	116,899

¹ Reflects (i) the reconsolidation of Specialty Products Holding Corp. (SPHC) effective January 1, 2015 (See Note A[2] to the Consolidated Financial Statements) and (ii) adjustments related to the recognition of an ASC 740-30 tax liability for the potential repatriation of foreign earnings and related impact on net income attributable to noncontrolling interests (See Note A[18] to the Consolidated Financial Statements). • ² Reflects (i) revised cost estimates and exit costs on unprofitable contracts related to the industrial segment totaling \$11.0 million (\$8.4 million after-tax), (ii) the write-off of the company's various investments in Kemrock Industries and Exports Ltd. totaling \$78.6 million (\$75.0 million after-tax), (iii) the loss on the settlement between the Building Solutions Group and the GSA for \$65.1 million (\$46.1 million after-tax), (iv) the strategic repositioning of certain operations in Brazil for \$6.1 million (\$1.6 million benefit after-tax), and (v) restructuring expense for \$23.9 million (\$14.8 million after-tax). • ³ Reflects the loss recorded upon deconsolidation of SPHC on May 31, 2010 (See Note A[2] to the Consolidated Financial Statements). • ⁴ Excluding the impact of the loss recognized upon deconsolidation of SPHC and assuming that the deconsolidation of SPHC had occurred prior to fiscal 2010, pro-forma results for fiscal 2010 would have resulted in consolidated net sales of \$3.12 billion, income before income taxes of \$260.2 million, net income attributable to RPM International Inc. stockholders of \$162.9 million and diluted earnings per share of \$1.26. • ⁵ Reflects the impact of goodwill and other intangible asset impairment charge of \$15.5 million (\$15.3 million after-tax) in 2009. • ⁶ Reflects the impact of 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 2006 and \$78.0 million (\$49.5 million after-tax) in fiscal 2005 (See Note A[2] to the Consolidated Financial Statements). • Acquisitions made by the company during the periods presented may impact comparability from year to year (See Note A[4] to the Consolidated Financial Statements). • Certain reclassifications have been made to prior-year amounts to conform to the current-year presentation. • See Notes to Consolidated Financial Statements.

Segment Charts

Industrial Segment

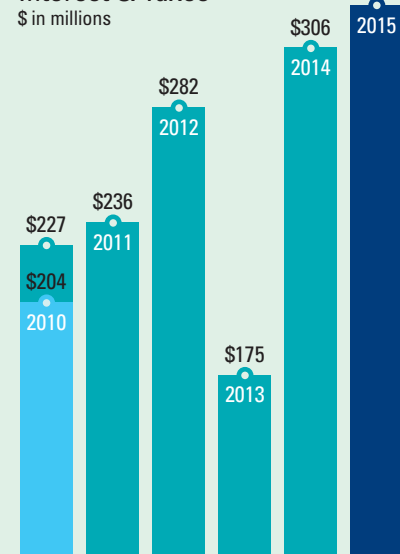
Net Sales

\$ in billions



Earnings Before Interest & Taxes¹

\$ in millions



Identifiable Assets

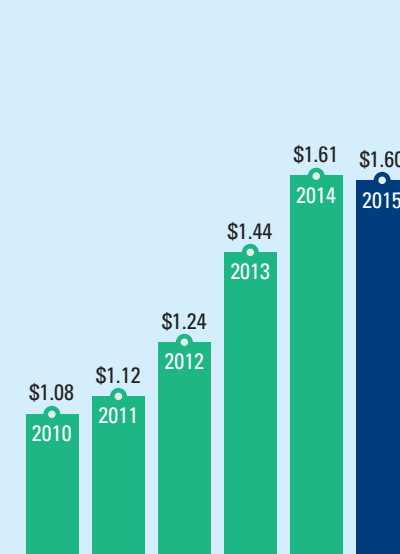
\$ in billions



Consumer Segment

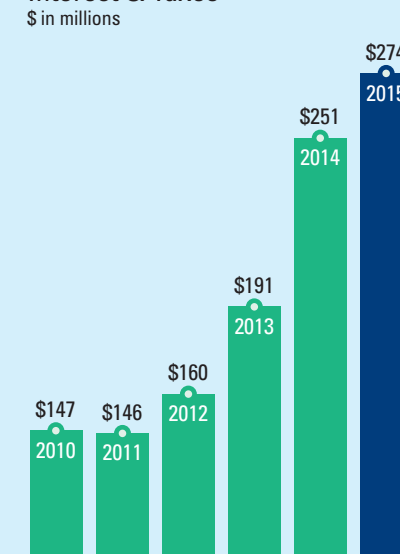
Net Sales

\$ in billions



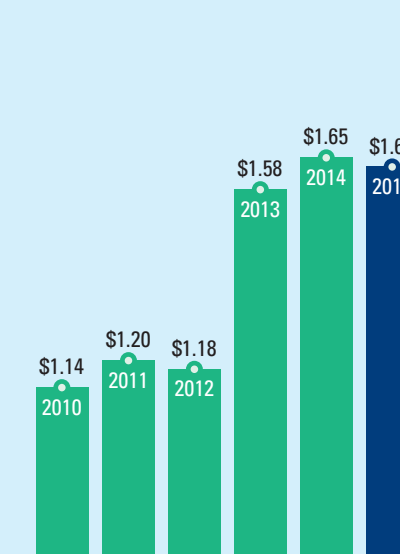
Earnings Before Interest & Taxes

\$ in millions



Identifiable Assets

\$ in billions



■ 2010 Pro-forma (assumes the deconsolidation of SPHC occurred prior to fiscal 2010)

¹ Earnings Before Interest & Taxes for business segments is reconciled to Income (Loss) Before Income Taxes on page 30 for each of the three years ended May 31, 2015. Refer to the consolidated figures above for as-reported data, as well as explanatory footnotes discussing the impact of one-time items.

RPM International Inc. is a multinational company with subsidiaries that manufacture and market high-performance coatings, sealants and specialty chemicals, primarily for maintenance, repair and improvement applications. In fiscal 2015, the company's industrial products accounted for 65 percent of total sales, with consumer products representing the remainder.

RPM's industrial products are sold in approximately 170 countries and territories. The industrial segment's products include:

- Tremco and illbruck construction sealants, waterproofing systems, air barriers and firestopping systems;
- Tremco roofing materials and services;
- Euco admixtures and other products for the concrete and masonry industries;
- Stonhard, Flowcrete, API and Expanko flooring systems;
- Carboline high-performance corrosion control and fireproofing coatings;
- Dryvit outsulation exterior cladding systems;
- Viapol building materials and construction products;
- Vandex, Betumat and RPM Belgium waterproofing products;
- Legend Brands products for water and smoke damage restoration;
- Universal Sealants expansion joints and waterproofing for bridge decks;
- Fibergate fiberglass reinforced plastic grating;
- Day-Glo, Dane and Radiant Color fluorescent pigments;
- Pettit, Woolsey and Z-Spar marine coatings;
- Tru-Core lumber treatments; and
- CCI, Guardian and Mohawk furniture coatings, cleaners and protection products.

RPM's consumer products are sold primarily in North America, Australia, South Africa and the United Kingdom, with an increasing presence on the European continent. The consumer segment's products include:

- Rust-Oleum rust-preventative and small project paints; high-performance garage and basement floor, deck and concrete coatings; and specialty paints and coatings;
- DAP caulks, sealants, adhesives, and patch and repair products;
- Zinsser primer-sealers, wallcovering preparation and removal products, and mildew-resistant paints;
- Rust-Oleum, Restore, RockSolid, Varathane and Wolman wood stains and finishes;
- Kirker nail care enamels and coatings components;
- Tor, Blackfriar and HiChem specialty coatings; and
- Testors hobby products.

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QUICK FACTS

Stock Listing:

New York Stock Exchange
(Symbol: RPM)

Institutional Stockholders:

503 (73 percent of total shares)

Individual Stockholders:

108,000 (27 percent of total shares)

Employees:

Approximately 13,000 worldwide

Manufacturing:

116 facilities in 26 countries



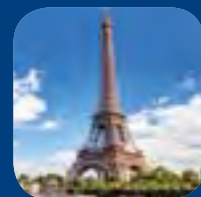
RPM provides the paint, coatings and specialty chemical brands consumers and businesses know and trust. They are found around the **WHOLE HOUSE**, on surfaces both inside and out. They are also trusted on **WHOLE STRUCTURES** everywhere, from skyscrapers to bridges. Whether it's a precious landmark or a harsh environment, RPM brands are used around the **WHOLE WORLD** to improve, protect and beautify.



house



structure



world

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 5 - Subsidiaries Rejoin RPM • 8 - Recent Acquisitions • 10 - Whole House • 13 - Innovative Consumer Products
 14 - Whole Structure • 18 - Innovative Industrial Products • 20 - Whole World • 24 - Connections that Create Value

Fold-Out Cover - Selected Financial Data

Financial Section

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Frank C. Sullivan
Chairman and Chief Executive Officer

“And you may ask yourself, ‘Well, how did I get here?’”

It’s a question posed by the Talking Heads front man, David Byrne, in the song “Once in a Lifetime.” Perhaps it’s the influence from the time I’ve spent on the board of the Rock and Roll Hall of Fame and Museum, but I asked myself this same question as I prepared to write to you about the highlights of this past fiscal year. Fiscal 2015 was quite eventful for RPM, complete with challenges and achievements. The end result was a year of record sales and earnings growth, and the return of the SPHC businesses, making RPM “whole” again. How did we get here? And, what have we done?

To the Associates, Customers and Shareholders of RPM

Fiscal 2015, a Year of Growth Through Determination

The most significant accomplishment this year was the permanent resolution of our Specialty Products Holding Corp.’s (SPHC) legacy asbestos liabilities through establishment of a trust to fund these issues. Formation of the trust allowed SPHC to emerge from bankruptcy and for reconsolidation of SPHC and its business units back into the RPM family of companies. These seven well-run, profitable U.S.-based businesses bring with them more than \$400 million in annual sales, strong management teams, powerful brands in their respective markets and exciting new product offerings. Their performance was included in our consolidated results during the last five months of fiscal 2015, which contributed \$0.05 per diluted share, and we are excited about their prospects for future growth. More about these businesses can be found on pages 5-7 of this report.

RPM also experienced its share of challenges during the fiscal year. With more than 20 percent of our revenue coming from Europe, we faced the dual issues of recession in many European countries, along with the dramatic rise in the value of the dollar, which also impacted results of our operations in other parts of the world. To put the currency issue in perspective, the exchange rate for the Euro on May 31, 2014 was 1.36 to the U.S. dollar.

On May 31, 2015, the exchange rate was 1.10, a decline of 19 percent in our largest geography outside the U.S. For the year, foreign currency translation reduced sales by \$153.6 million, earnings before interest and taxes (EBIT) by \$13.6 million and diluted earnings per share by \$0.08. Despite the near-term impact of foreign currency, we remain committed to growing our presence outside North America and believe this strategy will benefit our shareholders over the long term.

Additionally, the steep drop in oil prices greatly curtailed both production and exploration, impacting our businesses tied closely to that sector. Also, the prolonged and severe winter weather in North America affected many of our consumer and industrial businesses.

We refused to let these challenges hold us down. Rather, we continued to grow the business through the sheer determination of our 13,000 associates around the world who are successfully competing and winning in the markets they serve. Net sales for fiscal 2015 increased 5.0 percent to a record \$4.59 billion from \$4.38 billion a year ago. Consolidated EBIT was up 6.7 percent to \$522.3 million from \$489.7 million in fiscal 2014.

During the third quarter of fiscal 2015, we took an \$83.5 million non-cash, net charge for a tax accrual related to possible future repatriation of overseas earnings to fund remaining obligations under our SPHC settlement. As a result, net income declined 17.9 percent to \$239.5 million from \$291.7 million in fiscal 2014 and earnings per diluted share in fiscal 2015 declined 18.3 percent, to \$1.78 from \$2.18.

Excluding the tax accrual, adjusted net income was up 10.7 percent, to a record \$323.0 million, and diluted earnings per share increased 9.2 percent to \$2.38.

In our consumer segment, sales decreased slightly to \$1.60 billion from \$1.61 billion in fiscal 2014. While our core do-it-yourself small project paints and related product lines performed well, sales were off in our nail enamel and deck coatings businesses, in part due to tough comparisons against very strong growth in the prior fiscal year, as well as a slight decline in revenue in our patch and repair business. Despite these challenges, along with negative foreign currency translation, consumer segment EBIT improved 9.1 percent for the year, to \$273.9 million from \$251.1 million in fiscal 2014.

In the industrial segment, fiscal 2015 sales increased 8.0 percent to \$2.99 billion from \$2.77 billion a year ago. With about half of our industrial business outside the U.S., foreign currency translation shaved 4.7 percent from the segment's sales growth. Industrial segment EBIT was up 5.6 percent to \$323.0 million from \$306.0 million in fiscal 2014. The industrial segment benefited from the reconstituted SPHC subsidiaries, along with strength in our U.S. industrial businesses, particularly those serving the commercial construction market, which is experiencing continued positive momentum.

Financial Position Remains Strong

The company's financial position remains strong. Cash from operations was \$330.4 million, up 18.8 percent from \$278.1 million in fiscal 2014. As of May 31, 2015, our long-term debt was \$1.65 billion, of which 87.3 percent was at fixed rates. Our current total average interest rate is 4.26 percent. Our net (of cash) debt-to-total capital ratio was 53.4 percent, compared to 42.4 percent at the end of fiscal 2014. This increase was a result of borrowing to fund the first installment of our settlement related to SPHC. This ratio remains within our historic norms of between 40 and 60 percent.

During the fourth quarter, RPM issued a 30-year, \$250 million bond at a fixed-rate of 5.25 percent, which will come due June 1, 2045. Net proceeds of the offering were used to repay a portion of borrowings under the company's revolving credit facility.

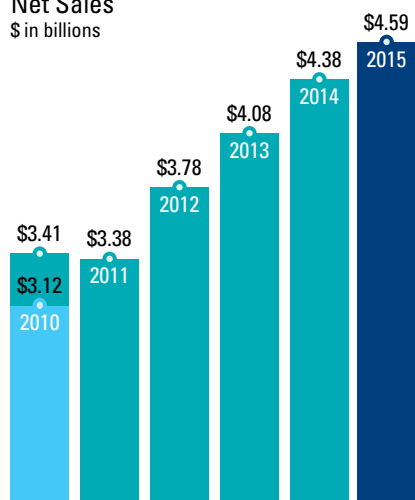
RPM's total available liquidity at May 31, 2015 was \$963.7 million, including cash and long-term committed available credit. This solid financial footing enabled us to increase our cash dividend for the 41st consecutive year; invest in internal growth initiatives, including \$85.4 million in capital expenditures; and make acquisitions.

Six Recent Acquisitions Span the Globe

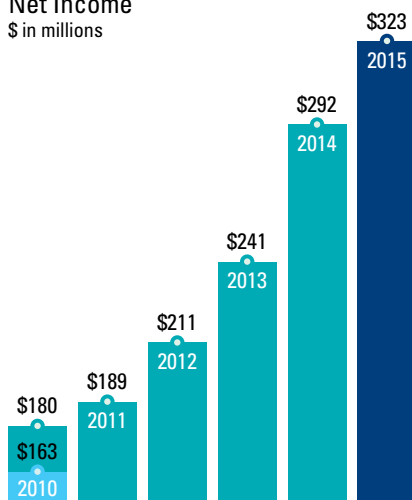
From this strong cash position, we continued to pursue acquisitions of entrepreneurial businesses with exceptional management teams, a vital element of our growth strategy. During fiscal 2015 and the first quarter of fiscal 2016, we acquired six companies with combined annual sales of approximately \$88 million. In keeping with our reputation as being "the best home for entrepreneurial companies" in the markets we serve, four of the six acquired businesses are being run by their original founders or their family members, while the other two were bolt-on product line acquisitions. You can learn more about these companies on page 8.

Financial Highlights

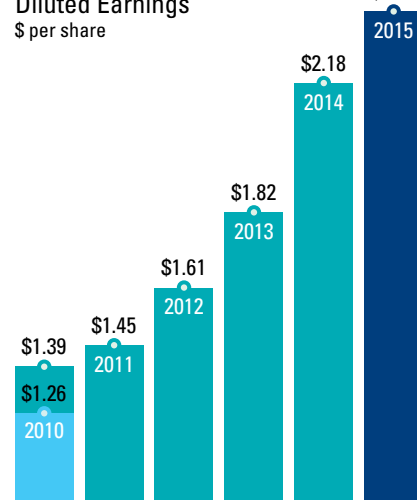
Net Sales
\$ in billions



Net Income*
\$ in millions



Diluted Earnings*
\$ per share



■ 2010 Pro-forma (assumes the deconsolidation of SPHC occurred prior to fiscal 2010)

* Fiscal 2010 excludes the impact of the loss recognized upon deconsolidation of SPHC and its wholly owned subsidiaries on May 31, 2010 and assumes the deconsolidation of SPHC occurred prior to fiscal 2010; fiscal 2012 excludes \$5.2 million in income related to the recognition of RPM's equity method investment in Kemrock; and fiscal 2013 excludes (i) revised cost estimates and exit costs on unprofitable contracts related to the industrial segment totaling \$11.0 million (\$8.4 million after-tax), (ii) the write-off of the company's various investments in Kemrock Industries and Exports Ltd. totaling \$78.6 million (\$75.0 million after-tax), (iii) the loss on the settlement between the Building Solutions Group and the GSA for \$65.1 million (\$46.1 million after-tax), (iv) the strategic repositioning of certain operations in Brazil for \$6.1 million (\$1.6 million benefit after-tax), and (v) restructuring expense for \$23.9 million (\$14.8 million after-tax). Fiscal 2015 excludes adjustments related to the recognition of an ASC 740-30 liability for the potential repatriation of foreign earnings and related after-tax impact on net income attributable to noncontrolling interests of \$83.5 million and the impact on diluted earnings per share of \$0.60.

Strong Performance to Five-Year Strategic Goals

In fiscal 2010, from a \$3.1 billion revenue base, we set a very aggressive five-year goal of increasing sales to \$5 billion by the conclusion of our 2015 fiscal year. While we fell just short, I'm extremely proud of the effort and resilience of our employees who propelled us to achieve 92 percent of that revenue goal, along with 97 percent of our underlying fixed EBIT targets, which are tied to long-term incentive compensation.

We would have achieved our objectives had it not been for two primary factors. First, the reconsolidation of our SPHC businesses, which took place on January 1, 2015, occurred a year and a half later than anticipated. Had they rejoined RPM earlier, we would have enjoyed the full impact of their more than \$400 million in annual sales for the entirety of the 2015 fiscal year, rather than only the last five months. Second was the dramatic swing in foreign exchange rates over the last six months, which cost us \$153.6 million in revenue, as previously noted.

Above is a table that shows our year-by-year performance during the five-year strategic plan. It demonstrates the balance between our industrial and consumer business segments, where weakness in one segment was offset by strength in the other. It also reflects the aggressive nature of our growth goals and our exceptional performance towards achieving them despite significant challenges. As we develop our next long-term strategic plan, we will be equally as aggressive in setting and pursuing our objectives.

Five-Year Growth Rates	2011	2012	2013	2014	2015
Consolidated					
Sales	8.5%	11.7%	8.1%	7.2%	5.0%
Net Income	16.1%	11.5%	14.5%	20.9%	10.7%
Industrial					
Sales	11.3%	12.2%	4.1%	5.0%	8.0%
EBIT	15.4%	17.5%	(0.7%)	11.1%	5.6%
Consumer					
Sales	3.4%	10.7%	16.1%	11.4%	(0.2%)
EBIT	(0.9%)	9.7%	31.2%	19.5%	9.1%

Note: Specialty Products Holding Corp. (SPHC) was deconsolidated on May 31, 2010 and reconsolidated on Jan. 1, 2015. Net income and EBIT excludes one-time adjustments taken in FY2012, FY2013 and FY2015.

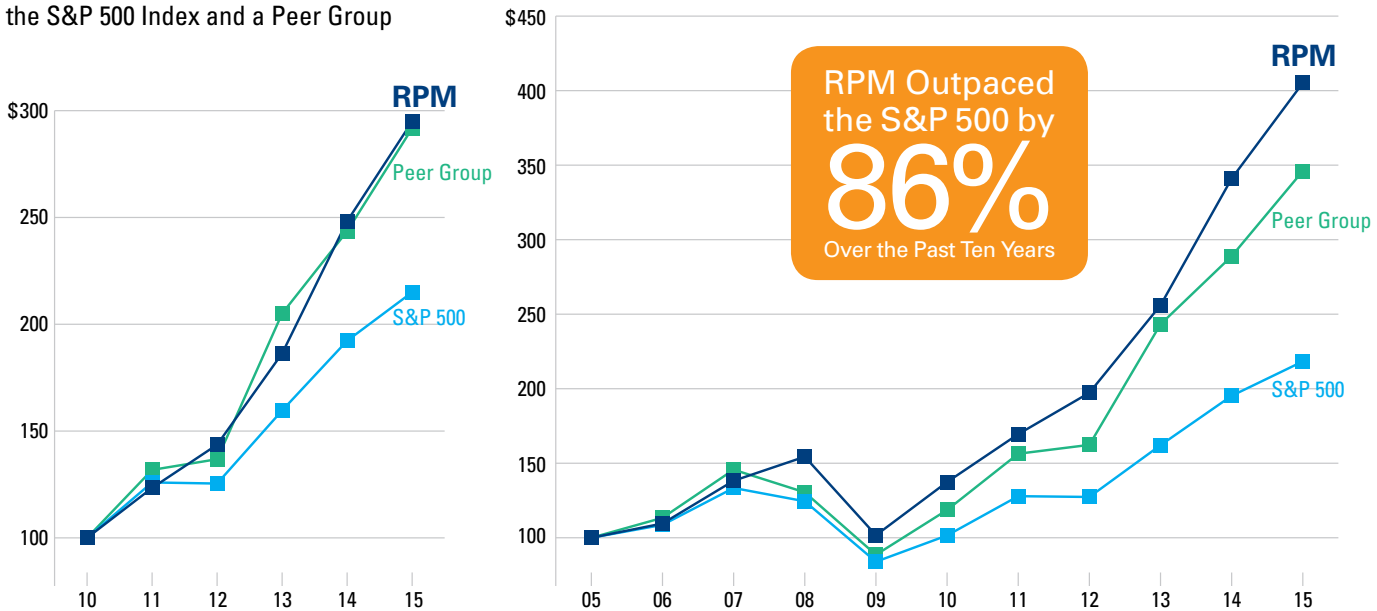
Total Return Exceeds S&P 500 and Peers

One reflection of RPM's historic growth is our continuing strong comparison in total return versus the Standard & Poor's 500 Index and our peer group. Over the past ten years, we outpaced the S&P 500 by 86 percent and the peer group by 17 percent.

Total return recognizes share price appreciation and the value of compounding reinvested dividends. RPM raised the quarterly cash dividend to shareholders by 8.3 percent, to \$0.26 from \$0.24 on October 9, 2014. This action marked the 41st consecutive year of cash dividend increases to our shareholders, a record shared by only 45 other companies out of 19,000 publicly traded U.S. businesses, according to the *Merger Handbook of Dividend Achievers*. During this time frame, RPM has paid more than \$1.8 billion in cash dividends to our shareholders.

Comparison of Cumulative Total Return

Among RPM International Inc.,
the S&P 500 Index and a Peer Group



The graphs above compare the cumulative five-year and ten-year total return provided shareholders on RPM International Inc.'s common stock relative to the cumulative total returns of the S&P 500 Index and a customized peer group of seven companies that includes: Akzo Nobel N.V., Ferro Corporation, H.B. Fuller Company, Masco Corporation, PPG Industries, Inc., The Sherwin-Williams Company and The Valspar Corporation. An investment of \$100 (with reinvestment of all dividends) is assumed to have been made in RPM common stock, the peer group and the index on 5/31/2010 and 5/31/2005, and their relative performance is tracked through 5/31/2015.

SPHC Subsidiaries Rejoin RPM



Seven subsidiaries generating more than \$400 million in annual revenue reconsolidated with RPM in January 2015

During the early 2000s, as major asbestos producers declared bankruptcy to resolve asbestos liabilities, plaintiffs' attorneys increasingly used plaintiff-friendly tort system rules to seek damages from seemingly every company that had ever touched asbestos. As a result, RPM's Bondex International subsidiary paid approximately \$600 million from 2002 until 2010 to settle and defend claims against it, despite the fact that it had less than \$6 million in sales of the do-it-yourself products from which the claims arose.

Seeking to permanently resolve this legacy liability, RPM's Specialty Products Holding Corp. (SPHC) subsidiary, parent of Bondex, filed for bankruptcy protection on May 31, 2010. Other SPHC subsidiaries include Day-Glo Color Corp.; Dryvit Systems, Inc.; RPM Wood Finishes Group; Kop-Coat, Inc.; TCI, Inc.; Chemical Specialties Manufacturing Corp. and ValvTect

Petroleum Products. They continued to be owned by RPM, but their financial results were deconsolidated from RPM while SPHC was operating in bankruptcy.

SPHC's plan of reorganization was approved by the U.S. Bankruptcy Court and U.S. District Court on December 10, 2014. Under terms of the reorganization, a trust was established under Section 524(g) of the U.S. Bankruptcy Code for the benefit of all current and future Bondex asbestos claimants. The trust is being funded with \$797.5 million in pre-tax contributions, equal to a net after-tax present value of \$485.0 million, over four years. The reorganization ended RPM's legacy Bondex asbestos liability issue.

In effect, the reconsolidated SPHC businesses are much like an acquisition of companies with more than \$400 million in sales, for which RPM is paying \$485 million. These businesses are reintroduced to RPM shareholders on the following pages.

Specialty Products Holding Corp. Units Rejoin RPM



RPM Wood Finishes Group

RPM Wood Finishes Group consists of companies specializing in the manufacturing and marketing of decorative and protective coatings, and touch-up and repair products for wood furniture, cabinetry and flooring, as well as leather and vinyl; along with protectants, cleaners and maintenance products. These companies include CCI/FinishWorks, Guardian Protection Products, Mohawk Finishing Products and the recently acquired Morrells Wood Finishes.



Day-Glo Color Corp.

Day-Glo Color Corp. is the world's largest manufacturer of daylight fluorescent pigments using technologies that enhance any color, from subtle specialty effects and glow-in-the-dark pigments, to its classic range of fluorescents. They are used in the production of apparel, packaging, safety equipment, toys and other end uses.



Dryvit Systems, Inc.

Dryvit is the leading manufacturer of Outsulation systems, which are high-performance, insulated cladding solutions that meet both building/energy codes and desired aesthetics. In 1969, Dryvit pioneered the concept of "outsulation," a single-source exterior wall system that combines an air-weather-resistive barrier, continuous insulation and design-flexible aesthetics that can duplicate the look of limestone, brick, stucco, granite, metal panels and more.

ValvTect Petroleum Products

ValvTect Petroleum Products is the leading U.S. supplier of fuel additives to fuel marketers, truck stops, fleets, railroads and the marine industry. It manufactures and markets gasoline, diesel fuel and heating oil additives that are formulated to improve fuel quality, enhance engine performance and extend engine life.



• **Chemical Specialties Manufacturing Corp. (Chemspec)**

Chemspec offers innovative chemical solutions for professional carpet, rug and upholstery cleaning, stain removal and odor control.



CHEMSPEC

TCI
POWDER COATINGS

• **TCI Powder Coatings**

TCI Powder Coatings is a manufacturer and supplier of premier thermoset powder coatings for the architectural, appliance, furniture, automotive, agricultural and construction markets.



Woolsey
Z*SPAR

TRU-CORE®

PETTIT

KOP-COAT



• **Kop-Coat, Inc.**

Kop-Coat, Inc. provides protection solutions for lumber and manufactured wood products under a number of brand names, including Tru-Core. It also delivers high-performance marine coatings under the brands Pettit, Woolsey and Z-Spar.



Once in a Lifetime... Three Leaders Retire

At the end of fiscal 2015, two operating company executives, Michael D. Tellor and Peter Balint, retired from “once in a lifetime” leadership positions following decades contributing to the growth of RPM.

Mike joined our business as part of the Carboline acquisition in 1985, having been hired by Carboline in 1973 as a development engineer. He held several executive positions at Carboline following the acquisition, including executive vice president. We asked him to lead Rust-Oleum Corporation when RPM acquired it in 1994. Under Mike’s leadership, Rust-Oleum grew from a single line of rust-preventative paints to the category leader in small package paints for decorative, rust-preventative and general purposes. During Mike’s tenure, Rust-Oleum expanded its product offerings, introduced category management for major retail customers, launched add-on brands to capitalize on Rust-Oleum’s excellent distribution capabilities and grew sales significantly. He also helped to develop its current management team, which has continued to grow the business to new heights.

After taking early retirement at the end of fiscal 2008, we persuaded Mike to rejoin RPM at the end of fiscal 2010 when our SPHC subsidiary filed for bankruptcy to permanently resolve asbestos claims against RPM. Mike rejoined RPM as president of SPHC and the RPM2 Group of specialty products businesses. He did an admirable job of running both, including growing SPHC sales significantly despite limited capital investments or acquisitions during the bankruptcy.

Pete Balint became president and CEO of our Dryvit Systems exterior insulation finish systems (EIFS) business in 1998, following leadership positions in the coatings and OEM window manufacturing industries. Pete managed a great period of growth for Dryvit, led its quality initiatives and built market share. His leadership in the EIFS industry was instrumental in attaining International Building Code recognition of EIFS products and in prompting extensive testing and recognition by the U.S. Department of Energy of EIFS contributions to energy savings.

At our October 8, 2015 annual meeting of shareholders, Joseph P. Viviano will retire after serving on our board of directors for 14 years. Previously, Joe had served Hershey Foods Corporation as vice chairman from 1999 to 2000, and as president and COO from 1994 to 1999. While a director of RPM, Joe brought vital perspective on brand leadership, manufacturing and operations. Like many of our operating company leaders, he also had the experience of selling his family business to a large corporation, which proved invaluable on a number of occasions. On a personal level, I enjoyed how Joe wore his Italian-American heritage on his sleeve and how he playfully teased me about my Irish-American roots. Perhaps most of all, I’ll miss the Hershey’s chocolates that he brought to every meeting he attended.

RPM is indebted to these individuals for their leadership and contributions to the company’s growth. I know they won’t let the days go by in retirement, but will keep engaged with family, business, civic and charitable endeavors.

Recent Acquisitions Span the Globe

Chemtron

Headquarters: Calgary, Alberta, Canada
 Acquired as Part of: Tremco Group
 Date: July 1, 2015
 Annual Sales: \$5 million

Chemtron produces adhesives, caulks, glazing tapes, mastics, sealants and related compounds for the OEM and construction markets.



Morrells

Headquarters: Stockport, England
 Acquired as Part of: RPM Wood Finishes Group/
 RPM2 Group
 Date: April 9, 2015
 Annual Sales: \$33 million

Morrells Woodfinishes Ltd. is the UK's largest manufacturer and distributor of high-performance wood coating systems, including proprietary wood stains, lacquers, colorants and adhesives for the furniture, cabinetry, and building construction and restoration sectors.



Firetherm

Headquarters: Kent, England
 Acquired as Part of: Tremco illbruck Group
 Date: April 13, 2015
 Annual Sales: \$10 million

Firetherm Intumescent & Insulation Supplies Ltd. is one of the UK's largest manufacturers and suppliers of fire-stopping solutions for the construction industry.

SPRAYMATE

Headquarters: Johannesburg, South Africa
 Acquired as Part of: Rust-Oleum Group
 Date: March 13, 2015
 Annual Sales: \$5 million

SPRAYMATE Group is South Africa's leading manufacturer of quick drying, eco-friendly spray paint for both decorative and industrial markets. SPRAYMATE aerosol paint and associated products are renowned for having high coverage, rust inhibiting additives and hard wearing qualities.



Krud Kutter

Headquarters: Cumming, Georgia, U.S.
 Acquired as Part of: Rust-Oleum Group
 Date: July 3, 2014
 Annual Sales: \$13 million

Krud Kutter Inc. is a manufacturer of problem-solving cleaners and removers that are water-based, biodegradable, non-toxic and VOC compliant while offering superior performance characteristics.

Betumat

Headquarters: Candeias, Bahia, Brazil
 Acquired as Part of: Viapol Ltda./
 RPM Performance Coatings Group
 Date: June 11, 2014
 Annual Sales: \$22 million

Betumat Quimica Ltda. is a waterproofing products manufacturer that offers asphaltic membranes, cementitious grouts and modified asphalt products to professional contractors and builders.



Positive Outlook for Fiscal 2016, Despite Challenges

As we look ahead, our opportunity remains the “same as it ever was” – to build something great. We have the elements in place to do so, including innovative new products; a full pipeline of potential acquisition candidates; a proven strategy for geographic expansion, which is being enhanced by capital investment; and a culture of growth guided by The Value of 168. The figure 168 represents the number of hours in a week. It was the favorite number of my grandfather and RPM’s founder because it serves as a reminder that time is limited and that we have a duty to use this gift wisely, productively and with integrity.

Across RPM, we expect solid revenue growth in local currencies during fiscal 2016. We anticipate that our core consumer businesses will continue to benefit from favorable market conditions. Additionally, our new product innovations and increased market penetration should drive incremental sales. At the same time, we expect a return to both top- and bottom-line growth in our deck coating and nail enamel businesses, both of which faced significant headwinds in fiscal 2015. Given these conditions, we anticipate our consumer segment sales will increase between 4 and 5 percent, including currency translation.

In our industrial segment, we expect continued positive momentum from our U.S.-based industrial businesses, especially those serving the commercial construction markets. In Europe, we see a return to modest growth in local currencies by many of our industrial businesses there. We also expect continued growth in Brazil in its local currency. We don’t foresee improvement in sales for our businesses serving the energy sector as long as lower energy prices continue. In addition, we expect a continued strong negative impact from foreign currency translation, with lower raw material costs somewhat mitigating the currency effect. Based on these factors, along with an

anticipated benefit from our reconstituted SPHC companies, we expect industrial segment sales to grow between 8 and 10 percent, including currency translation.

Our guidance for earnings per diluted share in fiscal 2016 is approximately \$2.55, which would be a 7.1 percent improvement over the as-adjusted \$2.38 per diluted share in fiscal 2015. While our core earnings growth is expected to be in the 12 percent range, our guidance includes the anticipated negative impact of \$0.10 per share as a result of a higher effective tax rate and \$0.07 per share from the expected impact of continuing negative foreign currency translation on our results.

As always, I would like to thank the nearly 13,000 RPM associates around the world for their investment of time and talent in serving our customers and driving RPM’s growth and success. I’d also like to thank our customers who challenge us to be better every day and without whom we wouldn’t exist. I’m most grateful to our shareholders who provide the financial capital we require to grow the business. We will continue to earn your ongoing commitment and trust by delivering the solid returns you have come to expect from an investment in RPM.

Very truly yours,



Frank C. Sullivan
Chairman and Chief Executive Officer

August 25, 2015

Redesigned Website Meets Investor Needs

According to a survey conducted in spring 2014 of RPM individual investors, information on the company’s dividend, products and brands, stock performance and growth strategy is most important to them. Based on these results, the corporate website was redesigned to provide more depth on this information and to make it more easily accessible.

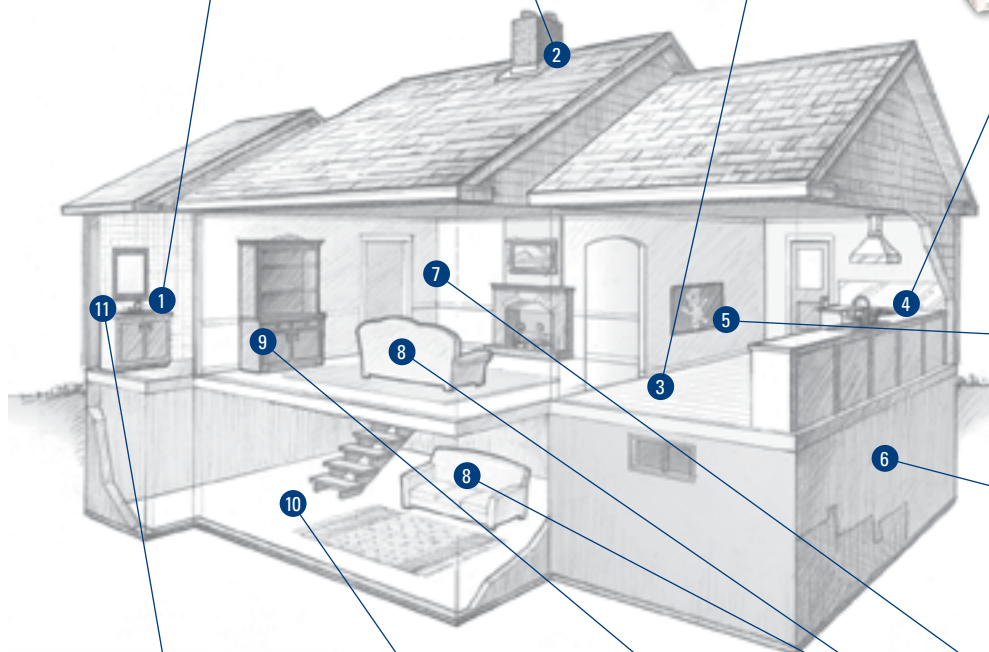
The new website (www.RPMinc.com) launched in June 2014 to great success. Over the past fiscal year, visitors increased 187% and pages viewed improved 314%, when compared to the prior website. The new website was also part of a larger communication campaign aimed at RPM’s individual investor base, which included adoption of the website for mobile devices and other communication tactics. The campaign earned a 2015 Public Relations Society of America Silver Anvil Award for investor relations, the industry’s most prestigious honor.





From the garage floor to the patio deck, to the kitchen countertop, RPM offers a wide range of premium products that decorate items around the whole house and protect it from the elements. When it comes to tackling home maintenance, repair and improvement projects, RPM brands are trusted by consumers to get the job done right.





- 1 DAP Kwik Seal Ultra** is a high-performance siliconized kitchen and bath sealant that repels water, stains and dirt and is backed by a lifetime mold and mildew resistance guarantee.
- 2 Rust-Oleum LeakSeal** is a rubberized coating that seals cracks, fills small holes and provides firm-but-flexible protection against moisture and rust on surfaces.
- 3 Varathane** wood-finishing products are used on a variety of surfaces, including floors, cabinets, furniture, doors, paneling, railings, trim, fences and crafts.
- 4 Rust-Oleum Cabinet Transformations and Countertop Transformations** are do-it-yourself coating systems that transform the look of cabinets and countertops.
- 5 Rust-Oleum Chalkboard and Dry Erase** brush-on paints convert surfaces into writable, erasable chalkboards or dry erase boards.
- 6 Tremco Barrier Solutions** moisture, thermal vapor and air barrier systems are used by builders of new homes throughout North America. This includes exterior foundation waterproofing to keep basements dry and comfortable.
- 7 Zinsser DIF** is a liquid concentrate wallpaper stripper that soaks in to break down tough wallpaper paste. **Zinsser Gardz** is a water-based sealer that creates a hard, paintable seal over damaged drywall, adhesive residues and other chalky surfaces.
- 8 Guardian Leather Protector** protects and conditions leather furniture while repelling airborne dust and dirt, minimizing fading and reducing staining. **Guardian Microfiber Cleaner** is a cleaning foam that repels water-based and protein-based stains on microfiber fabrics.
- 9 Watco Wipe-On Poly** is a polyurethane wood finish that combats water, stains, household chemicals, and general wear and tear.
- 10 Rust-Oleum EpoxyShield** is a high-performing durable coating that protects garage and basement floors.
- 11 DAP Simple Seal** easy-to-use aerosol sealants dispense an even bead of caulk with a gentle press of the fingertips; no caulk gun is needed!



- 1 **DAP Dynaflex 230** is a latex sealant specially formulated to endure expansion and contraction without cracking or losing its seal.
- 2 **Zinsser Bulls Eye 1-2-3 Primer** is a water-based primer-sealer that guards against mold, mildew and rust.
- 3 **Rust-Oleum NeverWet Multi-Surface** is a revolutionary superhydrophobic coating spray that repels water and other liquids. **NeverWet Outdoor Fabric** guards outdoor gear against damaging moisture without altering its look or feel.
- 4 **Rust-Oleum Stops Rust Hammered** is a premium paint-and-primer-in-one spray that creates a hand-hammered look on any surface.

- 5 **Rust-Oleum High Heat Ultra** is a superior rust-preventive enamel for high-heat surfaces, including barbeque grills, wood stoves, radiators, fire pits, fireplace screens, automotive parts and more.
- 6 **Rust-Oleum Restore 10X Advanced Resurfacer** offers superior weather resistance and ultimate water repellancy that protects the surface of worn decks from the harshest of weather conditions.
- 7 **Rust-Oleum Stops Rust**, the original Rust-Oleum brand, protects against rust and corrosion on a variety of metal surfaces, including patio furniture, wrought iron, outdoor light fixtures and wheelbarrows.

- 8 **Increte** decorative concrete systems economically recreate the look of natural stone, wood, tile, brick and pavers.
- 9 **Ramuc** specially formulated, self-priming coating systems restore, beautify and protect aquatic surfaces.
- 10 **Krud Kutter Exterior Siding Cleaner** is a water-based solution that eliminates tough stains from mold, mildew, algae, fungus, moss, dirt, oil and grease.
- 11 **DAP SmartBond Landscape Construction Adhesive** delivers efficient adhesive coverage for retaining walls, garden walls and water-feature perimeters.



Innovative and Award Winning Consumer Products



To keep up with growing consumer demands, RPM develops and launches a consistent stream of innovative new products that meet consumer needs and win awards.

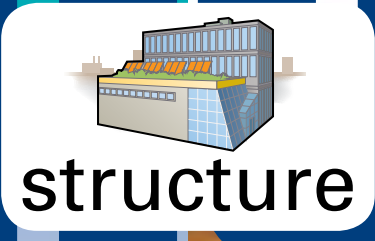
In response to widespread popularity among consumers, Rust-Oleum developed four enhanced formulations of its NeverWet product, a revolutionary treatment that dramatically repels water and other liquids. These formulations include Auto Interior, Boot & Shoe, Outdoor Fabric, and Hunting & Outdoor. NeverWet has been recognized with multiple awards, most notably having landed on the prestigious This Old House Top 100 Best New Home Products list for 2013.

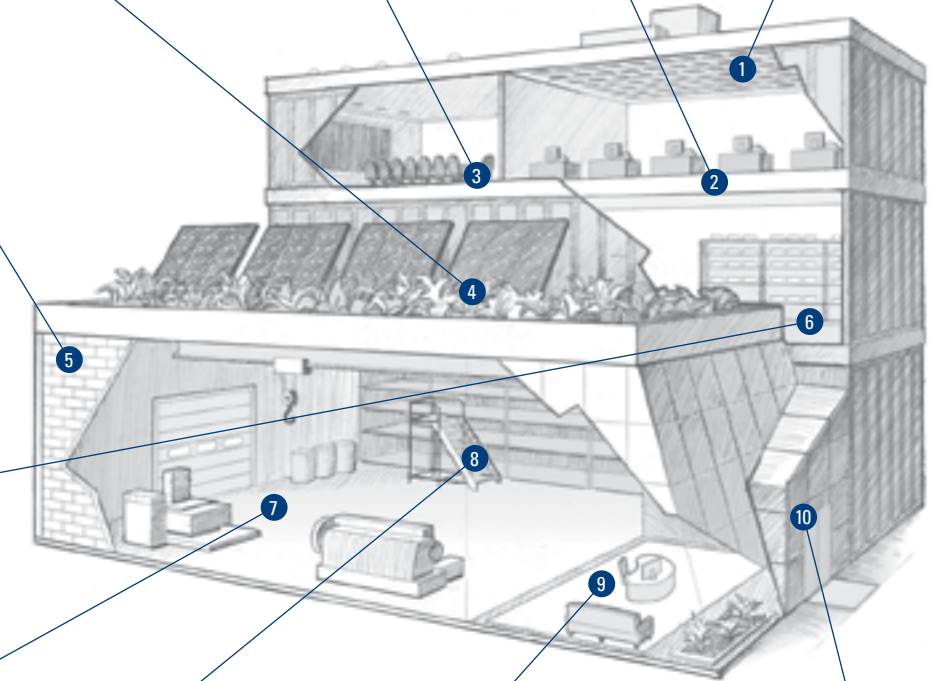
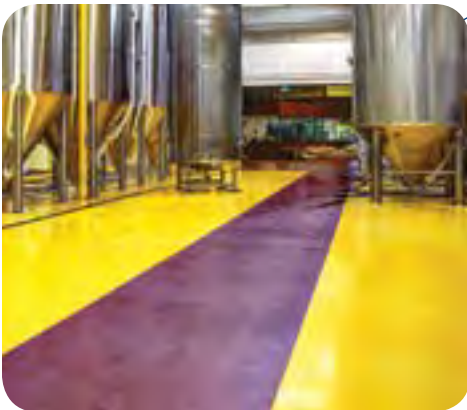
RPM's Zinsser and DAP brands have also recently introduced transformative innovations. Zinsser B-I-N Advanced Synthetic Shellac Sealer is a first-of-its-kind, cost effective stain blocker that seals pesky odors and stains using synthetic shellac that mirrors the same properties as traditional shellac, the natural raw material that is in diminishing supply. It secured a spot on the This Old House Top 100 Best New Home Products list for 2014. DAP's new Alex Fast Dry is a durable, quick-drying latex caulk that can be spray painted immediately or brush painted in just 20 minutes, so jobs get finished faster. The durable, flexible caulk is resistant to cracking and backed by a 50-year guarantee.

RPM's products are used on a broad range of industrial and commercial structures – from office buildings and athletic arenas, to bridges and dams. With superior, high-quality performance, RPM's products are trusted to beautify whole structures, protect them from harsh environmental conditions, prolong their life cycle and enhance their sustainability.



WHOLE

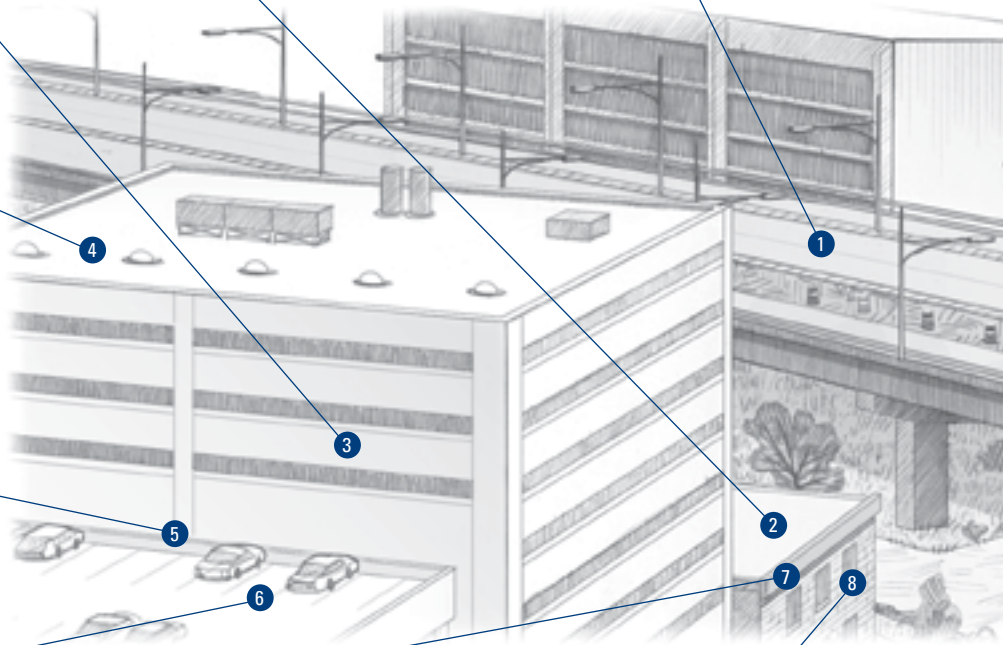




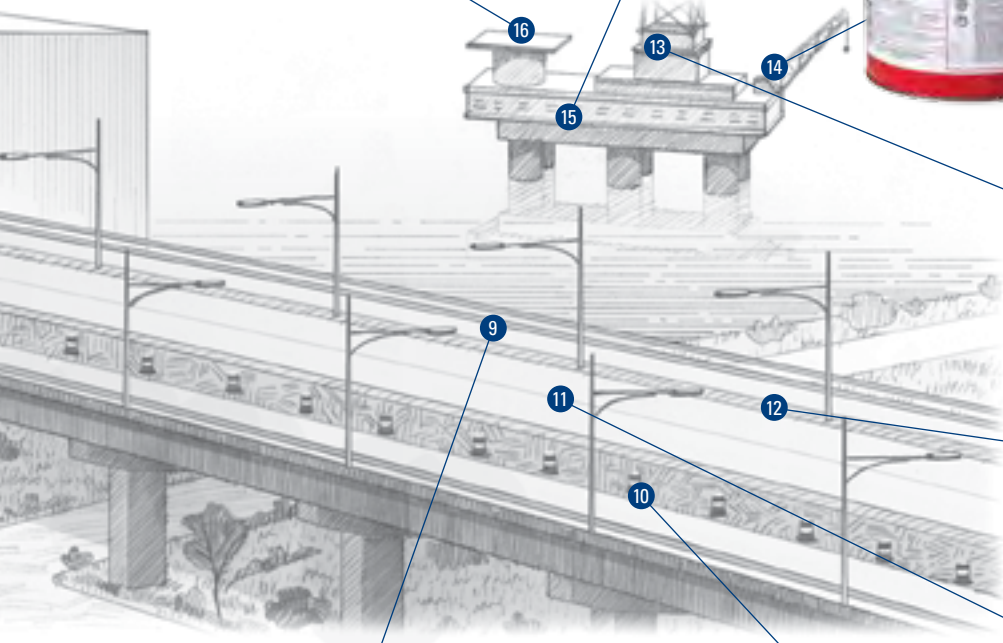
- 1 **Grupo PV Perlifoc** is a fireproof plaster-based mortar that protects and reinforces structural building elements against passive fire while providing thermal insulation.
- 2 **Nullifire M701 Acrylic Mastic** is a waterborne fire-resistant acrylic gap mastic for use in structural, low-movement joints.
- 3 **Expanko Vallarex** is a multi-layer glueless floating floor system that features a natural cork veneer, a HDF mid layer and a cork insulation under layer.
- 4 **Tremco Roofing & Building Maintenance** vegetated roofing systems are an eco-friendly, cost-effective option for sustainable facility construction and management.

- 5 **illbruck JF100** is a non-expanding, water-based joint filler that provides insulative properties.
- 6 **Legend Brands VersaCarpet VC700** is a high-flow, deep soil extraction machine that leaves carpets cleaner and drier than any other method.
- 7 **Flowcrete** decorative and high-performance resin flooring systems are produced under the Flowfresh, Isocrete, Deckshield, Flowfast, Flowchem and Mondéco brands for commercial and industrial applications.

- 8 **Watco UK** industrial floor coatings, repair materials and anti-slip products are designed for the safe use of floors, steps and ramps.
- 9 **The Stonhard Group, Liquid Elements, Smooth** is a smart, sleek, resilient seamless floor in either a matte or gloss finish for high-end hospitality and commercial applications.
- 10 **Tremco Commercial Sealants & Waterproofing T3 Building Solutions** are high-performance sealing systems that control thermal bridging and air infiltration around windows and doors, preventing heat loss and premature structural deterioration.



- 1 **Euclid Chemical** accelerating, water-reducing admixtures for cold-weather concreting increase early strength and workability at low temperatures.
- 2 **Tremco Roofing & Building Maintenance AlphaGuard** is a fluid-applied polyurethane roofing and waterproofing system that can be used for restoration or replacement.
- 3 **Dryvit Outsulation** systems place insulation on the outside of buildings with aesthetically diverse finish options to deliver a single, seamless and sustainable cladding.
- 4 **Viapol** building materials and construction products include rolled asphalt roofing materials, waterproofing products, concrete admixtures, industrial epoxy flooring systems, structural recovery products and retail paints, varnishes and stains.
- 5 **Tremco illbruck** manufactures and provides high-performance sealing, bonding, flooring, waterproofing and passive fire protection products for the construction and manufacturing industries.
- 6 **Flowcrete** high-performance, crack bridging and UV resistant protective coating systems are used on parking decks of multi-story structures.
- 7 **Dryvit Reflectit** is a 100-percent acrylic coating that delivers a glossy, pearlescent finish to interior and exterior surfaces, mimicking the look of metal panels.
- 8 **Tremco Commercial Sealants & Waterproofing ExoAir** vapor-permeable, vapor-retardant air barrier systems protect against air and moisture infiltration, and are formulated for compatibility to ensure continuity at critical terminations and connections.



- 9 **Epoplex**, a division of Stonhard, produces **Endurablend**, a flexible, fiber-reinforced polymer system that transforms worn, unsightly pedestrian areas, such as bike lanes, into safe, skid-resistant surfaces.
- 10 **Day-Glo** daylight fluorescent pigments are used extensively in safety equipment to enhance any color.
- 11 **USL** supplies bridge expansion joints, waterproofing systems, concrete repair products, protective coatings, and curb and drainage systems for bridges and large infrastructure projects.

- 12 **Pipeline & Drainage Systems** supplies curb, bridge and channel drainage products for construction and infrastructure markets.
- 13 **Fibergate** produces fiberglass reinforced plastic (FRP) products and engineered solutions for industrial and commercial use under the Fibergate, Safe-T-Span, Dynarail and Dynaform brands.
- 14 **Carboline** high-performance coatings and linings are designed to protect steel and concrete substrates from corrosion.

- 15 **Carboline Pyroclad X1** is a breakthrough epoxy-based intumescent fireproofing technology that delivers both jet fire and hydrocarbon pool fire protection for oil and gas facilities.
- 16 **Hummervoll** supplies and installs industrial, concrete- and epoxy-based flooring systems that serve both onshore and offshore markets.



Innovative Industrial Products



A major driving force behind the growth of RPM's industrial businesses is pioneering innovative new products that are designed to create and retain brand loyalty and drive sales.

Carboline recently developed Phenoline Tank Shield, a solvent-free epoxy with a low-temperature cure that supports year-round use by contractors in the oil and gas industry. It requires only a single-component pump, making application simple. Its advanced counterpart, Phenoline Tank Shield Plus, is ideal for projects that demand higher performance and durability.

ECO Pigments, an innovative, formaldehyde-free pigment from Day-Glo, retains the same color brilliance and stability offered by traditional formaldehyde-containing products while delivering the added benefit of being more environmentally friendly.

Tremco Roofing & Building Maintenance reached new heights when it launched SkyBEAM, a groundbreaking program that uses unmanned aerial vehicles equipped with high-resolution infrared and video cameras to help building owners and facility managers locate energy leaks, safety issues and other potential problems.



Another notable innovation is NatureSeal for Guacamole & Avocado, which keeps guacamole fresh and vibrant for up to five days. It also extends the shelf life of sliced and diced avocado for up to 8 hours when refrigerated, with no visible change in appearance.

Using moisture-curing hybrid polymer technology, Nullifire designed SC900, an innovative, self-priming intumescent fire protection coating that applies and cures quickly, is water-resistant after one hour and reduces the need for a top seal.

Dri-Eaz, a Legend Brands company, developed the Dragon 3600, an indirect-fired mobile furnace that delivers fast, efficient heating for water damage restoration and structural drying. As the only mobile heater designed for restoration, the Dragon 3600 produces up to 120°F of temperature rise and offers extended runtimes of up to 36 hours, triple the duration of other heaters.

Nullifire



LEGEND



During the past decade, RPM has significantly increased its presence around the whole world in a deliberate and strategic manner. In 2005, 21 percent of RPM's sales were international. Today, they are nearly 40 percent. Two strategies have been key to driving this growth – RPM's acquisition program and enhanced collaboration among its operating units.

WHOLE





With 116 manufacturing facilities in 26 countries around the globe, RPM's brands are sold in approximately 170 countries and can be found on every continent.

When it comes to acquisitions, RPM seeks either free-standing entrepreneurial companies or product lines with between \$10 million and \$300 million in annual sales. It targets companies that fit within its portfolio of specialty coatings businesses, can be integrated into an existing RPM platform, hold a market-leading position and generate strong profit margins.

RPM often retains the entrepreneurial management teams that made the companies it acquires successful in the first place. Today, more than one-third of RPM's businesses are operated by the original founders or their second- or third-generation family members. For this reason, RPM is known as "the best home for entrepreneurial companies" in the industry.

Over the last 30 years, RPM has acquired more than 150 companies, approximately 70 of which have been during the past decade. RPM's success rate is due to its reputation, experienced corporate development team and long courting process.

RPM supports rapid growth of its acquired companies by investing in them at a greater rate than they could when they were independent. It also connects newly acquired products and technologies to RPM's worldwide distribution and supply chain network. These connections enable them to increase market penetration, improve efficiencies, share technologies and reduce costs.

Canadian War Museum
Tremco



Statue of Liberty
Euclid Chemical



London Eye
Firetherm



Bellagio Resort & Casino
Dryvit



North America
\$3,195 million
SALES

Leaving a Lasting Mark Worldwide

RPM products have been applied to prominent landmarks all around the world – from statues and museums, to towers and bridges, to arenas and resorts. Why? Because their high level of performance and superior customer support instill trust. Trust to protect the structures. Trust to enhance their aesthetics. Trust to last over time.

Palace of Fine Arts
Euclid Chemical and Tremco



South/Latin America
\$251 million
SALES



Ruta del Sol (Sun Road)
Toxement and Euclid Chemical



Arena Corinthians
Viapol



Eiffel Tower
Vandex



Nanjing Youth Olympic Center
Flowcrete



CET Cultural Center
Tremco and illbruck



Tokyo International Forum
Rust-Oleum



Europe
\$942 million
SALES

Middle East/Africa
\$86 million
SALES

Asia/Pacific
\$121 million
SALES



Burj Khalifa
Carboline and Tremco illbruck



Nelson Mandela Bridge
Tremco and Carboline



Suntec City
Firetherm



Sydney Opera House
Tremco

The roofing and weatherproofing expertise of Tremco Roofing & Building Maintenance and the cleaning expertise of Legend Brands come together with RoofTec, an innovative, high-performance roof cleaning system that uses non-abrasive, rotating water jets to thoroughly clean and eliminate dirt, mold and mildew from single-ply and coated roof surfaces. The highly-efficient, eco-friendly system uses less than half the water of competitive systems, cleans roof surfaces in only a few hours, captures nearly 100 percent of waste water and can be operated by a small, two-person crew. RoofTec benefits its customers by extending a roof's life cycle, maximizing energy savings by restoring reflectivity and facilitating the general maintenance process while restoring the roof's appearance.



Connections that Create Value



Flowcrete is connecting with its fellow RPM operating companies on a global basis to their mutual benefit. By leveraging its manufacturing facilities, selling channels and management teams, Flowcrete is helping Tremco and Carboline to extend their reach in Asian markets, Euclid Chemical to deliver construction products and admixtures to India, and Tremco UK to provide its powdered products to Europe. Flowcrete is bringing its products to South America by partnering with Viapol in Brazil, Toxement in Colombia and Euclid Cave in Chile. It is also supplying materials to StonCor SCC in Argentina and has a distribution agreement with Carboline in the U.S.



2015 Annual Report



Financial Section

26 - Management's Discussion and Analysis • 39 - Consolidated Financial Statements • 44 - Notes to Consolidated Financial Statements • 72 - Quarterly Stock Price and Dividend Information • 73 - Management's Report on Internal Control • 74 - Auditor's Reports • 76 - Stockholder Information • 77 - Directors and Officers

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Alex Fast Dry®	DAP®	G Guardian Protection	Nature Seal®	Rock Solid®	Vandex®	Biosan™	Pitchmastic PmB™
Alex Plus®	Day-Glo®	Products, Inc.®	Nullifire®	Rust-Oleum®	Varathane®	Blackfriar™	Prochemko™
AlphaGuard®	Dragon®	Gardz®	Okon®	S The Stonhard Group®	Vulkem®	Cave™	Radiant Color™
Alumanation®	Dry-Eaz®	High-Heat®	Otsulation®	Safe-T-Span®	Watchdog	CCI Finishworks™	RoofTec™
American Accents®	Dryvit®	illbruck®	Pactan®	SimpleSeal®	Waterproofing®	Chemtec™	RPM Belgium
B-I-N®	Dymonic®	Increte Systems®	Painter's Touch®	SmartBond®	Watco®	Deckshield™	Protective Quality™
Bulls Eye®	Dynaform®	Kirker®	Paraseal®	Stonhard®	Watco Protects	DIF™	Stoncor™
Bulls Eye 1-2-3®	Dynaform 230®	Kop-Coat®	Parks®	Stops Rust®	and Beautifies®	FEMA™	Tamms™
Cabinet	Dynarail®	Krud-Kutter®	Pettit Protect®	TCI®	Wood's First Choice®	Fibregrid™	Tank Shield™
Transformations®	EpoxyShield®	Kwik Seal®	Phenoline®	Testors®	Woolsey®	Flowcrete™	Tank Shield Plus™
Carboline®	EUCO®	LeakSeal®	Phenoseal®	The Euclid Chemical	XIM®	Flowfast™	Toxement™
Chemspec®	ExoAir®	Legend Brands®	Plasite®	Company®	Z-Spar®	Hummervoll™	TremClad™
Citadel Floor	Expanko®	Liquid Elements®	Plastic Wood®	Tremco®	Zinsser®	Isocrete™	Tuf-Strand™
Finishing Systems®	Fibergrate®	Mathys®	Pyroclad®	Tru-Core®		Kwik Seal Ultra™	USL™
Countertop	Flowfresh®	Modern Masters®	Raincoat®	Tuff-N-Dri®		Morrells™	Versacarpet™
Transformations®	Furniture	Mohawk®	Ramuc®	Universal®		MotoSpray™	Viapol™
Custom Building	Transformations®	Multispec®	Restore®	ValvTect®		Perlifoc™	
Products®							

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Management's Discussion and Analysis of Financial Condition and Results of Operations

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our financial statements include all of our majority-owned subsidiaries, except for certain subsidiaries that were deconsolidated during the period from May 31, 2010 through December 31, 2014. We reconsolidated such subsidiaries as of January 1, 2015 (please refer to Note A[2] to the Consolidated Financial Statements for further information). Investments in less-than-majority-owned joint ventures for which we have the ability to exercise significant influence over are accounted for under the equity method. 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 allowances for doubtful accounts; inventories; allowances for recoverable taxes; uncertain tax positions; 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, 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 principal operating 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 strengthens, we reflect the resulting losses as a component of accumulated other comprehensive income (loss). Conversely, if the U.S. dollar weakens, foreign exchange translation gains result, which favorably impact accumulated other comprehensive income (loss). Translation adjustments may be included in net earnings in the event of a sale or liquidation of certain of our underlying foreign investments. If we determine that the functional currency of any of our foreign subsidiaries should be the U.S. dollar, our financial statements will be affected. Should this occur, we will 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).

GOODWILL

We test our goodwill balances at least annually, or more frequently as impairment indicators arise, at the reporting unit level. Our reporting units have been identified at the component level, which is the operating segment level or one level below our operating segments.

We follow the Financial Accounting Standards Board ("FASB") guidance found in Accounting Standards Codification ("ASC") 350 that simplifies how an entity tests goodwill for impairment. It provides an option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, and whether it is necessary to perform the two-step goodwill impairment test.

We assess qualitative factors in each of our reporting units that carry goodwill. Among other relevant events and circumstances that affect the fair value of our reporting units, we assess individual factors such as:

- a significant adverse change in legal factors or the business climate;
- an adverse action or assessment by a regulator;
- unanticipated competition;
- a loss of key personnel; and
- a more-likely-than-not expectation that a reporting unit or a significant portion of a reporting unit will be sold or otherwise disposed of.

We assess these qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. This quantitative test is required only if we conclude that it is more likely than not that a reporting unit's fair value is less than its carrying amount.

In applying the first step of the quantitative test, we compare the fair value of a reporting unit to its carrying value. Calculating the fair value of a reporting unit requires our use of estimates and assumptions. We use significant judgment in determining the most appropriate method to establish the fair value of a reporting unit. We estimate the fair value of a reporting unit by employing various valuation techniques, depending on the availability and reliability of comparable market value indicators, and employ methods and assumptions that include the application of third-party market value indicators and the computation of discounted future cash flows for a reporting unit's annual projected earnings before interest, taxes, depreciation and amortization ("EBITDA").

We evaluate discounted future cash flows for a reporting unit's projected EBITDA. Under this approach, we calculate the fair value of a 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 a 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 unit. 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 a 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 for fiscal 2015 did not result in any indicators of impairment. 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.

OTHER LONG-LIVED ASSETS

We assess identifiable, amortizable 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.

Measuring a potential impairment of amortizable 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; market participant assumptions; 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.

Additionally, we test all indefinite-lived intangible assets for impairment at least annually during our fiscal fourth quarter. We follow the guidance provided by ASC 350 that simplifies how an entity tests indefinite-lived intangible assets for impairment. It provides an option to first assess qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. Our fiscal 2015 annual impairment tests of each of our indefinite-lived intangible assets did not result in any impairment loss.

INCOME TAXES

Our provision for income taxes is calculated using the liability method, which requires the recognition of deferred income taxes. 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.

Further, at each interim reporting period, we estimate an effective income tax rate that is expected to be applicable for the full year. Significant judgment is involved regarding the application of global income tax laws and regulations and when projecting the jurisdictional mix of income. Additionally, interpretation of tax laws, court decisions or other guidance provided by taxing authorities influences our estimate of the effective income tax rates. As a result, our actual effective income tax rates and related income tax liabilities may differ materially from our estimated effective tax rates and related income tax liabilities. Any resulting differences are recorded in the period they become known.

CONTINGENCIES

We are party to various claims and lawsuits arising in the normal course of business. Although we cannot precisely predict the amount of any liability that may ultimately arise with respect to any of these matters, we record provisions when we consider the liability probable and estimable. Our provisions are based on historical experience and legal advice, reviewed quarterly and adjusted according to developments. In general, our accruals, including our accruals for environmental, warranty and tax liabilities, discussed further below, represent the best estimate of a range of probable losses. Estimating probable losses requires the analysis of multiple 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. To the extent there is a reasonable possibility that potential losses could exceed the amounts already accrued, we believe that the amount of any such additional loss would be immaterial to our results of operations, liquidity and consolidated financial position. We evaluate our accruals at the end of each quarter, or sometimes more frequently, based on available facts, and may revise our estimates in the future based on any new information becoming available.

Our environmental-related accruals are similarly established and/or adjusted as more information becomes available upon which costs can be reasonably estimated. 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; 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. If the indemnifying party fails to, or becomes unable to, fulfill its obligations under those agreements, 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.

We offer warranties on many of our products, as well as long term warranty programs at certain of our businesses, and thus have established corresponding warranty liabilities. Warranty expense is impacted by variations in local construction practices, installation conditions, and geographic and climate differences. Although we believe that appropriate liabilities have been recorded for our warranty expense, actual results may differ materially from our estimates.

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

We also 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 and actual income tax liabilities can also be affected

by changes in applicable tax laws, retroactive tax law changes, or other factors, which may cause us to believe revisions of past estimates are appropriate. Although we believe that appropriate liabilities have been recorded for our income tax expense and income tax exposures, 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 and past experience, but are primarily made up of 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, 2015 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:

<i>(In millions)</i>	U.S.		International	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount Rate				
Increase (decrease) in expense in FY 2015	\$ (6.3)	\$ 7.7	\$ (2.0)	\$ 2.0
Increase (decrease) in obligation as of May 31, 2015	\$ (61.3)	\$ 76.7	\$ (31.3)	\$ 37.0
Expected Return on Plan Assets				
Increase (decrease) in expense in FY 2015	\$ (2.9)	\$ 2.9	\$ (1.8)	\$ 1.8
Increase (decrease) in obligation as of May 31, 2015	N/A	N/A	N/A	N/A
Compensation Increase				
Increase (decrease) in expense in FY 2015	\$ 4.9	\$ (4.4)	\$ 0.8	\$ (1.1)
Increase (decrease) in obligation as of May 31, 2015	\$ 23.1	\$ (20.9)	\$ 5.4	\$ (4.8)

Based upon May 31, 2015 information, the following table reflects the impact of a 1% change in the key assumptions applied to our various postretirement health care plans:

<i>(In millions)</i>	U.S.		International	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount Rate				
Increase (decrease) in expense in FY 2015	\$ -	\$ -	\$ (0.5)	\$ 0.7
Increase (decrease) in obligation as of May 31, 2015	\$ (0.7)	\$ 0.8	\$ (4.3)	\$ 5.6
Healthcare Cost Trend Rate				
Increase (decrease) in expense in FY 2015	\$ -	\$ -	\$ 0.7	\$ (0.5)
Increase (decrease) in obligation as of May 31, 2015	\$ 0.3	\$ (0.3)	\$ 6.4	\$ (3.3)

BUSINESS SEGMENT INFORMATION

Our business is divided into two reportable segments: the industrial reportable segment and the consumer reportable segment. Within each reportable segment, we aggregate several 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 eight 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 eight 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 income 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.

During our fiscal 2015 third quarter, the United States Bankruptcy Court in Delaware and the United States District Court in Delaware confirmed the Bankruptcy Plan for our Specialty Products Holding Corp. ("SPHC") subsidiary and related entities. Accordingly, financial results of SPHC and its subsidiaries, which have not been included in our financial reports since the bankruptcy filing at the end of fiscal 2010, have been re consolidated with our results as of January 1, 2015, and will be included in our results going forward. As a result, SPHC and its subsidiaries are reflected as an additional operating segment within the industrial reportable segment, beginning with our fiscal 2015 third-quarter results. Refer to Note A(2) for additional details.

Our industrial reportable segment's 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 five separate operating segments — Tremco Group, tremco illbruck Group, Performance Coatings Group, RPM2-Industrial Group and SPHC Group. Products and services within this reportable segment include construction chemicals; roofing systems; weatherproofing and other sealants; polymer flooring; edible coatings and specialty glazes for pharmaceutical, cosmetic and food industries; and other 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 reportable segment's major manufacturing and distribution operations are located primarily in North America, along with a few locations in Europe and other parts of the world. Our consumer reportable segment's products are sold throughout North America primarily to mass merchants, home improvement centers, hardware stores, paint stores, craft shops, cosmetic companies and to other smaller customers through distributors. This reportable segment comprises three operating segments — Rust-Oleum Group, DAP Group and RPM2-Consumer Group. Products within this reportable segment include specialty, hobby and professional paints; nail care enamels; caulks; adhesives; silicone sealants and wood stains.

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 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 earnings before interest and taxes.

Effective July 21, 2015, our Board approved the realignment of certain businesses and management structure to recognize how

we allocate resources and analyze the operating performance of our operating segments. This realignment did not change our reportable segments at May 31, 2015. Rather, our periodic filings, beginning with our first quarter ending August 31, 2015, will include historical segment results reclassified to reflect the effect of this realignment. See Note A(21) of Notes to Consolidated Financial Statements.

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.

SEGMENT INFORMATION

(In thousands)

Year Ended May 31,

	2015	2014	2013
Net Sales			
Industrial	\$ 2,990,721	\$ 2,769,657	\$ 2,635,976
Consumer	1,603,829	1,606,696	1,442,679
Total	\$ 4,594,550	\$ 4,376,353	\$ 4,078,655
Income Before Income Taxes^(a)			
Industrial Segment			
Income Before Income Taxes ^(a)	\$ 315,382	\$ 295,751	\$ 164,578
Interest (Expense), Net ^(b)	(7,656)	(10,227)	(10,318)
EBIT ^(c)	\$ 323,038	\$ 305,978	\$ 174,896
Consumer Segment			
Income Before Income Taxes ^(a)	\$ 273,956	\$ 251,229	\$ 190,611
Interest Income (Expense), Net ^(b)	34	122	(10)
EBIT ^(c)	\$ 273,922	\$ 251,107	\$ 190,621
Corporate/Other			
(Expense) Before Income Taxes ^(a)	\$ (136,085)	\$ (122,493)	\$ (178,298)
Interest (Expense), Net ^(b)	(61,416)	(55,131)	(63,340)
EBIT ^(c)	\$ (74,669)	\$ (67,362)	\$ (114,958)
Consolidated			
Income Before Income Taxes ^(a)	\$ 453,253	\$ 424,487	\$ 176,891
Interest (Expense), Net ^(b)	(69,038)	(65,236)	(73,668)
EBIT ^(c)	\$ 522,291	\$ 489,723	\$ 250,559

(a) The presentation includes a reconciliation of Income (Loss) Before Income Taxes, a measure defined by Generally Accepted Accounting Principles ("GAAP") in the U.S., 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 based on income 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. 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, 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.

RESULTS OF OPERATIONS

Fiscal 2015 Compared with Fiscal 2014

Net Sales Consolidated net sales of \$4.59 billion for fiscal 2015 grew by approximately 5.0% from net sales of \$4.38 billion for fiscal 2014. Organic sales improved 3.3%, while acquisitions added 5.2%. The reconstituted SPHC businesses, all of which are included with our industrial reportable segment, are included in acquisition growth. Consolidated net sales for fiscal 2015 were offset by an unfavorable foreign exchange impact of 3.5%. Industrial segment net sales for fiscal 2015 grew by 8.0% to \$2.99 billion, due to organic growth of 5.1% and also from acquisitions, which added 7.6%. During the last half of fiscal 2015, our businesses serving the U.S. commercial construction and U.S. residential markets saw steady improvement in net sales, however, we also saw a slowdown in net sales for our businesses serving the energy sector, and we expect this trend to continue into fiscal 2016. Foreign currency negatively impacted industrial segment sales for fiscal 2015 by 4.7%. Consumer segment net sales for fiscal 2015 fell by 0.2% to \$1.60 billion from \$1.61 billion during fiscal 2014, reflecting the negative impact of foreign currency during fiscal 2015 of 1.6%. Growth in consumer segment organic net sales was approximately 0.1%, while acquisitions contributed 1.3%. Certain of our smaller, higher-margin niche businesses in this segment, such as Kirker and Synta, have struggled due to a slowdown in global demand during fiscal 2015 as well as difficult prior-year comparisons, negatively impacting net sales during fiscal 2015 versus fiscal 2014.

Gross Profit Margin Our consolidated gross profit margin declined to 42.3% of net sales for fiscal 2015 from a consolidated gross profit margin of 42.9% for fiscal 2014. All of the decline in our gross profit margin resulted from a less profitable mix of product sold during fiscal 2015 versus fiscal 2014. Our product mix was unfavorably impacted by a decline in some of our smaller, higher-margin niche businesses, such as Kirker and Synta, that have struggled due to a slowdown in global demand during fiscal 2015 as well as difficult prior-year comparisons, negatively impacting our margins.

Selling, General and Administrative Expenses ("SG&A") Our consolidated SG&A increased by \$32.8 million, but decreased to 31.0% of net sales for fiscal 2015 compared with 31.8% of net sales for fiscal 2014. Current-year consolidated SG&A includes five months of additional expense relating to our recent reconstituted SPHC and its subsidiaries. Fiscal 2015 SG&A expense was favorably affected by the reversal of certain contingent consideration obligations relating to recent acquisitions, primarily Kirker and Synta, for approximately \$29.7 million. Fiscal 2015 SG&A expense also includes \$14.5 million of higher legal and professional expense related to: the SEC and audit committee investigation of timing of the previously disclosed GSA accrual; the SPHC settlement agreement; and our voluntary self-disclosure agreement with the State of Delaware for unclaimed property reviews. Fiscal 2015 expense also includes higher employee compensation-related expense, including commissions on higher sales. The current year also reflects higher distribution, rental and lease expense on building and equipment, as well as higher severance expense versus fiscal 2014. Warranty expense for fiscal 2015 decreased by approximately \$1.1 million from the amount recorded during fiscal 2014, and it is typical that warranty expense will fluctuate from period to period.

Our industrial segment SG&A was approximately \$54.0 million higher during fiscal 2015 versus fiscal 2014, but lower as a percentage of net sales, reflecting this segment's current-year growth in organic sales of 5.1%. The industrial segment SG&A as a percent of net sales improved due to lower bad

debt expense, warranty expense and lower legal settlement expense during fiscal 2015 versus fiscal 2014. However, industrial segment results for fiscal 2015 also included five months of additional expense relating to our recent reconstituted SPHC and its subsidiaries, all of which are included in the industrial segment. Current-year expense reflects higher employee compensation-related expense, including commissions on higher sales, as well as higher distribution expense, and higher rental and lease expense on buildings and equipment.

Our consumer segment SG&A was approximately \$28.5 million lower during fiscal 2015 versus fiscal 2014, and lower as a percentage of net sales, which directly reflects the current-period reversal of certain contingent consideration obligations in this segment for approximately \$29.7 million. During fiscal 2015, this segment's SG&A expense was impacted by higher expense from additional sales and marketing personnel, higher distribution expense and higher severance expense versus fiscal 2014, which was offset by a decrease in advertising expense.

SG&A expenses in our corporate/other category increased by \$7.3 million during fiscal 2015 to \$74.7 million from \$67.4 million during fiscal 2014. The increase in SG&A expense reflects the combination of higher pension expense and insurance expense, combined with higher professional and legal services expense related to the recent SPHC settlement. Additionally, SG&A increased due to the discontinuation of shared services income after the reconstituted SPHC occurred. These increases were partially offset by lower healthcare and acquisition-related expenses.

We recorded total net periodic pension and postretirement benefit costs of \$48.2 million and \$46.8 million during fiscal 2015 and fiscal 2014, respectively. The \$1.4 million increase in pension and postretirement expense was primarily the result of higher service and interest cost of \$5.2 million during fiscal 2015 versus fiscal 2014, partially offset by a favorable impact of approximately \$3.8 million due to larger returns on higher plan asset levels. 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. A decrease of 1% in the discount rate or the expected return on plan assets assumptions would result in \$10.4 million and \$4.7 million higher expense, respectively. The assumptions and estimates used to determine the discount rate and expected return on plan assets are more fully described in Note M, "Pension Plans," and Note N, "Postretirement 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 pages 28-29 of this report under, "Critical Accounting Policies and Estimates — Pension and Postretirement Plans."

Interest Expense Interest expense was \$87.6 million for fiscal 2015 versus \$80.9 million for fiscal 2014. Included in interest expense for fiscal 2015 was a \$4.0 million make-whole payment related to the early redemption of our 6.7% Senior Notes on May 29, 2015, which increased interest expense by \$4.0 million. Higher average borrowings, related to recent acquisitions and including payments made to fund the SPHC bankruptcy trust, increased interest expense during fiscal 2015 by approximately \$7.2 million versus fiscal 2014. Excluding acquisition-related borrowings, lower average borrowings year-over-year decreased interest expense by approximately \$1.8 million. Lower interest rates, which averaged 4.26% overall for fiscal 2015 compared with 5.06% for fiscal 2014, decreased interest expense by approximately \$2.7 million during fiscal 2015 versus fiscal 2014.

Investment Expense (Income), Net Net investment income of \$18.6 million during fiscal 2015 compares to net investment income of \$15.7 million for fiscal 2014. Dividend and interest income totaled \$9.9 million and \$8.5 million during fiscal 2015 and 2014, respectively. Net realized gains on the sales of investments resulted in a net gain of \$8.7 million for fiscal 2015 versus a net gain of \$7.4 million for fiscal 2014. Impairments recognized on securities that management has determined are other-than-temporary declines in value approximated \$0.2 million for fiscal 2014, versus impairments of approximately \$0.02 million during fiscal 2015.

Other (Income), Net Other income of \$3.9 million for fiscal 2015 compared with other income of \$4.0 million for fiscal 2014. Reflected in this balance is net royalty income, which approximated \$1.9 million and \$1.2 million for fiscal 2015 and fiscal 2014, respectively. Also reflected in other income is our equity in earnings of unconsolidated affiliates, which totaled approximately \$2.0 million and \$2.8 million for fiscal 2015 and 2014, respectively.

Income Before Income Taxes ("IBT") Our consolidated pretax income for fiscal 2015 of \$453.3 million compares with pretax income of \$424.5 million for fiscal 2014, resulting in a pretax profit margin on net sales of 9.9% for the current period versus a pretax profit margin on net sales of 9.7% a year ago. As discussed above, fiscal 2015 results reflect the unfavorable impact of both translational and transactional foreign exchange, as many international currencies weakened versus the U.S. dollar, and we expect that trend to continue into the majority of fiscal 2016.

Our industrial segment had IBT of \$315.4 million, for a profit margin on net sales of 10.5% for fiscal 2015, versus IBT of \$295.8 million, for a profit margin on net sales of 10.7%, for fiscal 2014. Industrial segment IBT for fiscal 2015 includes the impact of our January 1, 2015 reconsolidation of SPHC and its subsidiaries. Our consumer segment IBT increased to \$274.0 million, or 17.1% of net sales for the period, from fiscal 2014 IBT of \$251.2 million, or 15.6% of net sales. The increase in IBT as a percent of sales for the consumer segment resulted primarily from the reversal of certain contingent consideration obligations approximating \$29.7 million during fiscal 2015 versus fiscal 2014.

Income Tax Rate The effective income tax rate was 49.6% for fiscal 2015 compared to an effective income tax rate of 27.9% for fiscal 2014. The increase in the effective income tax rate is primarily due to a deferred income tax charge of \$106.2 million recorded in fiscal 2015 for the estimated tax cost associated with unremitted foreign earnings not considered to be permanently reinvested. The comparable provision amount in fiscal 2014 was \$2.5 million; please see Note A(18) for further discussion regarding the change in foreign unremitted earnings not considered to be permanently reinvested. The increase in the effective tax rate from fiscal 2014 to fiscal 2015 was also attributable to a decrease in the benefit from the domestic manufacturing deduction. The above increases to the effective tax rate were partially offset by increases in the benefit from the impact of foreign operations and valuation allowance reversals.

Additionally, a non-recurring net tax benefit was recorded in fiscal 2014 that was primarily comprised of the benefit associated with recognition of a foreign deferred income tax asset resulting from the merger of certain foreign subsidiaries, partially offset by the impact of the enactment of a Canadian tax law change, Canada Bill C-48, Technical Tax Amendments Act, 2012, enacted as of June 26, 2013.

Net Income Net income of \$228.3 million for fiscal 2015 compares to net income of \$306.0 million for fiscal 2014. Net income as a percentage of net sales of 5.0% for fiscal 2015 compares with 7.0% for fiscal 2014. Net income for fiscal 2015 reflects the leverage of the 3.3% organic growth in sales, combined with the reconsolidation of SPHC and its subsidiaries and reversals of \$29.7 million of contingent consideration obligations that were not met. During fiscal 2015, we had a net loss from noncontrolling interests of \$11.2 million versus net income of \$14.3 million during fiscal 2014. The loss from noncontrolling interests during fiscal 2015 resulted from the \$106.2 million tax charge for the potential repatriation of foreign earnings. Net income attributable to RPM International Inc. stockholders was \$239.5 million for fiscal 2015, versus \$291.7 million for fiscal 2014.

Diluted earnings per share of common stock for fiscal 2015 of \$1.78 compares with \$2.18 for fiscal 2014.

Fiscal 2014 Compared with Fiscal 2013

Net Sales Consolidated net sales increased 7.3% to \$4.38 billion for the year ended May 31, 2014, due to organic growth of 5.3%, including unfavorable foreign exchange translation of 0.7%, and acquisition growth of 2.0%. Industrial segment net sales for fiscal 2014 were up 5.1% to \$2.77 billion due to organic growth of 4.6%, including unfavorable foreign exchange translation of 0.9%, and acquisition growth of 0.5%. Contributing to the year-over-year growth in net sales in the industrial segment was improved performance by most of its European businesses. The consumer segment generated net sales of \$1.61 billion, an increase of 11.4% in net sales over fiscal 2013, which resulted from growth in organic sales of 6.4%, including unfavorable foreign exchange translation of 0.4%, and acquisition growth of 5.0%.

Gross Profit Margin Our consolidated gross profit margin improved to 42.9% of net sales for fiscal 2014 versus 41.7% of net sales for fiscal 2013, reflecting increases in selling prices and more steady raw material costs during fiscal 2014 versus fiscal 2013. Also reflected in the improvement during fiscal 2014 was the impact of restructuring activities initiated during fiscal 2013, as well as supply chain initiatives and accretive acquisitions completed during fiscal 2014. The gross profit margin for fiscal 2013 was negatively impacted by one-time charges taken by the industrial segment's roofing division for revised cost estimates in conjunction with unprofitable contracts outside of North America. Also, during fiscal 2013, we incurred a loss on inventory determined to be obsolete in connection with the restructuring plan established by our Rust-Oleum operating segment, which had an unfavorable impact on our fiscal 2013 consolidated gross profit margin of approximately 10 basis points ("bps").

SG&A Our consolidated SG&A decreased to 31.8% of net sales for fiscal 2014 compared with 32.1% of net sales for fiscal 2013. During fiscal 2013, our industrial segment recorded \$9.0 million of bad debt expense related to its \$15.0 million loan to Kemrock, and \$5.6 million in roofing exit costs related to a loss contract outside North America. Excluding those charges, the fiscal 2013 SG&A margin as a percent of sales would have been 31.7%. The fiscal 2015 SG&A reflects the impact of higher employee compensation-related expense, distribution expense, advertising expense and unfavorable transactional foreign exchange expense resulting from certain international currencies that weakened versus the U.S. dollar. Offsetting those higher expenses were tighter controls over discretionary spending. Additionally, warranty expense for fiscal 2014 increased by

\$10.3 million versus fiscal 2013, mainly in our waterproofing and industrial coatings product lines, but also more recently in certain consumer segment product lines versus historical averages due to product mix. It is typical that warranty expense will fluctuate from period to period.

Our industrial segment SG&A was approximately \$29.2 million higher during fiscal 2014 versus fiscal 2013, but lower as a percentage of net sales. Reflected in SG&A during fiscal 2013 was the unfavorable impact of the \$9.0 million bad debt write down on our loan to Kemrock and the industrial segment's roofing division expenses totaling \$5.6 million related to a loss contract outside North America. Excluding those charges, SG&A as a percentage of sales would have been flat year over year. The industrial segment SG&A for fiscal 2014 reflects the impact of higher employee compensation expense, distribution expense, warranty expense and legal settlement expense, as well as unfavorable transactional foreign exchange expense versus fiscal 2013.

Our consumer segment SG&A was approximately \$48.1 million higher during fiscal 2014 versus fiscal 2013, and higher as a percentage of net sales during fiscal 2014 as compared with the same period a year ago, primarily reflecting the impact of higher employee compensation expense, distribution expense, advertising expense, professional services expense and warranty expense versus fiscal 2013.

SG&A expenses in our corporate/other category increased by \$3.6 million during fiscal 2014 to \$67.4 million from \$63.8 million during fiscal 2013. The increase in SG&A expense reflects the combination of higher professional expense and unfavorable transactional foreign exchange expense.

We recorded total net periodic pension and postretirement benefit costs of \$46.8 million and \$52.1 million during fiscal 2014 and fiscal 2013, respectively. The \$5.3 million decrease in pension and postretirement expense was primarily the result of \$4.2 million of additional net actuarial gains recorded during fiscal 2014 versus fiscal 2013, a favorable impact of \$4.0 million due to larger returns on higher plan asset levels and \$0.2 million of lower curtailment losses during fiscal 2014 versus fiscal 2013. Higher service and interest cost of \$3.1 million during fiscal 2014 versus fiscal 2013 slightly offset those gains. 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.

Loss Contingency As previously disclosed, we recorded a \$65.1 million accrual during the fiscal year ended May 31, 2013, associated with settlement discussions with the U.S. Department of Justice (the "DOJ") and the U.S. General Services Administration (the "GSA") Office of Inspector General aimed at resolving an existing investigation. That investigation involved our compliance with certain pricing terms and conditions of GSA Multiple Award Schedule contracts under which the roofing division of our Tremco Group sold products and services to the federal government. A substantial majority of the transactions as to which potential compliance issues were raised took place during the period from 2002 to 2008. In August 2013, we entered into a final agreement with the DOJ and the GSA Office of Inspector General regarding this matter. During the year ended May 31, 2014, we paid the GSA Office of Inspector General \$61.9 million and made other payments for miscellaneous legal expenses for approximately \$1.1 million.

Restructuring Expense During fiscal 2013, we incurred restructuring expense of \$20.1 million, all of which related to severance and facility costs incurred in connection with the plans initiated during the fourth quarter of fiscal 2013. Of this amount, approximately \$4.5 million was for severance related to our industrial reportable segment. The remaining \$15.6 million related to our consumer reportable segment, of which approximately \$8.2 million related to severance expense, and approximately \$7.4 million related to facility costs. No additional expenses were incurred during fiscal 2014 in relation to these plans. While these activities have been finalized, approximately \$2.5 million of payments remain, which are mostly relating to severance. For more information on our restructuring charges, see Note B to the Consolidated Financial Statements, which is incorporated herein by reference.

Interest Expense Interest expense was \$80.9 million for fiscal 2014 versus \$79.8 million for fiscal 2013. Higher average borrowings, related to recent acquisitions, increased interest expense during fiscal 2014 by approximately \$2.5 million versus fiscal 2013. Excluding acquisition-related borrowings, lower average borrowings year over year decreased interest expense by approximately \$0.9 million. Lower interest rates, which averaged 5.06% overall for fiscal 2014 compared with 5.19% for fiscal 2013, decreased interest expense by approximately \$0.5 million during fiscal 2014 versus fiscal 2013.

Investment (Income), Net Net investment income of \$15.7 million during fiscal 2014 compares to net investment income of \$6.2 million during fiscal 2013. Dividend and interest income totaled \$8.5 million during fiscal 2014 versus \$8.8 million of income during fiscal 2013. Net realized gains on the sales of investments resulted in a net gain of \$7.4 million during fiscal 2014 versus a net gain of \$11.7 million for fiscal 2013. Impairments recognized on securities that management has determined are other-than-temporary declines in value approximated \$0.2 million for fiscal 2015, versus impairments of \$14.3 million for fiscal 2014. Included in the fiscal 2013 other-than-temporary impairments was the \$13.7 million loss incurred on our investment in Kemrock convertible debt. Refer to Note D of our Notes to Consolidated Financial Statements for additional information.

Other (Income) Expense, Net Other income of \$4.0 million for fiscal 2014 compared with other expense of \$57.7 million for the same period a year ago. Results for fiscal 2013 reflect \$55.9 million of impairment losses stemming from our various investments in Kemrock. As previously disclosed, as the economy and financial markets in India declined, we wrote down a portion of our equity investment in Kemrock and also the value of the conversion option feature of our investment in Kemrock's convertible bonds. More detailed information is included in Note A. Also during fiscal 2013, we repositioned certain industrial segment operations in Brazil, which resulted in a substantial liquidation of certain of our Brazilian subsidiaries and a net loss of \$6.1 million.

Other items reflected in this balance include net royalty income of approximately \$1.2 million and \$2.1 million for fiscal 2014 and fiscal 2013, respectively. Lastly, included in this balance was our equity in earnings of unconsolidated affiliates totaling approximately \$2.8 million and \$2.2 million for fiscal 2014 and 2013, respectively.

IBT Our consolidated pretax income for fiscal 2014 of \$424.5 million compares with pretax income of \$176.9 million for fiscal 2013, resulting in a pretax profit margin on net sales of 9.7% for fiscal 2014 versus a pretax profit margin on net sales of 4.3% a year ago. As discussed above, results for fiscal 2013 reflect the impact of the impairment losses relating to our various investments in Kemrock, combined with the losses on contracts outside of North America in our roofing division and related exit costs and the loss relating to the repositioning of certain operations in Brazil. Lastly, fiscal 2013 reflects the impact of the adjustment for a \$65.1 million accrual associated with the DOJ and GSA investigation. Adjusting for those items, consolidated pretax income for fiscal 2013 would have been \$361.7 million, or an adjusted 8.9% margin on sales.

Our industrial segment had IBT of \$295.8 million, for a profit margin on net sales of 10.7% for fiscal 2014, versus IBT of \$164.6 million, for a profit margin on net sales of 6.2%, for fiscal 2013. The decline reflects the impact of the adjustments previously discussed, including a \$65.1 million accrual associated with an investigation of the Tremco Group roofing contracts with the GSA and restructuring expense of \$4.5 million. Our consumer segment IBT increased to \$251.2 million, or 15.6% of net sales for the period, from IBT for fiscal 2013 of \$190.6 million, or 13.2% of net sales. The fiscal 2013 consumer segment IBT reflects the impact of the \$15.6 million restructuring charge taken during the fourth quarter of fiscal 2013. The increase in IBT as a percent of sales for the consumer segment also resulted from the leverage of this segment's 11.4% growth in net sales, including the impact of accretive acquisitions during fiscal 2014 versus fiscal 2013.

Income Tax Rate The effective income tax rate was 27.9% for fiscal 2014 compared to an effective income tax rate of 37.9% for fiscal 2013.

For the year ended May 31, 2014, the effective tax rate included variances from the 35% federal statutory rate as a result of lower effective tax rates of certain of our foreign subsidiaries, lower valuation allowances on foreign tax credit carryforwards, the benefit of the domestic manufacturing deduction, a favorable adjustment to the fiscal 2013 estimate of non-deductible cost associated with the DOJ and GSA accrual and a benefit related to the recognition of a foreign deferred income tax asset resulting from the merger of certain foreign subsidiaries. The preceding favorable adjustments were partially offset by state and local income tax expense, non-deductible business operating expenses and the impact of recording incremental reserves for uncertain tax positions related to enactment of a Canadian tax law change, Canada Bill C-48, Technical Tax Amendments Act, 2012, which was effective as of June 26, 2013.

For the year ended May 31, 2013, the effective tax rate included variances from the 35% federal statutory rate as a result of lower effective tax rates of certain of our foreign subsidiaries, lower valuation allowances on foreign tax credit carryforwards, the benefit of the domestic manufacturing deduction and benefits related to the company's strategic decision to reposition certain Brazilian business operations. The preceding favorable adjustments were offset by state and local income tax expense, non-deductible business operating expenses, the tax effect of projected non-deductible costs associated with the DOJ and GSA accrual, and increases in valuation allowances related to losses associated with our investments in Kemrock.

As of May 31, 2014, we determined, based on the available evidence, that it was uncertain whether we will be able to recognize certain deferred tax assets. Therefore, we intend to maintain the tax valuation allowances for those 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, U.S. capital loss carryforwards, and unrealized losses on securities, certain foreign net operating losses and net foreign deferred tax assets. A portion of the valuation allowance was associated with deferred tax assets recorded in purchase accounting for prior-year acquisitions.

Net Income Net income of \$306.0 million for fiscal 2015 compares to net income of \$109.9 million for fiscal 2013, reflecting the fiscal 2013 one-time charges previously discussed. Excluding those charges, adjusted net income during fiscal 2013 approximated \$256.0 million. Net income as a percentage of net sales of 7.0% for fiscal 2014 compares with an adjusted net margin on sales of 6.3% for fiscal 2013. Net income for fiscal 2014 reflects the leverage of the organic growth in net sales of 5.3% versus net sales for fiscal 2013, as well as accretive acquisitions. During fiscal 2014, we had net income from noncontrolling interests of \$14.3 million versus \$11.3 million during fiscal 2013. Net income attributable to RPM International Inc. stockholders was \$291.7 million for fiscal 2014, versus \$98.6 million for fiscal 2013.

Diluted earnings per share of common stock for fiscal 2014 of \$2.18 compares with \$0.74 for fiscal 2013.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Approximately \$330.4 million of cash was provided by operating activities during fiscal 2015, compared with \$278.1 million of cash that was provided during fiscal 2014, resulting in \$52.3 million more cash provided during fiscal 2015 versus fiscal 2014.

The net change in cash from operations includes the change in net income, which decreased by \$77.7 million during fiscal 2015 versus fiscal 2014, primarily reflecting a \$106.2 million tax charge for the estimated future tax cost of repatriating undistributed foreign earnings. Other items impacting the net change in cash from operations were items adjusting net income for non-cash expenses and income, which included contingent consideration obligation reversals of \$29.7 million during fiscal 2015. Reduced estimated tax payments as a result of the SPHC initial settlement payment had a favorable impact on cash flow for fiscal 2015. Changes in working capital accounts and all other accruals, including a \$63.0 million payment on a contingency during fiscal 2014, provided approximately \$50.9 million more cash flow during fiscal 2015 versus fiscal 2014.

The change in accounts receivable during fiscal 2015 used cash of \$90.2 million versus \$79.1 million of cash used by accounts receivable during fiscal 2014, or approximately \$11.1 million more cash used year over year. This resulted from the timing of sales and collections on accounts receivable. Days sales outstanding at May 31, 2015 increased to 60.0 days from 58.8 days sales outstanding at May 31, 2014.

Inventory balances used \$31.3 million of cash during fiscal 2015, compared with a use of \$59.0 million in cash during fiscal 2014, or \$27.7 million less cash used year over year. This resulted from the timing of purchases by retail customers. Days of inventory outstanding at May 31, 2015 increased to 78.4 days from 77.1 days of inventory outstanding at May 31, 2014.

The current year-to-date change in accounts payable used \$58.5 million more cash during fiscal 2015 compared to fiscal 2014, resulting from a change in the timing of certain payments. Accrued compensation and benefits used approximately \$20.5 million more cash during fiscal 2015 versus fiscal 2014, due to higher bonus payments during fiscal 2015 versus

fiscal 2014. Other accruals and prepaids, including those for other short-term and long-term items and changes, provided \$50.5 million more cash during fiscal 2015 versus fiscal 2014, primarily from reduced estimated tax payments as a result of SPHC initial settlement payment, offset by higher cash payments for legal and professional fees for the SPHC reconsolidation, combined with higher contributions to our pension plans during fiscal 2015 versus fiscal 2014.

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, expand capacity, introduce new technology, improve environmental health and safety capabilities, improve information systems, and enhance our administration capabilities. Capital expenditures of \$85.4 million during fiscal 2015 compare with depreciation of \$62.2 million. We believe our current production capacity, along with moderate plant modifications or additions will be adequate to meet our immediate needs based on anticipated growth rates. We are increasing our capital spending in fiscal 2016 in an effort to more aggressively invest in our internal growth initiatives, especially in overseas markets. We anticipate that additional shifts at our production facilities, coupled with the capacity added through acquisition activity and our planned increase in future capital spending levels, will enable us to meet increased demand throughout fiscal 2016.

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, 2015, the fair value of our investments in marketable securities totaled \$154.8 million, of which investments with a fair value of \$59.0 million were in an unrealized loss position. At May 31, 2014, the fair value of our investments in marketable securities totaled \$142.9 million, of which investments with a fair value of \$35.5 million were in an unrealized loss position. The fair value of our portfolio of marketable securities is based on quoted market prices for identical, or similar, instruments in active or non-active markets or model-derived valuations with observable inputs. We have no marketable securities whose fair value is subject to unobservable inputs. Total pretax unrealized losses recorded in accumulated other comprehensive income at May 31, 2015 and May 31, 2014 were \$3.8 million and \$1.4 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, 2015 were generally related to the normal volatility in valuations over the past several months for a portion of our portfolio of investments in marketable securities. The unrealized losses generally relate to investments whose fair values at May 31, 2015 were less than 15% below their original cost or that have been in a loss position for less than six consecutive months. From time to time, we may experience significant volatility in general economic and market conditions. If we were to experience unrealized losses that were to continue for longer periods of time, or arise to more significant levels of unrealized losses within our portfolio of investments in marketable securities in the future, 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.

As of May 31, 2015, approximately \$159.5 million of our consolidated cash and cash equivalents were held at various foreign subsidiaries. Undistributed earnings held at our foreign subsidiaries that are considered permanently reinvested will be used, for instance, to expand operations organically or for acquisitions in foreign jurisdictions. Further, our operations in the U.S. generate sufficient cash flow to satisfy U.S. operating requirements.

It is possible that we could repatriate approximately \$419.1 million of undistributed foreign earnings in the foreseeable future. Accordingly, as of May 31, 2015, we recorded a deferred income tax liability of \$108.5 million, which represents our estimate of the U.S. income and foreign withholding tax associated with the \$419.1 million of unremitted foreign earnings. Due to the uncertainties and complexities involved in the various options for repatriation of foreign cash, including any associated governmental or other local restrictions, it is not practicable to calculate the deferred taxes associated with the remaining foreign earnings.

Financing Activities

Our available liquidity, including our cash and cash equivalents and amounts available under our committed credit facilities, stood at \$963.8 million at May 31, 2015. Our debt-to-capital ratio was 56.2% at May 31, 2015, compared with 49.4% at May 31, 2014.

Revolving Credit Agreement

During fiscal 2015, we entered into an \$800.0 million unsecured syndicated revolving credit facility (the "New Revolving Credit Facility"), which expires on December 5, 2019. The New Revolving Credit Facility replaced our prior \$600.0 million revolving credit facility that was set to expire on June 29, 2017.

The New Revolving Credit Facility includes sublimits for the issuance of swingline loans, which are comparatively short-term loans used for working capital purposes and letters of credit. The aggregate maximum principal amount of the commitments under the New Revolving Credit Facility may be expanded upon our request, subject to certain conditions, up to \$1.0 billion. The New Revolving Credit Facility is available to refinance existing indebtedness, to finance working capital and capital expenditures, to satisfy all or a portion of our obligations relating to the plan of reorganization for our SPHC subsidiary, and for general corporate purposes.

The New Revolving Credit Facility requires us to comply with various customary affirmative and negative covenants, including a leverage covenant and interest coverage ratio. Under the terms of the leverage covenant, we may not permit our consolidated indebtedness as of any fiscal quarter end to exceed 65% of the sum of such indebtedness and our consolidated shareholders' equity on such date. The minimum required consolidated interest coverage ratio for EBITDA to interest expense is 3.50 to 1. The interest coverage ratio is calculated at the end of each fiscal quarter for the four fiscal quarters then ended.

As of May 31, 2015, we were in compliance with all covenants contained in our New Revolving Credit Facility, including the leverage and interest coverage ratio covenants. At that date, our leverage ratio was 54.8%, while our interest coverage ratio was 9.09 to 1. Our available liquidity under our New Revolving Credit Facility stood at \$689.0 million at May 31, 2015.

Our access to funds under our New Revolving Credit Facility is dependent on the ability of the financial institutions that are parties to the New Revolving Credit 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 New Revolving 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.

Accounts Receivable Securitization Program

On May 9, 2014, we replaced our existing \$150.0 million accounts receivable securitization program (which immediately prior to such replacement was assigned from Wells Fargo Bank, National Association to PNC Bank, National Association, as administrative agent) with a new, three-year, \$200.0 million accounts receivable securitization facility (the "AR Program"). The AR Program was entered into pursuant to (1) a second amended and restated receivables sale agreement, dated as of May 9, 2014 (the "Sale Agreement"), among certain of our subsidiaries (the "Originators"), and RPM Funding Corporation, a special purpose entity (the "SPE") whose voting interests are wholly owned by us, and (2) an amended and restated receivables purchase agreement, dated as of May 9, 2014 and subsequently amended on February 25, 2015 (the "Purchase Agreement"), among the SPE, certain purchasers from time to time party thereto (the "Purchasers"), and PNC Bank, National Association as administrative agent.

Under the Sale Agreement, the Originators may, during the term thereof, sell specified accounts receivable to the SPE, which may in turn, pursuant to the Purchase Agreement, transfer an undivided interest in such accounts receivable to the Purchasers. 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. We indirectly hold a 100% economic interest in the SPE and will, along with our subsidiaries, receive the economic benefit of the AR Program. The transactions contemplated by the AR Program do not constitute a form of off-balance sheet financing, and will be fully reflected in our financial statements.

The maximum availability under the AR Program is \$200.0 million. Availability is further subject to changes in the credit ratings of the Originator's customers, customer concentration levels or certain characteristics of the accounts receivable being transferred and therefore at certain times we may not be able to fully access the \$200.0 million of funding available under the AR Program. As of May 31, 2015, the outstanding balance under the AR Program was \$100.0 million, which compares with the maximum availability on that date of \$200.0 million.

The interest rate under the Purchase Agreement is based on the Alternate Base Rate, LIBOR Market Index Rate, one-month LIBOR or LIBOR for a specified tranche period, as selected by the SPE, at its option, plus in each case, a margin of 0.70%. In addition, as set forth in an Amended and Restated Fee Letter, dated May 9, 2014 (the "Fee Letter"), the SPE is obligated to pay a monthly unused commitment fee to the Purchasers based on the daily amount of unused commitments under the Agreement, which fee ranges from 0.30% to 0.50% based on usage.

The AR Program contains various customary affirmative and negative covenants and also contains customary default and termination provisions, which provide for acceleration of

amounts owed under the AR Program upon the occurrence of certain specified events, including, but not limited to, failure by the SPE to pay interest and other amounts due, defaults on certain indebtedness, certain judgments, change in control, certain events negatively affecting the overall credit quality of transferred accounts receivable, bankruptcy and insolvency events, and failure by us to meet financial tests requiring maintenance of an interest coverage ratio, if applicable. If we do not maintain an investment grade public debt rating with at least two specified rating agencies, we must comply with the interest coverage ratio, which requires us not to permit the ratio, calculated at the end of each fiscal quarter for the four fiscal quarters then ended, of EBITDA, as defined in the AR Program, for such period to interest expense for such period, to be less than 3.5:1. This financial test, to the extent applicable, is substantively identical to a similar covenant already contained in our revolving credit facility.

Our failure to comply with the covenants described above and other covenants contained in the Credit Facility could 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.

2.25% Convertible Senior Notes due 2020

On December 9, 2013, we issued \$205 million of 2.25% convertible senior notes due 2020 (the "Convertible Notes"). We will pay interest on the Convertible Notes semi-annually on June 15th and December 15th of each year, and began doing so on June 15, 2014. Net proceeds of approximately \$200.1 million from the sale were used to refinance \$200 million in principal amount of unsecured senior notes due December 15, 2013, which bear interest at 6.25%.

The Convertible Notes will be convertible under certain circumstances and during certain periods at an initial conversion rate of 18.8905 shares of RPM common stock per \$1,000 principal amount of notes (representing an initial conversion price of approximately \$52.94 per share of common stock), subject to adjustment in certain circumstances. In April 2015, we declared a dividend in excess of \$0.24 per share, and consequently, the adjusted conversion rate at May 31, 2015 was 18.9162. The initial conversion price represents a conversion premium of approximately 37% over the last reported sale price of RPM common stock of \$38.64 on December 3, 2013. Prior to June 15, 2020, the Convertible Notes may be converted only upon specified events, and, thereafter, at any time. Upon conversion, the Convertible Notes may be settled, at RPM's election, in cash, shares of RPM's common stock, or a combination of cash and shares of RPM's common stock.

We account for the liability and equity components of the Convertible Notes separately, and in a manner that will reflect our nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. The effective interest rate on the liability component is 3.92%. Contractual interest was \$4.6 million and \$2.2 million for fiscal 2015 and 2014, respectively, and amortization of the debt discount was \$2.7 million and \$1.2 million for fiscal 2015 and 2014, respectively. At May 31, 2015, the remaining period over which the debt discount will be amortized was 5.5 years, the unamortized debt discount was \$16.8 million, and the carrying amount of the equity component was \$20.7 million.

3.45% Notes due 2022

On October 23, 2012, we sold \$300 million aggregated principal amount of 3.45% Notes due 2022 (the "Notes"). The net proceeds of \$297.7 million from the offering of the Notes were used to repay short-term borrowings outstanding under our \$600 million revolving credit facility.

5.25% Notes due 2045

On May 26, 2015, we issued \$250 million of 5.25% notes due 2045 (the "New Notes"). The New Notes were priced at 99.401% of the \$250 million principal, and at that price, the New Notes have a yield to maturity of 5.29%. We will pay interest on the New Notes semi-annually on June 1st and December 1st of each year, and will begin doing so on December 1, 2015. Net proceeds of approximately \$245.7 million from the offering of the New Notes were used to repay a portion of short-term borrowings outstanding under our New Revolving Credit Facility.

The following table summarizes our financial obligations and their expected maturities at May 31, 2015 and the effect such obligations are expected to have on our liquidity and cash flow in the periods indicated.

Contractual Obligations

(In thousands)	Total Contractual Payment Stream	Payments Due In			
		2016	2017-18	2019-20	After 2020
Long-term debt obligations	\$ 1,656,075	\$ 2,038	\$ 349,507	\$ 567,867	\$ 736,663
Capital lease obligations	947	456	287	204	
Operating lease obligations	208,390	50,726	68,959	30,506	58,199
Other long-term liabilities ⁽¹⁾ :					
Interest payments on long-term debt obligations	673,633	65,338	143,800	104,495	360,000
Promissory note payments on 524(g) Trust	347,500		222,500	125,000	
Contributions to pension and postretirement plans ⁽²⁾	359,800	38,600	53,300	96,600	171,300
Total	\$ 3,246,345	\$ 157,158	\$ 838,353	\$ 924,672	\$ 1,326,162

(1) Excluded from other long-term liabilities are our gross long-term liabilities for unrecognized tax benefits, which totaled \$17.8 million at May 31, 2015. Currently, we cannot predict with reasonable reliability the timing of cash settlements to the respective taxing authorities related to these liabilities.

(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 the required minimum contribution will be contributed. Amounts include the impact of the reconsolidation of SPHC as of January 1, 2015.

The U.S. dollar fluctuated throughout the year, and was 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 J to the Consolidated Financial Statements) component of stockholders' equity of \$216.8 million this year versus a favorable change of \$9.5 million last year. The change in fiscal 2015 was in addition to (unfavorable) net changes of \$(14.7) million, \$(0.3) million and \$(5.5) 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 operating lease commitments included in the above Contractual Obligations table and further described in Note L, "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 F, "Borrowings," to the Consolidated Financial Statements). At May 31, 2015, approximately 12.74% of our debt was subject to floating interest rates.

If interest rates were to increase 100 bps from May 31, 2015 and, assuming no changes in debt from the May 31, 2015 levels, the additional annual interest expense would amount to approximately \$2.1 million on a pretax basis. A similar increase in interest rates in fiscal 2014 would have resulted in approximately \$0.02 million in additional interest expense.

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 in accordance with Accounting Standards Codification ("ASC") 815, "Derivatives and Hedging." 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," to the Consolidated Financial Statements). As most of our foreign operations are in countries with fairly stable currencies, such as Belgium, Brazil, 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 were to strengthen, our foreign results of operations would be unfavorably 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, 2015 and 2014. We do not currently use financial derivative instruments for trading purposes, nor do we engage in foreign currency, commodity or interest rate speculation. However, we occasionally hedge against the risk of certain intercompany balances, third-party debt and interest transactions, and those hedging activities matured as of May 29, 2015.

FORWARD-LOOKING STATEMENTS

The foregoing discussion includes 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, including uncertainties surrounding the volatility in financial markets, the availability of capital and the effect of changes in interest rates, and the viability of banks and other financial institutions; (b) the prices, 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 liability reserves; 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, 2015, 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 filing date of this document.

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)

May 31,	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 174,711	\$ 332,868
Trade accounts receivable (less allowances of \$24,526 and \$27,641, respectively)	956,211	873,946
Inventories	674,205	613,644
Deferred income taxes	29,892	22,281
Prepaid expenses and other current assets	264,827	219,556
Total current assets	2,099,846	2,062,295
Property, Plant and Equipment, at Cost	1,258,304	1,191,676
Allowance for depreciation and amortization	(668,658)	(658,871)
Property, plant and equipment, net	589,646	532,805
Other Assets		
Goodwill	1,215,688	1,147,374
Other intangible assets, net of amortization	604,130	459,536
Deferred income taxes, non-current	5,685	7,943
Other	179,245	168,412
Total other assets	2,004,748	1,783,265
Total Assets	\$ 4,694,240	\$ 4,378,365
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 512,165	\$ 525,680
Current portion of long-term debt	2,038	5,662
Accrued compensation and benefits	169,370	173,846
Accrued loss reserves	22,016	27,487
Other accrued liabilities	197,647	204,411
Total current liabilities	903,236	937,086
Long-Term Liabilities		
Long-term debt, less current maturities	1,654,037	1,345,965
Other long-term liabilities	752,821	466,659
Deferred income taxes	90,681	50,061
Total long-term liabilities	2,497,539	1,862,685
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 138,828 and outstanding 133,203 as of May 2015; issued 138,039 and outstanding 133,273 as of May 2014	1,332	1,333
Paid-in capital	872,127	790,102
Treasury stock, at cost	(124,928)	(85,400)
Accumulated other comprehensive (loss)	(394,135)	(156,882)
Retained earnings	936,996	833,691
Total RPM International Inc. stockholders' equity	1,291,392	1,382,844
Noncontrolling Interest	2,073	195,750
Total equity	1,293,465	1,578,594
Total Liabilities and Stockholders' Equity	\$ 4,694,240	\$ 4,378,365

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

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

Year Ended May 31,	2015	2014	2013
Net Sales	\$ 4,594,550	\$ 4,376,353	\$ 4,078,655
Cost of Sales	2,653,181	2,500,585	2,375,936
Gross Profit	1,941,369	1,875,768	1,702,719
Selling, General and Administrative Expenses	1,422,944	1,390,128	1,309,235
Loss Contingency	-	-	65,134
Restructuring Expense	-	-	20,072
Interest Expense	87,615	80,951	79,846
Investment (Income), Net	(18,577)	(15,715)	(6,178)
Other (Income) Expense, Net	(3,866)	(4,083)	57,719
Income Before Income Taxes	453,253	424,487	176,891
Provision for Income Taxes	224,925	118,503	67,040
Net Income	228,328	305,984	109,851
Less: Net (Loss) Income Attributable to Noncontrolling Interests	(11,156)	14,324	11,248
Net Income Attributable to RPM International Inc. Stockholders	\$ 239,484	\$ 291,660	\$ 98,603
Average Number of Shares of Common Stock Outstanding:			
Basic	129,933	129,438	128,956
Diluted	134,893	132,288	129,801
Earnings per Share of Common Stock Attributable to RPM International Inc. Stockholders:			
Basic	\$ 1.81	\$ 2.20	\$ 0.75
Diluted	\$ 1.78	\$ 2.18	\$ 0.74
Cash Dividends Declared per Share of Common Stock	\$ 1.020	\$ 0.945	\$ 0.890

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME*(In thousands)*

Year Ended May 31,	2015	2014	2013
Net Income	\$ 228,328	\$ 305,984	\$ 109,851
Other Comprehensive Income, Before Tax:			
Foreign Currency Translation Adjustments	(222,255)	14,272	(7,963)
Pension and Other Postretirement Benefit Liabilities			
Net (Loss) Gain Arising During the Period	(34,949)	(33,040)	27,514
Prior Service Cost Arising During the Period	-	1,087	-
Less: Amortization of Prior Service Cost Included in Net Periodic Pension Cost	86	200	310
Less: Amortization of Net Loss and Settlement Recognition	16,149	16,086	20,412
Effect of Exchange Rates on Amounts Included for Pensions	8,842	140	529
Pension and Other Postretirement Benefit Liability Adjustments	(9,872)	(15,527)	48,765
Unrealized Gains on Available-For-Sale Securities			
Unrealized Holding (Losses) Gains During the Period	(2,025)	7,394	8,599
Less: Reclassification Adjustments for (Gains) Included in Net Income	(6,068)	(1,806)	(2,585)
Unrealized Gain (Loss) on Securities	(8,093)	5,588	6,014
Unrealized (Loss) on Derivatives	(946)	(1,463)	(15)
Other Comprehensive (Loss) Income, Before Tax	(241,166)	2,870	46,801
Income Tax Expense (Benefit) Related to Components of Other Comprehensive Income	8,927	4,976	(19,470)
Other Comprehensive (Loss) Income, After Tax	(232,239)	7,846	27,331
Comprehensive (Loss) Income	(3,911)	313,830	137,182
Less: Comprehensive (Loss) Income Attributable to Noncontrolling Interests	(15,742)	19,799	19,939
Comprehensive Income Attributable to RPM International Inc. Stockholders	\$ 11,831	\$ 294,031	\$ 117,243

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

CONSOLIDATED STATEMENTS OF CASH FLOWS*(In thousands)*

Year Ended May 31,	2015	2014	2013
Cash Flows From Operating Activities:			
Net income	\$ 228,328	\$ 305,984	\$ 109,851
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	62,188	58,543	55,715
Amortization	36,988	31,526	30,621
Reversal of contingent consideration obligations	(29,665)		
Impairment on investment in Kemrock			51,092
Loss contingency			65,134
Asset impairment charge	818		7,416
Other-than-temporary impairments on marketable securities	22	161	14,279
Deferred income taxes	97,502	6,572	(40,991)
Stock-based compensation expense	31,741	23,568	17,145
Other	(1,954)	(1,833)	(2,190)
Changes in assets and liabilities, net of effect from purchases and sales of businesses:			
(Increase) in receivables	(90,230)	(79,080)	(6,853)
(Increase) in inventory	(31,348)	(59,001)	(40,079)
(Increase) decrease in prepaid expenses and other current and long-term assets	(4,590)	(12,586)	2,236
(Decrease) increase in accounts payable	(16,249)	42,216	70,803
(Decrease) increase in accrued compensation and benefits	(1,297)	19,193	(8,399)
(Decrease) in accrued loss reserves	(7,218)	(146)	(1,847)
Increase in other accrued liabilities	57,385	14,855	61,035
(Decrease) in contingent payment		(63,014)	
Other	(1,973)	(8,809)	(16,514)
Cash From Operating Activities	330,448	278,149	368,454
Cash Flows From Investing Activities:			
Capital expenditures	(85,363)	(93,792)	(91,367)
Acquisition of businesses, net of cash acquired	(467,573)	(39,248)	(397,425)
Purchase of marketable securities	(61,511)	(83,536)	(106,301)
Proceeds from sales of marketable securities	40,279	62,896	106,509
Proceeds from sales of assets and businesses	4,079	2,794	128
Other	10,636	1,175	11,052
Cash (Used For) Investing Activities	(559,453)	(149,711)	(477,404)
Cash Flows From Financing Activities:			
Additions to long-term and short-term debt	460,560	208,532	300,902
Reductions of long-term and short-term debt	(162,318)	(215,011)	(49,376)
Cash dividends	(136,179)	(125,743)	(117,647)
Repurchase of stock	(39,528)	(12,906)	(3,014)
Payments of acquisition-related contingent consideration, less fair value adjustments	(22,179)	(5,000)	
Exercise of stock options and awards, including tax benefit	8,560	11,934	7,285
Other	1,277	951	
Cash From (Used For) Financing Activities	110,193	(137,243)	138,150
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(39,345)	(1,881)	(1,614)
Net Change in Cash and Cash Equivalents	(158,157)	(10,686)	27,586
Cash and Cash Equivalents at Beginning of Period	332,868	343,554	315,968
Cash and Cash Equivalents at End of Period	\$ 174,711	\$ 332,868	\$ 343,554
Supplemental Disclosures of Cash Flows Information:			
Cash paid during the year for:			
Interest	\$ 79,371	\$ 81,505	\$ 77,869
Income taxes	\$ 27,486	\$ 103,338	\$ 106,043
Supplemental Schedule of Non-Cash Investing and Financing Activities:			
Debt from business combinations	\$ -	\$ -	\$ 1,377

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)

	Common Stock		Paid-In Capital
	Number of Shares	Par/Stated Value	
Balance at June 1, 2012	131,555	\$ 1,316	\$ 742,895
Net income	-	-	-
Other comprehensive income	-	-	-
Dividends paid	-	-	-
Other noncontrolling interest activity	-	-	(3,809)
Stock option exercises	307	3	7,285
Stock compensation expense, shares granted less shares returned for taxes	734	7	17,134
Balance at May 31, 2013	132,596	1,326	763,505
Net income	-	-	-
Other comprehensive income	-	-	-
Dividends paid	-	-	-
Other noncontrolling interest activity	-	-	(21,876)
Stock option exercises	241	3	11,934
Stock compensation expense, shares granted less shares returned for taxes	436	4	23,561
Equity component convertible bond	-	-	13,470
Deferred financing convertible bond	-	-	(492)
Balance at May 31, 2014	133,273	1,333	790,102
Net income	-	-	-
Other comprehensive income	-	-	-
Dividends paid	-	-	-
Other noncontrolling interest activity	-	-	-
Increase in equity ownership of SPHC	-	-	41,724
Shares repurchased	(595)	(6)	6
Stock option exercises	59	1	8,560
Stock compensation expense, shares granted less shares returned for taxes	466	4	31,735
Balance at May 31, 2015	133,203	\$ 1,332	\$ 872,127

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

Treasury Stock	Accumulated Other Comprehensive Income/(Loss)	Retained Earnings	Total RPM International Inc. Equity	Non-Controlling Interests	Total Equity
\$ (69,480)	\$ (177,893)	\$ 686,818	\$ 1,183,656	\$ 130,327	\$ 1,313,983
-	-	98,603	98,603	11,248	109,851
-	18,640	-	18,640	8,691	27,331
-	-	(117,647)	(117,647)	-	(117,647)
-	-	-	(3,809)	3,809	-
-	-	-	7,288	-	7,288
(3,014)	-	-	14,127	-	14,127
(72,494)	(159,253)	667,774	1,200,858	154,075	1,354,933
-	-	291,660	291,660	14,324	305,984
-	2,371	-	2,371	5,475	7,846
-	-	(125,743)	(125,743)	-	(125,743)
-	-	-	(21,876)	21,876	-
-	-	-	11,937	-	11,937
(12,906)	-	-	10,659	-	10,659
-	-	-	13,470	-	13,470
-	-	-	(492)	-	(492)
(85,400)	(156,882)	833,691	1,382,844	195,750	1,578,594
-	-	239,484	239,484	(11,156)	228,328
-	(227,653)	-	(227,653)	(4,586)	(232,239)
-	-	(136,179)	(136,179)	-	(136,179)
-	-	-	-	(668)	(668)
-	(9,600)	-	32,124	(177,267)	(145,143)
(27,588)	-	-	(27,588)	-	(27,588)
-	-	-	8,561	-	8,561
(11,940)	-	-	19,799	-	19,799
\$ (124,928)	\$ (394,135)	\$ 936,996	\$ 1,291,392	\$ 2,073	\$ 1,293,465

Notes to Consolidated Financial Statements

May 31, 2015, 2014, 2013

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Consolidation, Noncontrolling Interests and Basis of Presentation

Our financial statements include all of our majority-owned subsidiaries, except for certain subsidiaries that were deconsolidated for the period from May 31, 2010 through December 31, 2014 (please refer to Note A[2]). We account for our investments in less-than-majority-owned joint ventures, for which we have the ability to exercise significant influence, 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 comprising 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 prior-year amounts have been reclassified to conform with current-year presentation.

Noncontrolling interests are presented in our Consolidated Financial Statements as if parent company investors (controlling interests) and other minority investors (noncontrolling interests) in partially owned subsidiaries have similar economic interests in a single entity. As a result, investments in noncontrolling interests are reported as equity in our Consolidated Financial Statements. Additionally, our Consolidated Financial Statements include 100% of a controlled subsidiary's earnings, rather than only our share. Transactions between the parent company and noncontrolling interests are reported in equity as transactions between stockholders, provided that these transactions do not create a change in control.

2) Specialty Products Holding Corp. ("SPHC")

Deconsolidation

Prior to May 31, 2010, Bondex International, Inc. ("Bondex") and its parent, SPHC, were defendants in various asbestos-related bodily injury lawsuits filed in various state courts. These cases generally sought unspecified damages for asbestos-related diseases based on alleged exposures to asbestos-containing products. On May 31, 2010, Bondex and SPHC, filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") to reorganize under chapter 11 of the Bankruptcy Code. SPHC and Bondex took this action in an effort to permanently and comprehensively resolve all pending and future asbestos-related liability claims associated with Bondex and SPHC.

SPHC is our wholly owned subsidiary. In accordance with ASC 810, when a subsidiary becomes subject to the control of a government, court, administrator, or regulator, deconsolidation of that subsidiary is generally required. We therefore deconsolidated SPHC and its subsidiaries from our balance sheet as of May 31, 2010, and eliminated the results of SPHC's operations from our results of operations beginning on that date. As a result of the chapter 11 reorganization proceedings, we accounted for our investment in SPHC under the cost method.

We analyzed our net investment in SPHC as of May 31, 2010, which included a review of our advances to SPHC, an assessment of the collectibility of our net receivables due from SPHC, and a computation of the gain to be recorded upon deconsolidation based on the carrying amount of our investment in SPHC. In accordance with GAAP, the gain on

deconsolidation related to the carrying amount of net assets of SPHC at May 31, 2010, was calculated in accordance with ASC 810-10-40-5, as follows:

- a) the aggregate of (1) the fair value of consideration received, (2) the fair value of any retained noncontrolling investment in the former subsidiary at the date the subsidiary is deconsolidated, and (3) the carrying amount of any noncontrolling interest in the former subsidiary; less
- b) the carrying amount of the former subsidiary's assets and liabilities.

In determining the carrying value of any retained noncontrolling investment in SPHC at the date of deconsolidation, we considered several factors, including analyses of cash flows combined with various assumptions relating to the future performance of this entity and a discounted value of SPHC's recorded asbestos-related contingent obligations based on information available to us as of the date of deconsolidation. The discounted cash flow approach relies primarily on Level 3 unobservable inputs, whereby expected future cash flows are discounted using a rate that includes assumptions regarding an entity's average cost of debt and equity, incorporates expected future cash flows based on internal business plans, and applies certain assumptions about risk and uncertainties due to the bankruptcy filing. Our estimates were based upon assumptions we believed to be reasonable, but which by nature were uncertain and unpredictable. As a result of this analysis, we determined that the carrying value of our retained interest in SPHC approximated zero. Given the significant uncertainty related to the ultimate asbestos obligations, the carrying value remained at zero throughout the bankruptcy process including and up to the date just prior to the reconsolidation of SPHC.

As a result of the combined analyses of each of the components of our net investment in SPHC, we recorded a net loss of approximately \$7.9 million, which was reflected in other expense, net, during the fourth fiscal quarter of the year ended May 31, 2010.

Reorganization Proceedings of Certain Subsidiaries

As discussed above, on May 31, 2010, Bondex and SPHC, filed voluntary petitions in the Bankruptcy Court to reorganize under chapter 11 of the Bankruptcy Code. Similarly, Republic Powdered Metals, Inc. ("Republic") and NMBFiL, Inc. ("NMBFiL"), both of which are indirect wholly owned subsidiaries of RPM International Inc. ("RPM"), filed to reorganize under chapter 11 of the Bankruptcy Code in August 2014 to resolve all their pending and future asbestos-related liability claims. Both Republic and NMBFiL remained consolidated subsidiaries of RPM, considering the short-term nature of the bankruptcy and that RPM maintained control of them from a participating rights perspective.

On July 26, 2014, RPM, Bondex, SPHC, Republic and NMBFiL entered into settlement term sheets (the "Term Sheets") with the representatives of current and future asbestos claimants (the "asbestos claimants") setting forth the parties' agreement in principal to resolve all present and future asbestos personal injury claims related to Bondex, SPHC, Republic and NMBFiL. The Term Sheets contemplated the filing of a plan or plans of reorganization with the Bankruptcy Court (the "Bankruptcy Plan"), which filing occurred on September 26, 2014. The Bankruptcy Plan was subject to approval of the asbestos claimants as well as the Bankruptcy Court and the U.S. District Court in Delaware.

The Bankruptcy Plan was confirmed on December 10, 2014 and, effective as of December 23, 2014 (the "Effective Date"), Bondex, SPHC, Republic and NMBFiL emerged from bankruptcy. In accordance with the Bankruptcy Plan, trusts were established under Section 524(g) of the United States Bankruptcy Code (together, the "Trust") and funded with first installments. Pursuant to the Bankruptcy Plan, the Trust assumed all liability and responsibility for current and future asbestos personal injury claims of Bondex, SPHC, Republic and NMBFiL, and such entities will have no further liability or responsibility for, and will (along with affiliates) be permanently protected from, such asbestos claims.

The Trust was funded with \$450 million in cash and a promissory note, bearing no interest and maturing on or before the fourth anniversary of the Effective Date (the "Bankruptcy Note"). The net present value of the Bankruptcy Note, or \$328.0 million, is classified as other long-term liabilities in our Consolidated Financial Statements at May 31, 2015. Borrowings under our \$800.0 million revolving credit facility were used to fund the initial payment of \$450 million, which is classified as long-term debt in our Consolidated Balance Sheets. A portion of the payments due under the Bankruptcy Note is secured by a right to the equity of Bondex and the other chapter 11 debtor entities. The Bankruptcy Plan, and Bankruptcy Note, provide for the following additional contributions to the Trust:

- On or before the second anniversary of the Effective Date, an additional \$102.5 million in cash, RPM stock or a combination thereof (at our discretion in this and all subsequent cases) will be deposited into the Trust;
- On or before the third anniversary of the Effective Date, an additional \$120 million in cash, RPM stock or a combination thereof will be deposited into the Trust; and
- On or before the fourth anniversary of the Effective Date, a final payment of \$125 million in cash, RPM stock or a combination thereof will be deposited into the Trust.

Total current and future contributions to the Trust are deductible for U.S. income tax purposes.

Effective with the filing of the Notice of Entry of Order confirming the Bankruptcy Plan, which required the funding of the Trust, we regained control of SPHC and its subsidiaries, and accordingly, we have accounted for the event as a business combination. The funding of the Trust represents the total consideration transferred in the transaction, or \$772.6 million. The opening balance sheets are based upon closing balances as of December 31, 2014 and results of operations have been included in our consolidated financial statements beginning on January 1, 2015 (the "Accounting Effective Date") forward, as we concluded that the activity occurring between the date control was obtained (December 23, 2014) and the Accounting Effective Date was not significant.

The fair values of SPHC and its subsidiaries have been determined as of January 1, 2015. Additionally, the fair value of RPM Holdco, of which SPHC owns 21.39% of the outstanding common stock, has been determined in order to account for our increase in ownership of the noncontrolling interest as an equity transaction. The total consideration has been allocated on a relative fair value basis between the noncontrolling interest in RPM Holdco, or approximately \$208.4 million, and the net assets of SPHC, or approximately \$564.2 million. The difference between the fair value of the noncontrolling interest in RPM Holdco and the carrying value of the noncontrolling interest was recorded as an equity transaction. The portion of the transaction accounted for as a business combination

resulted in preliminary goodwill of \$118.7 million and intangible assets of \$176.0 million. The acquired intangible assets totaling \$176.0 million comprises the following: \$118.7 million of customer and distributor relationships, \$2.0 million of definite-lived tradenames, \$52.7 million of indefinite-lived tradenames and \$2.6 million of formulas. Income tax assets of \$271.7 million were recorded in connection with the deductibility of current and future contributions to the Trust. Additionally, deferred tax liabilities of \$72.3 million were recorded for the excess of the fair value book basis of certain assets over the corresponding tax basis. The fair values of net tangible assets, intangible assets and the noncontrolling interest were based upon valuations, which required our significant use of estimates and assumptions. While the valuations of consideration transferred and total assets acquired and liabilities assumed are substantially complete, measurement period adjustments may be recorded in the future as we finalize certain fair value estimates. The primary areas that remain preliminary relate to the fair values of deferred income taxes. Pro forma financial information for the reconsolidation has not been included because this business combination, individually or aggregated with our other fiscal 2015 acquisitions, did not have a material impact on our financial position or results of operations as of and for the year ended May 31, 2015.

3) Use of Estimates

The preparation of financial statements in conformity with GAAP 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. Management has evaluated subsequent events through the date the Consolidated Financial Statements were filed with the Securities and Exchange Commission ("SEC").

4) Acquisitions/Divestitures

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

As described in Note A(2) above, effective January 1, 2015, we regained control of SPHC and its subsidiaries, and accordingly, we have accounted for a portion of the transaction as a business combination, while the other portion of the transaction relating to our increase in ownership of RPM Holdco has been accounted for as an equity transaction. The fair values of SPHC and its subsidiaries that were determined as of January 1, 2015, are described in more complete detail in Note A(2).

In addition to the reconsolidation of SPHC, during the fiscal year ended May 31, 2015, we completed six acquisitions. Four of the current-year acquisitions report through our industrial reportable segment, which included the following: a waterproofing products manufacturer in Brazil; a manufacturer of powder construction products based in Phoenix, Arizona; a manufacturer of firestopping products for the construction industry based in London, UK; and a manufacturer of high performance wood finishes based in Manchester, UK. The other two acquisitions report through our consumer reportable segment, including the following: a producer of specialty cleaners based in Cumming, Georgia and a producer of aerosol paints based in Johannesburg, South Africa.

During the fiscal year ended May 31, 2014, we completed four acquisitions. Two of the current-year acquisitions report through our consumer reportable segment, which included the following: a producer of specialty primers based in Westlake, Ohio; and a producer and marketer of premium concrete and wood deck floor coatings based in St. Paul, Minnesota. The other two product line acquisitions report through our industrial reportable segment and included the following: a Nova Scotia limited company that patented structural fibers used to replace steel fibers, welded wire mesh and conventional reinforcing

bars in a wide variety of applications; and a producer of terrazzo tile, cork and rubber/cork floor tiles headquartered in Exton, Pennsylvania.

The purchase price for each acquisition has been allocated to the estimated fair values of the assets acquired and liabilities assumed as of the date of acquisition. Final determinations of the purchase price allocation for these acquisitions have been completed, and are aggregated by year of purchase in the following table:

<i>(In thousands)</i>	Fiscal 2015 Acquisitions		Fiscal 2014 Acquisitions	
	Weighted-Average Intangible Asset Amortization Life (In Years)	Total	Weighted-Average Intangible Asset Amortization Life (In Years)	Total
Current assets		\$ 27,533		\$ 10,874
Property, plant and equipment		11,506		4,234
Goodwill	N/A	27,833	N/A	21,296
Tradenames - indefinite lives	N/A	7,209	N/A	2,000
Other intangible assets	14	26,781	14	19,462
Other long-term assets		202		-
Total Assets Acquired		\$ 101,064		\$ 57,866
Liabilities assumed		(28,363)		(18,361)
Net Assets Acquired		\$ 72,701⁽¹⁾		\$ 39,505⁽²⁾

(1) Figure includes cash acquired of \$2.8 million.

(2) Figure includes cash acquired of \$0.3 million.

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, 2015 and May 31, 2014 were not materially different from reported results and, consequently, are not presented.

5) Foreign Currency

The functional currency for each of our foreign subsidiaries is its principal operating 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 were immaterial during the fiscal year ended May 31, 2013, but increased during fiscal 2015 and 2014 due to the strengthening of the U.S. dollar, resulting in net transactional foreign exchange losses for fiscal 2015 and 2014 of approximately \$22.3 million and \$17.7 million.

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) Property, Plant & Equipment

May 31,	2015	2014
<i>(In thousands)</i>		
Land	\$ 58,555	\$ 50,245
Buildings and leasehold improvements	349,682	328,269
Machinery and equipment	850,067	813,162
Total property, plant and equipment, at cost	1,258,304	1,191,676
Less: allowance for depreciation and amortization	668,658	658,871
Property, plant and equipment, net	\$ 589,646	\$ 532,805

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.

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

Land improvements	3 to 40 years
Buildings and improvements	3 to 50 years
Machinery and equipment	1 to 30 years

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

8) 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.

9) 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, 2015, 2014 and 2013, shipping costs were \$142.9 million, \$133.0 million and \$125.6 million, respectively.

10) 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 and past experience, but are primarily made up of 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. For the periods ended May 31, 2015, 2014 and 2013, bad debt expense approximated \$4.9 million, \$7.6 million and \$18.8 million, respectively. Included in bad debt expense during fiscal 2013 is \$9.0 million recognized for amounts written off in relation to our loan to Kemrock.

11) 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. Inventories were composed of the following major classes:

May 31,	2015	2014
<i>(In thousands)</i>		
Raw material and supplies	\$ 235,649	\$ 213,981
Finished goods	438,556	399,663
Total Inventory	\$ 674,205	\$ 613,644

12) Goodwill and Other Intangible Assets

We account for goodwill and other intangible assets in accordance with the provisions of ASC 350 and account for business combinations using the acquisition 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 performed the required annual goodwill impairment assessments as of the first day of our fourth fiscal quarter at the reporting unit level. Our reporting units have been identified at the component level, which is the operating segment level or one level below. First, we assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The traditional two-step quantitative process is required only if we conclude that it is more likely than not that a reporting unit's fair value is less than its carrying amount. However, we have an unconditional option to bypass a qualitative assessment and proceed directly to performing the traditional two-step quantitative analysis. We applied both the qualitative and traditional two-step quantitative processes during our annual goodwill impairment assessment performed during the fourth quarters of fiscal 2015, 2014 and 2013.

The traditional two-step quantitative goodwill impairment assessment involves estimating the fair value of a 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 is 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. As a result of the assessments performed for fiscal 2015, 2014 and 2013, there were no impairments, including no reporting units that were at risk of failing step one of the traditional two-step quantitative analysis.

Additionally, we test all indefinite-lived intangible assets for impairment annually. We perform the required annual impairment assessments as of the first day of our fourth fiscal quarter. During fiscal 2013, we adopted new FASB guidance that simplifies how an entity tests indefinite-lived intangible assets for impairment. It provides an option to first assess qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. We applied both qualitative and quantitative processes during our annual indefinite-lived intangible asset impairment assessments performed during the fourth quarters of fiscal 2015, 2014 and 2013.

The annual impairment assessment involves estimating the fair value of each indefinite-lived asset and comparing it with its carrying amount. If the carrying amount of the intangible asset exceeds its fair value, we record an impairment loss equal to the difference. Calculating the fair value of the indefinite-lived assets requires our significant use of estimates and assumptions.

We estimate the fair values of our intangible assets by applying a relief-from-royalty calculation, which includes discounted future cash flows related to each of our intangible asset's projected revenues. In applying this methodology, we rely on a number of factors, including actual and forecasted revenues and market data. As a result of the assessments performed for fiscal 2015, 2014 and 2013, there were no impairments.

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.

13) Advertising Costs

Advertising costs are charged to operations when incurred and are included in SG&A expenses. For the years ended May 31, 2015, 2014 and 2013, advertising costs were \$40.8 million, \$49.6 million and \$43.2 million, respectively.

14) 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, 2015, 2014 and 2013 were \$56.7 million, \$54.6 million and \$49.3 million, respectively.

15) 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. Refer to Note I, "Stock-Based Compensation," for further information.

16) Investment (Income), Net

Investment (income), net, consists of the following components:

Year Ended May 31,	2015	2014	2013
<i>(In thousands)</i>			
Interest (income)	\$ (8,304)	\$ (6,327)	\$ (6,814)
(Gain) on sale of marketable securities	(8,692)	(7,353)	(11,664)
Other-than-temporary impairment on securities	22	161	14,279
Dividend (income)	(1,603)	(2,196)	(1,979)
Investment (income), net	\$ (18,577)	\$ (15,715)	\$ (6,178)

17) Other (Income) Expense, Net

Other (income) expense, net, consists of the following components:

Year Ended May 31,	2015	2014	2013
<i>(In thousands)</i>			
Royalty (income), net	\$ (1,843)	\$ (1,195)	\$ (2,069)
Loss on Brazil operational repositioning	-	-	6,087
Loss on Kemrock conversion option	-	-	9,030
(Income) loss related to unconsolidated equity affiliates	(2,023)	(2,888)	44,671
Other (income) expense, net	\$ (3,866)	\$ (4,083)	\$ 57,719

Equity in Income of Unconsolidated Affiliates

Beginning with our fiscal year ended May 31, 2007, we began purchasing shares of Kemrock Industries and Exports Limited ("Kemrock") common stock. During our fiscal years ended May 31, 2011 and 2012, we had purchased additional shares of Kemrock common stock, and during fiscal 2012 our ownership had increased to 23% of Kemrock's outstanding shares. Also during fiscal 2012, we entered into a GDR Purchase Agreement with Kemrock, whereby we purchased from Kemrock 693,072 GDRs of Kemrock for an aggregate purchase price of approximately \$7.2 million. Lastly, during fiscal 2012, we invested \$22.7 million in 5.5% convertible bonds issued by Kemrock. The bonds are convertible into ordinary shares or GDRs, each representing one ordinary share of Kemrock stock, and may be converted at any time on or after June 4, 2012 and up to the close of business on June 12, 2017.

Due to the presumption under GAAP that an entity with an ownership percentage greater than 20% has significant influence, and no other factors would refute that presumption, beginning in fiscal 2012 we began accounting for this investment under the equity method. Adjustments are made to our investment in order to recognize our share of Kemrock's earnings as they occur, rather than as dividends or other distributions are received. Any changes in our proportionate share of the underlying equity of Kemrock, which could result from their issuance of additional equity securities, are recognized as increases or decreases in shareholders' equity, net of any related tax effects.

We account for our equity method investment in Kemrock under ASC 323, "Investments – Equity Method and Joint Ventures." As outlined in ASC 323-10-35-32, a decline in the quoted market price below the carrying amount, when combined with other evidence of a loss in value, may be indicative of a loss in value that is other than temporary. In consideration of all available evidence to evaluate the realizable value of our equity investment, including a decline in the market price of shares of Kemrock stock, the financial condition and near term prospects of Kemrock, and the overall economic situation in India, we determined that it was appropriate to record an impairment loss during fiscal 2013 of approximately \$55.9 million on our equity method investment, which is classified in other (income) expense, net in our Consolidated Statements of Income. We also recorded a loss of approximately \$13.7 million for the write-down of our investment in Kemrock convertible bonds, which is classified in investment (income) expense, net, in our Consolidated Statements of Income.

Our investment in Kemrock had no carrying value at May 31, 2015 or 2014.

Loss on Repositioning of Operations in Brazil

During fiscal 2013, we completed a definitive plan to substantially liquidate our StonCor Brazil subsidiary, a small flooring business in Brazil with sales, income and assets that amounted to significantly less than 1% of our consolidated sales, income and assets in any given year, in order to leverage the substantial sales force, manufacturing facilities, broad distribution network and entrepreneurial management team of our Viapol subsidiary, which was acquired in June 2012. The acquisition of Viapol has given us the critical mass needed to sell construction products in Brazil, including RPM's existing flooring brands such as Stonhard and Flowcrete. Viapol has the local manufacturing capabilities and technically skilled salespeople required to sell epoxy and polyurethane flooring in Brazil where we previously lacked a significant presence.

As a result of our repositioning of certain of our industrial segment operations in Brazil, we incurred a loss of approximately \$6.1 million during our fiscal year ended May 31, 2013. Included in the loss was the impact of an adjustment for accumulated foreign currency translation. This non-cash charge was previously recorded as an unrealized foreign exchange loss in our currency translation account as a component of other comprehensive income.

18) 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.

During the third quarter of our fiscal year ended May 31, 2015, we reviewed our permanent investment assertion under ASC 740-30 regarding a portion of our undistributed foreign earnings, which were previously considered to be indefinitely reinvested outside the U.S. More specifically, during the quarter, we concluded that it is possible that \$347.5 million of unremitted foreign earnings could be repatriated to the U.S. in the foreseeable future to fund the aforementioned payments due under the Bankruptcy Note. Consistent with ASC 740-30, a provision for deferred income taxes of \$106.2 million was recorded, which represents our estimate of the tax cost, net of related foreign tax credits, associated with remitting these earnings back to the U.S.

As of May 31, 2015, it is possible that we could repatriate a total of approximately \$419.1 million of undistributed foreign earnings in the foreseeable future. This is comprised of the above noted \$347.5 million, \$39.2 million of remaining earnings that have been disclosed as previously subject to tax in the U.S., and \$32.4 million of the SPHC Group's undistributed foreign earnings, which were not considered to be permanently reinvested. A total deferred tax liability of \$108.5 million was recorded, which represents our estimate of the U.S. and foreign withholding tax associated with these unremitted earnings. We have not provided for U.S. income and foreign withholding taxes on the remaining foreign subsidiaries' undistributed earnings of approximately \$864.0 million because such earnings have been retained and reinvested by the subsidiaries as of May 31, 2015. Accordingly, no provision has been made for U.S. income taxes or foreign withholding taxes, which may become payable if the remaining 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.

19) Earnings Per Share of Common Stock

Earnings per share (EPS) is computed using the two-class method. The two-class method determines EPS for each class of common stock and participating securities according to dividends and dividend equivalents and their respective participation rights in undistributed earnings. Our unvested share-based payment awards that contain rights to receive non-forfeitable dividends are considered participating securities. Basic EPS of common stock is computed by dividing net income by the weighted-average number of shares of common stock outstanding for the period. Diluted EPS of common stock is computed on the basis of the weighted-average number of shares of common stock, plus the effect of dilutive potential

shares of common stock outstanding during the period using the treasury stock method. Dilutive potential shares of common stock include outstanding stock options, stock awards and convertible notes. See Note K, "Earnings Per Share of Common Stock," for additional information.

20) Other Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers," which establishes a comprehensive revenue recognition standard for virtually all industries in U.S. GAAP. The new standard will apply for annual periods beginning after December 15, 2017, including interim periods therein. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. We have not yet determined the effects, if any, adoption of this update may have on our Consolidated Financial Statements.

In April 2015, the FASB issued ASU 2015-03 "Interest-Imputation of Interest," which changes the presentation of debt issuance costs in financial statements and specifies that debt issuance costs related to a note shall be reported in the balance sheet as a direct deduction from the face amount of the note. The guidance does not change the current requirements surrounding the recognition and measurement of debt issuance costs, and the amortization of debt issuance costs will continue to be reported as interest expense. The guidance is effective for years and interim periods within those fiscal years beginning after December 15, 2015. Early adoption is allowed for all entities and the new guidance shall be applied to all prior periods retrospectively. We do not expect the adoption of this guidance to have a significant impact on our consolidated financial position and results of operations, although it will change the financial statement classification of the deferred debt cost. As of May 31, 2015, we had \$3.0 million and \$11.5 million of current and long-term net deferred debt costs, respectively. As of May 31, 2014, we had \$2.8 million and \$9.9 million of current and long-term net deferred debt costs, respectively. Current and long-term deferred debt costs are included in our consolidated balance sheets and are reflected in prepaid expenses and other current assets, and other long-term assets, respectively. Under the new guidance, the net deferred debt costs would offset the carrying amount of the respective debt on the Consolidated Balance Sheets.

21) Subsequent Event

Business Segment Information

RPM reports the results of its operations through two reportable segments: the industrial reportable segment and the consumer reportable segment. Effective July 21, 2015, our Board approved the realignment of certain businesses and management structure to recognize how we allocate resources and analyze the operating performance of our operating segments. This realignment did not change our reportable segments at May 31, 2015. Rather, our periodic filings beginning with our first quarter ending August 31, 2015 will include historical segment results reclassified to reflect the effect of this realignment.

NOTE B — RESTRUCTURING

We record restructuring charges associated with management-approved restructuring plans to either reorganize one or more of our business segments, or to remove duplicative headcount and infrastructure associated with our businesses. Restructuring charges can include severance costs to eliminate a specified number of employees, infrastructure charges to vacate facilities and consolidate operations, and contract cancellation costs. Restructuring charges are recorded based upon planned employee termination dates and site closure and consolidation

plans. The timing of associated cash payments is dependent upon the type of restructuring charge and can extend over a multi-year period. We record the short-term portion of our restructuring liability in other accrued liabilities and the long-term portion, if any, in other long-term liabilities in our Consolidated Balance Sheets.

Fiscal 2013 Plans

In May 2013, we approved a restructuring plan for one of our consumer operating segments designed to eliminate duplicative processes and overhead and to exit certain processes and product lines. This restructuring plan allowed management to refocus its attention on faster growing brands within the consumer operating segment. In connection with this plan, we recorded aggregate charges of approximately \$15.6 million during the year ended May 31, 2013, of which approximately \$8.2 million related to the elimination of 133 positions and approximately \$7.4 million resulted from the shutdown of two manufacturing facilities. The facilities have been closed and are awaiting sale. Related severance payments were paid in full prior to the end of fiscal 2015. In addition, there were approximately \$3.9 million of inventory markdowns, which were reflected in Cost of Sales in our Consolidated Statements of Income during the year ended May 31, 2013.

Additionally, one of our industrial operating businesses adopted a restructuring plan designed to simplify business processes, accelerate innovation and deliver better results for customers, employees and stockholders. This plan eliminated approximately 34 positions. Severance payments were paid out

in full prior to the end fiscal 2015. In connection with the plan, we recorded aggregate charges of approximately \$4.5 million during the year ended May 31, 2013, all of which related to workforce reductions.

NOTE C — GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill, by reportable segment, for the years ended May 31, 2015 and 2014, are as follows:

<i>(In thousands)</i>	Industrial Segment	Consumer Segment	Total
Balance as of June 1, 2013	\$ 564,818	\$ 549,013	\$ 1,113,831
Acquisitions	3,147	18,149	21,296
Translation adjustments	4,193	8,054	12,247
Balance as of May 31, 2014	572,158	575,216	1,147,374
Acquisitions	17,043	10,790	27,833
SPHC reconsolidation	118,713		118,713
Translation adjustments	(65,279)	(12,953)	(78,232)
Balance as of May 31, 2015	\$ 642,635	\$ 573,053	\$ 1,215,688

Total accumulated impairment losses were \$14.9 million at May 31, 2015 and 2014, which was recorded during the fiscal year ended May 31, 2009 by our industrial reportable segment.

Other intangible assets consist of the following major classes:

<i>(In thousands)</i>	Amortization Period (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Other Intangible Assets
As of May 31, 2015				
Amortized intangible assets				
Formulae	3 to 33	\$ 229,721	\$ 131,031	\$ 98,690
Customer-related intangibles	3 to 33	324,867	91,104	233,763
Trademarks/names	3 to 40	33,985	14,550	19,435
Other	2 to 40	46,789	25,817	20,972
Total Amortized Intangibles		635,362	262,502	372,860
Indefinite-lived intangible assets				
Trademarks/names		231,270		231,270
Total Other Intangible Assets		\$ 866,632	\$ 262,502	\$ 604,130
As of May 31, 2014				
Amortized intangible assets				
Formulae	3 to 33	\$ 226,200	\$ 124,413	\$ 101,787
Customer-related intangibles	3 to 33	201,968	80,667	121,301
Trademarks/names	3 to 40	33,219	15,435	17,784
Other	2 to 40	57,476	30,329	27,147
Total Amortized Intangibles		518,863	250,844	268,019
Indefinite-lived intangible assets				
Trademarks/names		191,517		191,517
Total Other Intangible Assets		\$ 710,380	\$ 250,844	\$ 459,536

The aggregate intangible asset amortization expense for the fiscal years ended May 31, 2015, 2014 and 2013 was \$32.9 million, \$28.2 million and \$27.7 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: 2016 — \$39.3 million, 2017 — \$38.9 million, 2018 — \$37.9 million, 2019 — \$37.4 million and 2020 — \$35.4 million.

NOTE D — MARKETABLE SECURITIES

The following tables summarize marketable securities held at May 31, 2015 and May 31, 2014 by asset type:

<i>(In thousands)</i>	Available-For-Sale Securities			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (Net Carrying Amount)
May 31, 2015				
Equity securities:				
Stocks - foreign	\$ 3,722	\$ 339	\$ (85)	\$ 3,976
Stocks - domestic	34,368	5,649	(559)	39,458
Mutual funds - foreign	32,657	2,114	(230)	34,541
Mutual funds - domestic	56,442	228	(2,779)	53,891
Total equity securities	127,189	8,330	(3,653)	131,866
Fixed maturity:				
U.S. treasury and other government	21,340	171	(162)	21,349
Corporate bonds	1,218	171	-	1,389
Foreign bonds	36	2	-	38
Mortgage-backed securities	81	47	-	128
Total fixed maturity securities	22,675	391	(162)	22,904
Total	\$ 149,864	\$ 8,721	\$ (3,815)	\$ 154,770
May 31, 2014				
Equity securities:				
Stocks - foreign	\$ 984	\$ 669	\$ (20)	\$ 1,633
Stocks - domestic	31,071	8,965	(132)	39,904
Mutual funds - foreign	30,541	2,799	-	33,340
Mutual funds - domestic	44,242	1,790	(1,109)	44,923
Total equity securities	106,838	14,223	(1,261)	119,800
Fixed maturity:				
U.S. treasury and other government	21,156	152	(164)	21,144
Corporate bonds	1,544	212	-	1,756
Foreign bonds	37	3	-	40
Mortgage-backed securities	85	55	-	140
Total fixed maturity securities	22,822	422	(164)	23,080
Total	\$ 129,660	\$ 14,645	\$ (1,425)	\$ 142,880

Marketable securities, included in other current and long-term assets totaling \$69.3 million and \$85.5 million at May 31, 2015, respectively, and included in other current and long-term assets totaling \$71.9 million and \$71.0 million at May 31, 2014, respectively, are composed of available-for-sale securities and are reported at fair value. We carry a portion of our marketable securities portfolio in long-term assets since they are generally held for the settlement of our general and product liability insurance claims processed through our wholly owned captive insurance subsidiaries.

Marketable securities 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 other-than-temporary declines in market value have 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 realized on sales of investments were \$8.8 million and \$7.5 million for the years ended May 31, 2015 and 2014, respectively. During fiscal 2015 and 2014, we recognized gross realized losses on sales of investments of \$0.1 million. We recognized losses of approximately \$0.2 million for securities deemed to have other-than-temporary impairments during fiscal 2014. During fiscal 2015, such losses were insignificant. These amounts are included in investment (income), net in the Consolidated Statements of Income.

Summarized below are the securities we held at May 31, 2015 and 2014 that were in an unrealized loss position and that were included in accumulated other comprehensive income, aggregated by the length of time the investments had been in that position:

	May 31, 2015		May 31, 2014	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
<i>(In thousands)</i>				
Total investments with unrealized losses	\$ 58,978	\$ (3,815)	\$ 35,465	\$ (1,425)
Unrealized losses with a loss position for less than 12 months	32,693	(1,441)	16,611	(845)
Unrealized losses with a loss position for more than 12 months	26,285	(2,374)	18,854	(580)

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 other-than-temporary impairment losses on these investments. The unrealized losses generally relate to investments whose fair values at May 31, 2015 were less than 15% below their original cost. From time to time, we may experience significant volatility in general economic and market conditions. If we were to experience unrealized losses that were to continue for longer periods of time, or arise to more significant levels of unrealized losses within our portfolio of investments in marketable securities in the future, 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 values of debt securities at May 31, 2015, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

<i>(In thousands)</i>	Amortized Cost	Fair Value
Due:		
Less than one year	\$ 2,835	\$ 2,858
One year through five years	16,416	16,395
Six years through ten years	2,192	2,227
After ten years	1,232	1,424
	\$ 22,675	\$ 22,904

NOTE E — FAIR VALUE MEASUREMENTS

Financial instruments recorded on the balance sheet include cash and cash equivalents, trade accounts receivable, marketable securities, notes and accounts payable, and debt.

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

<i>(In thousands)</i>	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, 2015
U.S. Treasury and other government	\$ -	\$ 21,349	\$ -	\$ 21,349
Foreign bonds		38		38
Mortgage-backed securities		128		128
Corporate bonds		1,389		1,389
Stocks - foreign	3,976			3,976
Stocks - domestic	39,458			39,458
Mutual funds - foreign		34,541		34,541
Mutual funds - domestic		53,891		53,891
Foreign currency forward contract		(6,369)		(6,369)
Contingent consideration			(27,598)	(27,598)
Total	\$ 43,434	\$ 104,967	\$ (27,598)	\$ 120,803

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 and past experience, but are primarily made up of 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 our Consolidated 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 cash flow hedges are recognized in other comprehensive income (loss), along with the change in the value of the hedged item. We do not hold or issue derivative instruments for speculative purposes.

The valuation techniques utilized for establishing the fair values of assets and liabilities 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.

<i>(In thousands)</i>	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, 2014
U.S. Treasury and other government	\$ -	\$ 21,144	\$ -	\$ 21,144
Foreign bonds		40		40
Mortgage-backed securities		140		140
Corporate bonds		1,756		1,756
Stocks - foreign	1,633			1,633
Stocks - domestic	39,904			39,904
Mutual funds - foreign		33,340		33,340
Mutual funds - domestic		44,923		44,923
Foreign currency forward contract		2,582		2,582
Cross-currency swap		(19,550)		(19,550)
Contingent consideration			(81,296)	(81,296)
Total	\$ 41,537	\$ 84,375	\$ (81,296)	\$ 44,616

Our marketable securities are primarily composed of available-for-sale securities, and are valued using a market approach. 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.

We entered into a cross-currency swap, which was originally designed to fix our interest and principal payments in euros for the life of our unsecured 6.70% senior notes due November 1, 2015, and 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 U.S. dollar (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, we essentially exchanged fixed payments denominated in USD for fixed payments denominated in euros, paying fixed euros at 5.31% and receiving fixed USD at 6.70%. The rates included in this swap were based upon observable market data, but were not quoted market prices, and therefore, the cross-currency swap was considered a Level 2 liability on the fair value hierarchy. The payments were based on the notional principal amounts of \$150 million and approximately 125 million euros. Pursuant to our issuance of the Redemption Notice to the holders thereof on April 28, 2015, the 6.70% Senior Notes issued by RPM United Kingdom G.P., which were due to mature on November 1, 2015, were redeemed on May 29, 2015. There was an exchange of the notional amounts at the time of redemption, which resulted in net proceeds of \$14.6 million. The net proceeds are classified in Cash From Operating Activities in our Consolidated Statements of Cash Flows.

At May 31, 2015, we had a foreign currency forward contract with a fair value of approximately \$6.4 million, which is classified in other accrued liabilities in our Consolidated Balance Sheets. At May 31, 2014, we had a foreign currency forward contract with a fair value of approximately \$2.6 million, which is classified in other current assets in our Consolidated Balance Sheets. Our foreign currency forward contract, which has not been designated as a hedge, was designed to reduce our exposure to the changes in the cash flows of intercompany foreign-currency-denominated loans related to changes in foreign currency exchange rates by fixing the functional currency cash flows. The foreign exchange rates included in the forward contract are based upon observable market data, but are not quoted market prices, and therefore, the forward currency forward contract is considered a Level 2 liability on the fair value hierarchy.

The contingent consideration represents the estimated fair value of the additional variable cash consideration payable in connection with recent acquisitions that is contingent upon the achievement of certain performance milestones. We estimated the fair value using expected future cash flows over the period in which the obligation is expected to be settled, and applied a discount rate that appropriately captures a market participant's view of the risk associated with the obligation, which are considered to be Level 3 inputs. During fiscal 2015, we reversed approximately \$29.7 million for contingent earnout targets that were not met, or are not expected to be met, and we paid approximately \$24.8 million for settlements of contingent consideration obligations relating to certain performance milestones that were established in prior periods and achieved during the current period. Also during fiscal 2015, we added approximately \$0.8 million to the accrual for contingent earnouts, which related to an acquisition completed by the SPHC Group prior to reconsolidation. The reversals are reflected in SG&A in our Consolidated Statements of Income.

The carrying value of our current financial instruments, which include cash and cash equivalents, marketable securities, trade accounts receivable, accounts payable and short-term debt approximates fair value because of the short-term maturity of these financial instruments. At May 31, 2015 and May 31, 2014, the fair value of our long-term debt was estimated using active market quotes, based on our current incremental borrowing rates for similar types of borrowing arrangements, which are considered to be Level 2 inputs. Based on the analysis performed, the fair value and the carrying value of our financial instruments and long-term debt as of May 31, 2015 and May 31, 2014 are as follows:

<i>(In thousands)</i>	At May 31, 2015	
	Carrying Value	Fair Value
Cash and cash equivalents	\$ 174,711	\$ 174,711
Marketable equity securities	131,866	131,866
Marketable debt securities	22,904	22,904
Long-term debt, including current portion	1,656,075	1,783,962
	At May 31, 2014	
<i>(In thousands)</i>	Carrying Value	Fair Value
Cash and cash equivalents	\$ 332,868	\$ 332,868
Marketable equity securities	119,800	119,800
Marketable debt securities	23,080	23,080
Long-term debt, including current portion	1,351,627	1,516,062

NOTE F — BORROWINGS

A description of long-term debt follows:

May 31,	2015	2014
<i>(In thousands)</i>		
Revolving credit facility with a syndicate of banks, through December 5, 2019 ⁽¹⁾	\$ 111,043	\$ 2,090
Accounts Receivable Securitization Program with two banks, through May 9, 2017	100,000	
Unsecured 6.70% senior notes due November 1, 2015 ⁽²⁾	-	150,000
Unsecured 6.50% senior notes due February 14, 2018 ⁽³⁾	248,996	248,627
Unsecured 6.125% senior note due October 15, 2019 ⁽⁴⁾	456,802	458,163
Unsecured \$205,000 face value at maturity 2.25% senior convertible notes due December 15, 2020	188,158	185,474
Unsecured 3.45% senior notes due November 15, 2022	300,000	300,000
Unsecured 5.25% notes due June 1, 2045 ⁽⁵⁾	248,504	-
Other obligations, including capital leases and unsecured notes payable at various rates of interest due in installments through 2017	2,572	7,273
	1,656,075	1,351,627
Less: current portion	2,038	5,662
Total Long-Term Debt, Less Current Maturities	\$ 1,654,037	\$ 1,345,965

(1) Interest was tied to AUD LIBOR at May 31, 2015, and averaged 3.095% for AUD denominated debt (\$10,316), 1.075% on EUR denominated debt (\$16,490), 1.265% on Euro LIBOR denominated debt (\$70,000) and 1.259% on our swing-line (\$14,237). Interest was tied to AUD LIBOR at May 31, 2014, and averaged 3.96% for AUD denominated debt.

(2) 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%. Pursuant to the Redemption Notice issued to the holders thereof by the Company on April 28, 2015, the 6.70% Senior Notes issued by RPM United Kingdom G.P., which were due to mature on November 1, 2015, were redeemed on May 29, 2015.

(3) The \$250.0 million aggregate principal amount of the notes due 2018 is adjusted for the amortization of the original issue discount, which approximated \$1.0 million and \$1.4 million at May 31, 2015 and 2014, 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.

(4) Includes the combination of the October 2009 initial issuance of \$300.0 million aggregate principal amount and the May 2011 issuance of an additional \$150.0 million aggregate principal amount of these notes. The \$300.0 million aggregate principal amount of the notes due 2019 from the initial issuance is adjusted for the amortization of the original issue discount, which approximated \$0.1 million and \$0.2 million at May 31, 2015 and 2014. The original issue discount effectively reduced the ultimate proceeds from the October 2009 financing. The effective interest rate on the notes issued in October 2009, including the amortization of the discount, is 6.139%. The additional \$150.0 million aggregate principal amount of the notes due 2019 issued in May 2011 is adjusted for the unamortized premium received at issuance, which approximated \$6.9 million and \$8.3 million at May 31, 2015 and 2014, respectively. The premium effectively increased the proceeds from the financing. The effective interest rate on the \$150.0 million notes issued in May 2011 is 4.934%.

(5) The \$250.0 million face amount of the notes due 2045 is adjusted for the amortization of the original issue discount, which approximated \$1.5 million at May 31, 2015. 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 5.29%.

The aggregate maturities of long-term debt for the five years subsequent to May 31, 2015 are as follows: 2016 — \$2.0 million; 2017 — \$100.4 million; 2018 — \$249.1 million; 2019 — \$0; 2020 — \$567.9 million and thereafter \$736.7 million. Additionally, at May 31, 2015, we had unused lines of credit totaling \$789.0 million.

Our available liquidity, including our cash and cash equivalents and amounts available under our committed credit facilities, stood at \$963.8 million at May 31, 2015. Our debt-to-capital ratio was 56.2% at May 31, 2015, compared with 49.4% at May 31, 2014.

Revolving Credit Agreement

During fiscal 2015, we entered into an \$800.0 million unsecured syndicated revolving credit facility (the "New Revolving Credit Facility"), which expires on December 5, 2019. The New Revolving Credit Facility replaced our prior \$600.0 million revolving credit facility that was set to expire on June 29, 2017.

The New Revolving Credit Facility includes sublimits for the issuance of swingline loans, which are comparatively short-term loans used for working capital purposes and letters of credit. The aggregate maximum principal amount of the commitments under the New Revolving Credit Facility may be expanded upon our request, subject to certain conditions, up to \$1.0 billion. The New Revolving Credit Facility is available to refinance existing indebtedness, to finance working capital and capital expenditures, to satisfy all or a portion of our obligations relating to the plan of reorganization for our SPHC subsidiary, and for general corporate purposes.

The New Revolving Credit Facility requires us to comply with various customary affirmative and negative covenants, including a leverage covenant and interest coverage ratio. Under the terms of the leverage covenant, we may not permit our consolidated indebtedness as of any fiscal quarter end to exceed 65% of the sum of such indebtedness and our consolidated shareholders' equity on such date. The minimum required consolidated interest coverage ratio for EBITDA to interest expense is 3.50 to 1. The interest coverage ratio is calculated at the end of each fiscal quarter for the four fiscal quarters then ended.

As of May 31, 2015, we were in compliance with all covenants contained in our New Revolving Credit Facility, including the leverage and interest coverage ratio covenants. At that date, our leverage ratio was 54.8%, while our interest coverage ratio was 9.09 to 1. Our available liquidity under our New Revolving Credit Facility stood at \$689.0 million at May 31, 2015.

Our access to funds under our New Revolving Credit Facility is dependent on the ability of the financial institutions that are parties to the New Revolving Credit 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 New Revolving 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.

Accounts Receivable Securitization Program

On May 9, 2014, we replaced our existing \$150.0 million accounts receivable securitization program (which immediately prior to such replacement was assigned from Wells Fargo Bank, National Association to PNC Bank, National Association, as administrative agent) with a new, three-year, \$200.0 million accounts receivable securitization facility (the "AR Program"). The AR Program was entered into pursuant to (1) a second amended and restated receivables sale agreement, dated as of May 9, 2014 (the "Sale Agreement"), among certain of our subsidiaries (the "Originators"), and RPM Funding Corporation, a special purpose entity (the "SPE") whose voting interests are wholly owned by us, and (2) an amended and restated receivables purchase agreement, dated as of May 9, 2014 and subsequently amended on February 25, 2015 (the "Purchase Agreement"), among the SPE, certain purchasers from time to time party thereto (the "Purchasers"), and PNC Bank, National Association as administrative agent.

Under the Sale Agreement, the Originators may, during the term thereof, sell specified accounts receivable to the SPE, which may in turn, pursuant to the Purchase Agreement, transfer an undivided interest in such accounts receivable to the Purchasers. 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. We indirectly hold a 100% economic interest in the SPE and will, along with our subsidiaries, receive the economic benefit of the AR Program. The transactions contemplated by the AR Program do not constitute a form of off-balance sheet financing, and will be fully reflected in our financial statements.

The maximum availability under the AR Program is \$200.0 million. Availability is further subject to changes in the credit ratings of the Originator's customers, customer concentration levels or certain characteristics of the accounts receivable being transferred and therefore at certain times we may not be able to fully access the \$200.0 million of funding available under the AR Program. As of May 31, 2015, the outstanding balance under the AR Program was \$100.0 million, which compares with the maximum availability on that date of \$200.0 million.

The interest rate under the Purchase Agreement is based on the Alternate Base Rate, LIBOR Market Index Rate, one-month LIBOR or LIBOR for a specified tranche period, as selected by the SPE, at its option, plus in each case, a margin of 0.70%. In addition, as set forth in an Amended and Restated Fee Letter, dated May 9, 2014 (the "Fee Letter"), the SPE is obligated to pay a monthly unused commitment fee to the Purchasers based on the daily amount of unused commitments under the Agreement, which fee ranges from 0.30% to 0.50% based on usage.

The AR Program contains various customary affirmative and negative covenants and also contains customary default and termination provisions, which provide for acceleration of amounts owed under the AR Program upon the occurrence of certain specified events, including, but not limited to, failure by the SPE to pay interest and other amounts due, defaults on certain indebtedness, certain judgments, change in control, certain events negatively affecting the overall credit quality of transferred accounts receivable, bankruptcy and insolvency events, and failure by us to meet financial tests requiring maintenance of an interest coverage ratio, if applicable. If we do not maintain an investment grade public debt rating with at least two specified rating agencies, we must comply with the interest coverage ratio, which requires us not to permit the ratio, calculated at the end of each fiscal quarter for the four fiscal quarters then ended, of EBITDA, as defined in the AR Program, for such period to interest expense for such period, to be less than 3.5:1. This financial test, to the extent applicable, is substantively identical to a similar covenant already contained in our revolving credit facility.

Our failure to comply with the covenants described above and other covenants contained in the Credit Facility could 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.

2.25% Convertible Senior Notes due 2020

On December 9, 2013, we issued \$205 million of 2.25% convertible senior notes due 2020 (the "Convertible Notes"). We will pay interest on the Convertible Notes semi-annually on June 15th and December 15th of each year, and began doing so on June 15, 2014. Net proceeds of approximately \$200.1 million from the sale were used to refinance \$200 million in principal amount of unsecured senior notes due December 15, 2013, which bear interest at 6.25%.

The Convertible Notes will be convertible under certain circumstances and during certain periods at an initial conversion rate of 18.8905 shares of RPM common stock per \$1,000 principal amount of notes (representing an initial conversion price of approximately \$52.94 per share of common stock), subject to adjustment in certain circumstances. In April 2015, we declared a dividend in excess of \$0.24 per share, and consequently, the adjusted conversion rate at May 31, 2015 was 18.9162. The initial conversion price represents a conversion premium of approximately 37% over the last reported sale price of RPM common stock of \$38.64 on December 3, 2013. Prior to June 15, 2020, the Convertible Notes may be converted only upon specified events, and, thereafter, at any time. Upon conversion, the Convertible Notes may be settled, at RPM's election, in cash, shares of RPM's common stock, or a combination of cash and shares of RPM's common stock.

We account for the liability and equity components of the Convertible Notes separately, and in a manner that will reflect our nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. The effective interest rate on the liability component is 3.92%. Contractual interest was \$4.6 million and \$2.2 million for fiscal 2015 and 2014, respectively, and amortization of the debt discount was \$2.7 million and \$1.2 million for fiscal 2015 and 2014, respectively. At May 31, 2015, the remaining period over which the debt discount will be amortized was 5.5 years, the unamortized debt discount was \$16.8 million, and the carrying amount of the equity component was \$20.7 million.

3.45% Notes due 2022

On October 23, 2012, we sold \$300 million aggregated principal amount of 3.45% Notes due 2022 (the "Notes"). The net proceeds of \$297.7 million from the offering of the Notes were used to repay short-term borrowings outstanding under our \$600 million revolving credit facility.

5.25% Notes due 2045

On May 26, 2015, we issued \$250 million of 5.25% notes due 2045 (the "New Notes"). The New Notes were priced at 99.401% of the \$250 million principal, and at that price, the New Notes have a yield to maturity of 5.29%. We will pay interest on the New Notes semi-annually on June 1st and December 1st of each year, and will begin doing so on December 1, 2015. Net proceeds of approximately \$245.7 million from the offering of the New Notes were used to repay a portion of short-term borrowings outstanding under our New Revolving Credit Facility.

NOTE G — INCOME TAXES

The provision for income taxes is calculated in accordance with ASC 740, 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 is summarized below for the periods indicated. Certain foreign operations are branches of RPM International Inc.'s subsidiaries and are therefore subject to income taxes in both the United States and the respective foreign jurisdictions. Accordingly, the provision (benefit) for income taxes by jurisdiction and the income (loss) before income taxes by jurisdiction may not be directly related.

Year Ended May 31,	2015	2014	2013
<i>(In thousands)</i>			
United States	\$ 273,278	\$ 209,626	\$ 5,104
Foreign	179,975	214,861	171,787
Income Before Income Taxes	\$ 453,253	\$ 424,487	\$ 176,891

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

Year Ended May 31,	2015	2014	2013
<i>(In thousands)</i>			
Current:			
U.S. Federal	\$ 77,374	\$ 46,846	\$ 56,590
State and local	4,876	5,660	6,694
Foreign	45,173	59,425	44,747
Total Current	127,423	111,931	108,031
Deferred:			
U.S. Federal	97,112	16,747	(31,987)
State and local	1,494	1,292	(3,649)
Foreign	(1,104)	(11,467)	(5,355)
Total Deferred	97,502	6,572	(40,991)
Provision for Income Taxes	\$ 224,925	\$ 118,503	\$ 67,040

The significant components of deferred income tax assets and liabilities as of May 31, 2015 and 2014 were as follows:

<i>(In thousands)</i>	2015	2014
Deferred income tax assets related to:		
Inventories	\$ 8,530	\$ 6,944
Allowance for losses	8,575	6,410
Bankruptcy note liability	117,263	
Accrued compensation and benefits	111,843	102,579
Accrued other expenses	15,932	10,256
Other long-term liabilities	21,911	22,146
Net operating loss and credit carryforwards	87,595	71,534
Net unrealized loss on securities	21,562	19,185
Total Deferred Income Tax Assets	393,211	239,054
Less: valuation allowances	(68,043)	(85,719)
Net Deferred Income Tax Assets	325,168	153,335
Deferred income tax (liabilities) related to:		
Depreciation	(56,636)	(47,639)
Pension and other postretirement benefits	(16,256)	(7,867)
Amortization of intangibles	(198,872)	(115,166)
Unremitted foreign earnings	(108,508)	(2,500)
Total Deferred Income Tax (Liabilities)	(380,272)	(173,172)
Deferred Income Tax Assets (Liabilities), Net	\$ (55,104)	\$ (19,837)

At May 31, 2015, we had U.S. federal foreign tax credit carryforwards of approximately \$27.7 million, which expire in various years ending in 2025. Additionally, at May 31, 2015, we had approximately \$67.4 million of state net operating loss carryforwards that expire at various dates beginning in 2016 and foreign net operating loss carryforwards of approximately \$154.7 million, of which approximately \$26.4 million will expire at various dates beginning in 2016 and approximately \$128.3 million that have an indefinite carryforward period. Also, as of May 31, 2015, we had foreign capital loss carryforwards of approximately \$15.4 million that can be carried forward indefinitely. These net operating loss, capital 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.

When evaluating the realizability of deferred income tax assets, we consider, among other items, whether a jurisdiction has experienced cumulative pretax losses and whether a jurisdiction will generate the appropriate character of income to recognize a deferred income tax asset. More specifically, if a jurisdiction experiences cumulative pretax losses for a period of three years, including the current fiscal year, or if a jurisdiction does not have

sufficient income of the appropriate character in the relevant carryback or projected carryforward periods, we generally conclude that it is more likely than not that the respective deferred tax asset will not be realized unless factors such as expected operational changes, availability of prudent and feasible tax planning strategies, reversal of taxable temporary differences or other information exists that would lead us to conclude otherwise. If, after we have evaluated these factors, the deferred income tax assets are not expected to be realized within the carryforward or carryback periods allowed for that jurisdiction, we would conclude that a valuation allowance is required. To the extent that the deferred income tax asset is expected to be utilized within the carryback or carryforward periods, we would conclude that a valuation allowance would not be required.

In applying the above, we determined, based on the available evidence that future U.S. taxable income along with anticipated foreign source income, will be sufficient to recognize certain deferred tax assets, which were previously subject to valuation allowances. As a result, during this fiscal year, we recorded a reduction in valuation allowances associated with the estimated utilization of foreign tax and other credit

carryforwards of approximately \$12.0 million. This reduction was partially offset by approximately \$1.5 million of other incremental adjustments to the valuation allowances. Further, we believe it is uncertain whether future taxable income of certain of our foreign subsidiaries and future taxable income of the appropriate character will be sufficient to recognize the remaining corresponding deferred tax assets. Accordingly, we intend to maintain the recorded valuation allowances until sufficient positive evidence exists to support a reversal of the tax valuation allowances.

Total valuation allowances of approximately \$68.0 million and \$85.7 million have been recorded as of May 31, 2015 and 2014, respectively. The recorded valuation allowances relate to foreign capital loss carryforwards, certain foreign net operating losses, net foreign deferred tax assets and unrealized losses on securities.

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,	2015	2014	2013
<i>(In thousands)</i>			
Income tax expense (benefit) at the U.S. statutory federal income tax rate	\$ 158,638	\$ 148,570	\$ 61,912
Impact of foreign operations	(32,706)	(27,374)	(11,552)
State and local income taxes net of federal income tax benefit	4,140	4,519	1,979
Tax benefits from the domestic manufacturing deduction	-	(4,878)	(4,489)
Nondeductible fines and penalties	-	(2,002)	4,802
Nondeductible business expense	1,782	1,508	1,269
Valuation allowance	(10,455)	(2,998)	14,729
Unremitted foreign earnings	106,227	2,500	
Other	(2,701)	(1,342)	(1,610)
Provision for Income Tax Expense	\$ 224,925	\$ 118,503	\$ 67,040
Effective Income Tax Rate	49.6%	27.9%	37.9%

Uncertain income tax positions are accounted for in accordance with ASC 740. The following table summarizes the activity related to unrecognized tax benefits:

<i>(In millions)</i>	2015	2014	2013
Balance at June 1	\$ 15.7	\$ 8.4	\$ 3.3
Additions based on tax positions related to current year	-	0.1	-
Additions for tax positions of prior years	0.9	8.9	6.0
Reductions for tax positions of prior years	(3.7)	(1.7)	(0.9)
Balance at May 31	\$ 12.9	\$ 15.7	\$ 8.4

The total amount of unrecognized tax benefits that would impact the effective tax rate, if recognized, was \$3.9 million at May 31, 2015, \$15.0 million at May 31, 2014 and \$7.5 million at May 31, 2013. We do not anticipate any significant changes to the above total unrecognized tax benefits within the next 12 months.

We recognize interest and penalties related to unrecognized tax benefits in income tax expense. At May 31, 2015, 2014 and 2013, the accrual for interest and penalties was \$3.8 million, \$5.2 million and \$5.2 million, respectively. Unrecognized tax benefits, including interest and penalties, have been classified as other long-term liabilities unless expected to be paid in one year.

We, or our subsidiaries, file income tax returns in the U.S. and in various state, local and foreign jurisdictions. The Internal Revenue Service completed a limited scope examination of fiscal year 2012 and no adjustments were proposed. The Internal Revenue Service has informed us that it will also perform a limited scope examination of fiscal year 2013. Further, with limited exceptions, we, or our subsidiaries, are generally subject to state and local or non-U.S. income tax examinations by tax authorities for the fiscal years 2009 through 2015.

We are currently under examination, or have been notified of an upcoming tax examination for various non-U.S. and domestic state and local jurisdictions. Although it is possible that certain tax examinations could be resolved during the next 12 months, the timing and outcomes are uncertain.

We include SPHC and its domestic subsidiaries (collectively, the "SPHC Group") in our consolidated federal income tax return. We entered into a tax-cooperation agreement (the "Agreement") with the SPHC Group, effective from June 1, 2010. Generally, the Agreement provided, amongst other items, that the federal income taxes of the SPHC Group are to be computed on a stand-alone separate return basis. The current portion of such income tax payable, if any, is due from the SPHC Group to us. Conversely, subject to the terms of the Agreement, income tax benefits associated with net operating loss or tax credit carryovers generated by the SPHC Group, if any, for the taxable year that benefits our consolidated income tax return for that taxable year are payable by us to the SPHC Group. Additionally, pursuant to the terms of the Agreement, a similar approach is applied to consolidated, combined or unitary state tax returns. Subsequent to regaining control of the SPHC Group, both parties terminated the Agreement with effect for fiscal years beginning after May 31, 2015.

NOTE H — COMMON STOCK

On April 21, 2009, our board of directors adopted a Stockholder Rights Plan to replace the rights plan that was originally adopted in 1999 and expired in May 2009. The 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 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 plan specifically provides that our board will review the status of the plan before its fifth anniversary to determine if any such action should be taken, which it did.

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, 2015, we repurchased 595,106 shares of our common stock at a cost of approximately \$27.6 million, or an average cost of \$46.36 per share, under this program. During the fiscal years ended May 31, 2014 and 2013, we did not repurchase any shares of our common stock under this program.

NOTE I — STOCK-BASED COMPENSATION

Stock-based compensation represents the cost related to stock-based awards granted to our employees and directors; these awards include restricted stock, restricted stock units and SARs. We grant stock-based incentive awards to our employees and/or our directors under various share-based compensation plans. Plans that are active or provide for stock option grants or share-based payment awards include the 1996 Key Employees Stock Option Plan (the "1996 Plan"), the Amended and Restated 2004 Omnibus Equity and Incentive Plan (the "Omnibus Plan") and the 2014 Omnibus Equity and Incentive Plan (the "2014 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").

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,	2015	2014	2013
<i>(In thousands)</i>			
Selling, general and administrative expense	\$ 31,741	\$ 23,568	\$ 17,145
Income tax (benefit)	(10,027)	(7,776)	(5,627)
Total stock-based compensation cost	\$ 21,714	\$ 15,792	\$ 11,518

The following table summarizes option and share-based payment activity (including SARs) under these plans during the fiscal year ended May 31, 2015:

Share-Based Payments	2015	
	Weighted Average Exercise Price	Number of Shares Under Option
<i>(Shares in thousands)</i>		
Balance at June 1	\$ 23.18	3,219
Options granted	44.60	600
Options canceled/expired	-	-
Options exercised	20.50	(289)
Balance at May 31	27.04	3,530
Exercisable at May 31	\$ 21.93	2,111

Stock Option Plans

Stock options are awards that 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 SARs granted is estimated as of the date of grant using a Black-Scholes option-pricing model. 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 following is a summary of our weighted-average assumptions related to grants made during the last three fiscal years:

Year Ended May 31,	2015	2014	2013
Risk-free interest rate	2.3%	2.2%	1.1%
Expected life of option	7.5 yrs	7.5 yrs	7.5 yrs
Expected dividend yield	2.2%	2.7%	3.3%
Expected volatility rate	25.7%	26.1%	28.2%

Compensation cost for awards under the 1996 Plan is recognized on a straight-line basis over the related vesting period. Shares of common stock under option are not eligible for dividend payments until the shares are exercised.

The 2014 Omnibus Plan was approved by our stockholders on October 9, 2014. The 2014 Omnibus Plan provides us with the flexibility to grant a wide variety of stock and stock-based awards, as well as dollar-denominated performance-based awards, and is intended to be the primary stock-based award program for covered employees. This plan replaces the Omnibus Plan, which expired under its own terms on October 7, 2014. A wide variety of stock and stock-based awards, as well as dollar-denominated performance-based awards, may be granted under these plans. 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, 2015, there were 3,529,500 SARs outstanding and no stock options outstanding.

Stock Option Plans	2015	2014	2013
<i>(In millions, except per share amounts)</i>			
Weighted-average grant-date fair value per share	\$ 10.63	\$ 7.38	\$ 4.96
Intrinsic value of options exercised	\$ 3.3	\$ 15.6	\$ 9.8
Tax benefit from options exercised	\$ 2.5	\$ 5.2	\$ 3.5
Fair value of SARS vested	\$ 3.3	\$ 2.0	\$ 1.9

At May 31, 2015, the aggregate intrinsic value and weighted-average remaining contractual life of options outstanding was \$81.1 million and 6.0 years respectively, while the aggregate intrinsic value and weighted-average remaining contractual life of options exercisable was \$59.3 million and 4.7 years, respectively.

At May 31, 2015, the total unamortized stock-based compensation expense related to SARs that were previously granted was \$7.4 million, which is expected to be recognized over 3.25 years. We anticipate that approximately 1.4 million shares at a weighted-average exercise price of \$34.65 and a weighted-average remaining contractual term of 8.0 years will ultimately vest under these plans.

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, a total of 12,000,000 shares of our common stock may be subject to awards. Of the 12,000,000 shares of common stock issuable under the Omnibus Plan, up to 6,000,000 shares may be subject to "full-value" awards such as restricted stock, restricted stock unit, performance stock and performance stock unit awards.

Under the 2014 Omnibus Plan, a total of 6,000,000 shares of our common stock may be subject to awards. Of those issuable shares, up to 3,000,000 shares of common stock may be subject to "full-value" awards similar to those issued under the Omnibus Plan.

The following table summarizes the share-based performance-earned restricted stock ("PERS") activity during the fiscal year ended May 31, 2015:

<i>(Shares in thousands)</i>	Weighted-Average Grant-Date Fair Value	2015
Balance at June 1	\$ 27.96	1,414
Shares granted	44.28	508
Shares forfeited	27.60	(8)
Shares vested	22.84	(473)
Balance at May 31	\$ 35.40	1,441

The weighted-average grant-date fair value was \$44.28, \$35.11 and \$26.22 for the fiscal years ended May 31, 2015, 2014 and 2013, respectively. The restricted stock cliff vests after three years. Nonvested restricted shares of common stock under the Omnibus Plan are eligible for dividend payments. At May 31, 2015, unamortized deferred compensation expense of \$22.6 million remained and is being amortized over the applicable vesting period for each participant.

On October 7, 2010, our Compensation Committee approved contingent awards of PCRS, (the "2011 PCRS"), for certain executives. During October 2010, 680,000 shares were granted at a weighted-average grant-date price of \$20.73. Additional grants were made in July 2011, June 2012 and July 2012,

totaling 115,000 shares, 10,000 shares and 50,000 shares, respectively, and were granted at a weighted-average grant-date price of \$22.16, \$25.76 and \$25.87, respectively. The awards are contingent upon the level of attainment of performance goals for the three-year and five-year periods from June 1, 2010 ending May 31, 2013, and from June 1, 2010 ending May 31, 2015, respectively. At May 31, 2015, we expect that up to 755,750 shares of stock may ultimately vest in relation to these awards. Compensation cost for these awards is recognized on a straight-line basis over the related performance period, with consideration given to the probability of attaining the performance goals. As of May 31, 2015, there were 795,000 2011 PCRS shares outstanding and no unamortized stock-based compensation expense. At May 31, 2015, approximately 755,750 shares have been earned, but not vested.

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. The following table summarizes the share-based activity under the 2003 Plan during fiscal 2015:

<i>(Shares in thousands)</i>	Weighted-Average Grant-Date Fair Value	2015
Balance at June 1	\$ 27.48	98
Shares granted to Directors	43.89	30
Shares vested	20.60	(36)
Balance at May 31	\$ 35.57	92

The weighted-average grant-date fair value was \$43.89, \$36.63 and \$26.63 for the fiscal years ended May 31, 2015, 2014 and 2013, respectively. Unamortized deferred compensation expense relating to restricted stock grants for directors of \$1.6 million at May 31, 2015, is being amortized over the applicable remaining vesting period for each director. Nonvested restricted shares of common stock under the 2003 Plan are eligible for dividend payments. As of May 31, 2015, there were 132,750 shares available for future grant.

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. In addition, we also grant restricted stock units to certain employees under this plan. The following table sets forth awards and restricted stock units issued under the 2007 Plan for the year ended May 31, 2015:

<i>(Shares in thousands)</i>	Weighted-Average Grant-Date Fair Value	2015
Balance at June 1	\$ 19.27	857
Shares granted	44.60	67
Shares exercised	22.42	(65)
Balance at May 31	\$ 21.04	859

The weighted-average grant-date fair value was \$44.60, \$33.80 and \$25.87 for the fiscal years ended May 31, 2015, 2014 and 2013, respectively. As of May 31, 2015, 98,413 shares were

available for future issuance under the 2007 Plan. At May 31, 2015, unamortized stock-based compensation expense of \$5.0 million, \$0.1 million and \$1.0 million relating to the 2007 Plan, the 1997 Plan and the Restricted Stock Units, respectively, which are 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, 2015:

<i>(Shares in thousands)</i>	Weighted-Average Grant-Date Fair Value	Number of Shares
Balance at June 1	\$ 24.24	3,060
Granted	44.29	605
Vested	22.13	(664)
Forfeited	27.60	(7)
Balance at May 31	\$ 28.75	2,994

The remaining weighted-average contractual term of nonvested restricted shares at May 31, 2015 is the same as the period over which the remaining cost of the awards will be recognized, which is approximately 3.1 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, 2015, 2014 and 2013, the weighted-average grant-date fair value for restricted share grants was \$44.29, \$35.02, \$26.16 and \$21.62, respectively. The total fair value of shares that vested during the years ended May 31, 2015, 2014 and 2013 was \$14.7 million, \$12.8 million and \$3.3 million, respectively. We anticipate that approximately 2.6 million shares at a weighted-average grant-date fair value of \$28.75 and a weighted-average remaining contractual term of 3.1 years will ultimately vest, based upon the unique terms and participants of each plan. Approximately 121,733 shares of restricted stock were vested at May 31, 2014, with 172,855 restricted shares vested as of May 31, 2015. The total intrinsic value of restricted shares converted during the years ended May 31, 2015, 2014 and 2013 was \$13.9 million, \$10.4 million and \$1.3 million, respectively.

Total unrecognized compensation cost related to all nonvested awards of restricted shares of common stock was \$30.3 million as of May 31, 2015. That cost is expected to be recognized over a weighted-average period of 3.1 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, 2015.

NOTE J — ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

<i>(In thousands)</i>	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, 2012	\$ (8,517)	\$ (174,174)	\$ 1,200	\$ 3,598	\$ (177,893)
Reclassification adjustments for gains included in net income, net of tax benefit of \$633				(1,953)	(1,953)
Other comprehensive income	(15,911)	48,100	14	7,860	40,063
Deferred taxes		(17,481)	(18)	(1,971)	(19,470)
Balance at May 31, 2013	(24,428)	(143,555)	1,196	7,534	(159,253)
Reclassification adjustments for gains included in net income, net of tax benefit of \$586				(1,220)	(1,220)
Other comprehensive income	9,533	(16,418)	(1,215)	6,715	(1,385)
Deferred taxes		6,325	304	(1,653)	4,976
Balance at May 31, 2014	(14,895)	(153,648)	285	11,376	(156,882)
Reclassification adjustments for gains included in net income, net of tax benefit of \$2,307			(125)	(4,209)	(4,334)
Increase in equity ownership - SPHC		(9,601)			(9,601)
Other comprehensive income	(216,755)	(10,817)	(341)	(3,884)	(231,797)
Deferred taxes		5,734	181	2,564	8,479
Balance at May 31, 2015	\$ (231,650)	\$ (168,332)	\$ -	\$ 5,847	\$ (394,135)

NOTE K — EARNINGS PER SHARE

The following table sets forth the reconciliation of the numerator and denominator of basic and diluted earnings per share, as calculated using the two-class method for the years ended May 31, 2015, 2014 and 2013:

Year Ended May 31,	2015	2014	2013
<i>(In thousands, except per share amounts)</i>			
Numerator for earnings per share:			
Net income attributable to RPM International Inc. stockholders	\$ 239,484	\$ 291,660	\$ 98,603
Less: Allocation of earnings and dividends to participating securities	(4,954)	(6,366)	(1,999)
Net income available to common shareholders - basic	234,530	285,294	96,604
Add: Undistributed earnings reallocated to unvested shareholders	18	29	(3)
Add: Income effect of contingently issuable shares	5,374	2,493	-
Net income available to common shareholders - diluted	\$ 239,922	\$ 287,816	\$ 96,601
Denominator for basic and diluted earnings per share:			
Basic weighted average common shares	129,933	129,438	128,956
Average diluted options	1,082	1,003	845
Net issuable common share equivalents ⁽¹⁾	3,878	1,847	-
Total shares for diluted earnings per share	134,893	132,288	129,801
Earnings Per Share of Common Stock Attributable to RPM International Inc. Stockholders:			
Basic Earnings Per Share of Common Stock	\$ 1.81	\$ 2.20	\$ 0.75
Diluted Earnings Per Share of Common Stock	\$ 1.78	\$ 2.18	\$ 0.74

(1) For the years ended May 31, 2015 and 2014, represents the number of shares that would be issued if our contingently convertible notes were converted. We include these shares in the calculation of diluted EPS as the conversion of the notes may be settled, at our election, in cash, shares of our common stock, or a combination of cash and shares of our common stock.

For the years ended May 31, 2015, 2014 and 2013, approximately 2,871,000, 3,057,000 and 3,095,000 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.

NOTE L — 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, 2015:

May 31,	
<i>(In thousands)</i>	
2016	\$ 51,182
2017	39,597
2018	29,649
2019	18,021
2020	12,689
Thereafter	58,199
Total Minimum Lease Commitments	\$ 209,337

Total rental expense for all operating leases amounted to \$53.8 million, \$50.9 million and \$46.5 million for the fiscal years ended May 31, 2015, 2014 and 2013, respectively.

NOTE M — 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, 2016, we expect to contribute approximately \$32.0 million to the retirement plans in the U.S. and approximately \$5.7 million to our foreign plans.

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

<i>(In thousands)</i>	U.S. Plans			Non-U.S. Plans		
	2015	2014	2013	2015	2014	2013
Service cost	\$ 30,359	\$ 27,056	\$ 25,950	\$ 4,611	\$ 4,375	\$ 4,337
Interest cost	20,119	18,039	16,240	7,184	7,382	7,246
Expected return on plan assets	(24,308)	(20,761)	(17,431)	(8,611)	(8,411)	(7,715)
Amortization of:						
Prior service cost	294	334	348	39	19	7
Net actuarial losses recognized	13,890	13,222	16,888	2,004	2,448	2,771
Curtailment/settlement (gains) losses			72		44	234
Net Pension Cost	\$ 40,354	\$ 37,890	\$ 42,067	\$ 5,227	\$ 5,857	\$ 6,880

The changes in benefit obligations and plan assets, as well as the funded status of our pension plans at May 31, 2015 and 2014, were as follows:

<i>(In thousands)</i>	U.S. Plans		Non-U.S. Plans	
	2015	2014	2015	2014
Benefit obligation at beginning of year	\$ 476,590	\$ 402,686	\$ 202,168	\$ 185,993
Service cost	30,359	27,056	4,611	4,375
Interest cost	20,119	18,039	7,184	7,382
Benefits paid	(24,147)	(17,683)	(6,066)	(5,482)
Participant contributions			773	831
Plan amendments				384
Actuarial (gains)/losses	28,166	46,492	7,738	6,348
Acquisitions and transfers	6,378		781	
Premiums paid			(128)	(138)
Currency exchange rate changes			(25,675)	2,475
Benefit Obligation at End of Year	\$ 537,465	\$ 476,590	\$ 191,386	\$ 202,168
Fair value of plan assets at beginning of year	\$ 282,113	\$ 241,960	\$ 177,079	\$ 155,056
Actual return on plan assets	11,076	30,547	21,867	17,432
Employer contributions	53,327	27,289	5,601	8,111
Participant contributions			773	831
Benefits paid	(24,147)	(17,683)	(6,066)	(5,482)
Premiums paid			(128)	(138)
Acquisitions and transfers	5,058			
Currency exchange rate changes			(22,689)	1,269
Fair Value of Plan Assets at End of Year	\$ 327,427	\$ 282,113	\$ 176,437	\$ 177,079
(Deficit) of plan assets versus benefit obligations at end of ye	\$ (210,038)	\$ (194,477)	\$ (14,949)	\$ (25,089)
Net Amount Recognized	\$ (210,038)	\$ (194,477)	\$ (14,949)	\$ (25,089)
Accumulated Benefit Obligation	\$ 441,306	\$ 385,492	\$ 179,998	\$ 188,835

The fair value of the assets held by our pension plans has increased at May 31, 2015 since our previous measurement date at May 31, 2014, due primarily to the combination of gains in the stock market and plan contributions. At the same time, plan liabilities have increased due to a decrease in interest rates and our adoption of a new mortality table for the U.S. Plans. As such, we have increased our recorded liability for the net underfunded status of our pension plans. Due to lower interest rates and our

adoption of a new mortality table in the United States, we expect pension expense in fiscal 2016 to be above our fiscal 2015 expense level. Any future declines in the value of our pension plan assets or increases in our plan liabilities 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, 2015 and 2014 are as follows:

<i>(In thousands)</i>	U.S. Plans		Non-U.S. Plans	
	2015	2014	2015	2014
Noncurrent assets	\$ 5	\$ -	\$ 1,280	\$ 227
Current liabilities	(15)	(15)	(402)	(458)
Noncurrent liabilities	(210,028)	(194,462)	(15,827)	(24,858)
Net Amount Recognized	\$ (210,038)	\$ (194,477)	\$ (14,949)	\$ (25,089)

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

	U.S. Plans			
	2015		2014	
	Benefit Obligation	Plan Assets	Benefit Obligation	Plan Assets
<i>(In thousands)</i>				
Plans with projected benefit obligation in excess of plan assets	\$ 536,365	\$ 326,323	\$ 476,590	\$ 282,113
Plans with accumulated benefit obligation in excess of plan assets	440,206	326,323	385,492	282,113
Plans with assets in excess of projected benefit obligation	1,100	1,104	-	-
Plans with assets in excess of accumulated benefit obligation	1,100	1,104	-	-

	Non-U.S. Plans			
	2015		2014	
	Benefit Obligation	Plan Assets	Benefit Obligation	Plan Assets
<i>(In thousands)</i>				
Plans with projected benefit obligation in excess of plan assets	\$ 141,149	\$ 124,920	\$ 105,327	\$ 80,011
Plans with accumulated benefit obligation in excess of plan assets	47,242	33,083	103,734	80,011
Plans with assets in excess of projected benefit obligations	50,237	51,517	96,841	97,068
Plans with assets in excess of accumulated benefit obligations	132,756	143,354	85,101	97,068

The following table presents the pretax net actuarial loss and prior service (costs) recognized in accumulated other comprehensive income (loss) not affecting retained earnings:

	U.S. Plans		Non-U.S. Plans	
	2015	2014	2015	2014
	<i>(In thousands)</i>			
Net actuarial loss	\$ (212,828)	\$ (185,320)	\$ (39,307)	\$ (52,573)
Prior service (costs)	(703)	(997)	(357)	(423)
Total recognized in accumulated other comprehensive income not affecting retained earnings	\$ (213,531)	\$ (186,317)	\$ (39,664)	\$ (52,996)

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

	U.S. Plans		Non-U.S. Plans	
	2015	2014	2015	2014
	<i>(In thousands)</i>			
Changes in plan assets and benefit obligations recognized in other comprehensive income:				
Prior service cost	\$ -	\$ -	\$ -	\$ 384
Net loss (gain) arising during the year	41,398	36,707	(5,518)	(2,673)
Effect of exchange rates on amounts included in AOCI			(5,771)	(137)
Amounts recognized as a component of net periodic benefit cost:				
Amortization or curtailment recognition of prior service (cost)	(294)	(334)	(39)	(19)
Amortization or settlement recognition of net (loss)	(13,890)	(13,222)	(2,004)	(2,492)
Total recognized in other comprehensive loss (income)	\$ 27,214	\$ 23,151	\$ (13,332)	\$ (4,937)

The following table presents the amounts in accumulated other comprehensive income (loss) as of May 31, 2015 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, 2016:

	U.S. Plans	Non-U.S. Plans
<i>(In thousands)</i>		
Net actuarial loss	\$ (15,624)	\$ (1,825)
Prior service (costs)	\$ (234)	\$ (39)

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. Expected return on assets is determined by using the weighted-average return on asset classes based on expected return for the target asset allocations of the principal asset categories held by each plan. In determining expected return, we consider both historical performance and an estimate of future long-term rates of return. Actual experience is used to develop the assumption for compensation increases.

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		Non-U.S. Plans	
	2015	2014	2015	2014
Discount rate	4.25%	4.30%	3.26%	3.82%
Rate of compensation increase	3.80%	3.81%	2.81%	3.30%

Net Periodic Pension Cost	U.S. Plans			Non-U.S. Plans		
	2015	2014	2013	2015	2014	2013
Discount rate	4.30%	4.45%	4.25%	3.82%	3.95%	4.19%
Expected return on plan assets	8.25%	8.50%	8.50%	5.18%	5.37%	5.32%
Rate of compensation increase	3.81%	3.14%	3.15%	3.30%	3.32%	3.76%

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

(Dollars in millions)	U.S. Plans			Non-U.S. Plans		
	Target Allocation as of May 31, 2015	Actual Asset Allocation		Target Allocation as of May 31, 2015	Actual Asset Allocation	
		2015	2014		2015	2014
Equity securities	55%	\$ 223.2	\$ 193.8	42%	\$ 75.7	\$ 84.0
Fixed income securities	25%	95.9	81.5	51%	68.9	63.9
Cash		8.0	5.9	1%	0.4	0.5
Other	20%	0.3	0.9	6%	31.4	28.7
Total assets	100%	\$ 327.4	\$ 282.1	100%	\$ 176.4	\$ 177.1

The following tables present our pension plan assets as categorized using the fair value hierarchy at May 31, 2015 and 2014:

(In thousands)	U.S. Plans			
	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, 2015
U.S. Treasury and other government	\$ -	\$ 9,245	\$ -	\$ 9,245
State and municipal bonds		461		461
Foreign bonds		2,608		2,608
Mortgage-backed securities		11,536		11,536
Corporate bonds		17,894		17,894
Stocks - large cap	36,554			36,554
Stocks - mid cap	14,575			14,575
Stocks - small cap	20,175			20,175
Stocks - international	3,756			3,756
Mutual funds - equity		148,207		148,207
Mutual funds - fixed		54,112		54,112
Cash and cash equivalents	8,019			8,019
Limited partnerships			285	285
Total	\$ 83,079	\$ 244,063	\$ 285	\$ 327,427

(In thousands)	Non-U.S. Plans			
	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, 2015
Pooled equities	\$ -	\$ 74,159	\$ -	\$ 74,159
Pooled fixed income		68,773		68,773
Foreign bonds		195		195
Insurance contracts			31,384	31,384
Mutual funds		1,502		1,502
Cash and cash equivalents	424			424
Total	\$ 424	\$ 144,629	\$ 31,384	\$ 176,437

U.S. Plans

<i>(In thousands)</i>	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, 2014
U.S. Treasury and other government	\$ -	\$ 11,203	\$ -	\$ 11,203
State and municipal bonds		456		456
Foreign bonds		1,264		1,264
Mortgage-backed securities		7,255		7,255
Corporate bonds		17,254		17,254
Stocks - large cap	34,442			34,442
Stocks - mid cap	18,183			18,183
Stocks - small cap	12,145			12,145
Stocks - international	2,525			2,525
Mutual funds - equity		126,513		126,513
Mutual funds - fixed		44,094		44,094
Cash and cash equivalents	5,869			5,869
Limited partnerships			910	910
Total	\$ 73,164	\$ 208,039	\$ 910	\$ 282,113

Non-U.S. Plans

<i>(In thousands)</i>	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, 2014
Pooled equities	\$ -	\$ 82,534	\$ -	\$ 82,534
Pooled fixed income		63,657		63,657
Foreign bonds		210		210
Insurance contracts			28,658	28,658
Mutual funds		1,448		1,448
Cash and cash equivalents	572			572
Total	\$ 572	\$ 147,849	\$ 28,658	\$ 177,079

The following table includes the activity that occurred during the years ended May 31, 2015 and 2014 for our Level 3 assets:

<i>(In thousands)</i>	Balance at Beginning of Period	Actual Return on Plan Assets For:			Balance at End of Period
		Assets Still Held at Reporting Date	Assets Sold During Year	Purchases, Sales and Settlements, net ⁽¹⁾	
Year ended May 31, 2015	\$ 29,568	7,659	888	(6,446)	\$ 31,669
Year ended May 31, 2014	44,158	564	47	(15,201)	29,568

(1) Includes the impact of exchange rate changes during the year.

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.

The goals of the investment strategy for pension assets include: The total return of the funds shall, over an extended period of time, surpass an index composed of the Standard & Poor's 500 Stock Index (equity), the Barclays Aggregate Bond Index (fixed income), and 30-day Treasury Bills (cash); weighted appropriately to match the asset allocation of the plans. The equity portion of the funds shall surpass the Standard & Poor's 500 Stock Index over a full market cycle, while the fixed income portion shall surpass Barclays Aggregate Bond Index over a full market cycle. The purpose of the core fixed income fund is to increase return in the form of cash flow, provide a hedge against inflation and to reduce the volatility of the fund overall. Therefore, the primary objective of the core fixed income portion is to match the Barclays Aggregate Bond Index. The purpose of including opportunistic fixed income assets such as, but not limited to, global and high yield securities in the portfolio is to enhance the overall risk-return characteristics of the Fund.

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 \$14.9 million, \$13.6 million and \$13.1 million for the years ending May 31, 2015, 2014 and 2013, respectively.

We expect to pay the following estimated pension benefit payments in the next five years (in millions): \$33.0 in 2016, \$36.3 in 2017, \$37.0 in 2018, \$40.6 in 2019, and \$42.6 in 2020. In the five years thereafter (2021-2025) we expect to pay \$239.2 million.

NOTE N — 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, 2015:

<i>(In thousands)</i>	U.S. Plans			Non-U.S. Plans		
	2015	2014	2013	2015	2014	2013
Service cost - Benefits earned during the period	\$ -	\$ -	\$ -	\$ 1,173	\$ 1,264	\$ 1,185
Interest cost on the accumulated obligation	263	297	349	1,155	1,225	1,188
Amortization of:						
Prior service (credit)	(247)	(153)	(86)			
Net actuarial (gains) losses	(136)	(144)	16	391	516	470
Net Periodic Postretirement (Benefit) Expense	\$ (120)	\$ -	\$ 279	\$ 2,719	\$ 3,005	\$ 2,843

The changes in benefit obligations of the plans at May 31, 2015 and 2014 were as follows:

<i>(In thousands)</i>	U.S. Plans		Non-U.S. Plans	
	2015	2014	2015	2014
Accumulated postretirement benefit obligation at beginning of year	\$ 6,787	\$ 8,514	\$ 28,255	\$ 28,415
Service cost	-	-	1,173	1,264
Interest cost	263	297	1,155	1,225
Benefit payments	(230)	(362)	(536)	(421)
Medicare subsidy received	-	37		
Plan amendments	-	(1,471)		
Actuarial (gains) losses	820	(228)	(1,751)	(766)
Currency exchange rate changes			(3,650)	(1,462)
Accumulated and accrued postretirement benefit obligation at end of year	\$ 7,640	\$ 6,787	\$ 24,646	\$ 28,255

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

Amounts recognized in the Consolidated Balance Sheets for the years ended May 31, 2015 and 2014 are as follows:

<i>(In thousands)</i>	U.S. Plans		Non-U.S. Plans	
	2015	2014	2015	2014
Current liabilities	\$ (430)	\$ (410)	\$ (454)	\$ (522)
Noncurrent liabilities	(7,210)	(6,377)	(24,192)	(27,733)
Net Amount Recognized	\$ (7,640)	\$ (6,787)	\$ (24,646)	\$ (28,255)

The following table presents the pretax 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	
	2015	2014	2015	2014
<i>(In thousands)</i>				
Net actuarial gain (loss)	\$ 124	\$ 1,080	\$ (5,968)	\$ (9,136)
Prior service credits	1,587	1,834		
Total recognized in accumulated other comprehensive income not affecting retained earnings	\$ 1,711	\$ 2,914	\$ (5,968)	\$ (9,136)

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

	U.S. Plans		Non-U.S. Plans	
	2015	2014	2015	2014
<i>(In thousands)</i>				
Changes in plan assets and benefit obligations recognized in other comprehensive income:				
Prior service cost	\$ -	\$ (1,471)	\$ -	\$ -
Net loss (gain) arising during the year	820	(228)	(1,751)	(766)
Effect of exchange rates on amounts included in AOCI			(1,026)	(532)
Amounts recognized as a component of net periodic benefit cost:				
Amortization or curtailment recognition of prior service credit (cost)	247	153		
Amortization or settlement recognition of net gain (loss)	136	144	(391)	(516)
Total recognized in other comprehensive loss (income)	\$ 1,203	\$ (1,402)	\$ (3,168)	\$ (1,814)

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

	U.S. Plans		Non-U.S. Plans	
	2015	2014	2015	2014
<i>Year-End Benefit Obligations</i>				
Discount rate	3.95%	4.00%	4.00%	4.40%
Current healthcare cost trend rate	11.34%	12.28%	6.06%	6.31%
Ultimate healthcare cost trend rate	4.50%	4.50%	4.20%	4.20%
Year ultimate healthcare cost trend rate will be realized	2029	2029	2030	2030

	U.S. Plans			Non-U.S. Plans		
	2015	2014	2013	2015	2014	2013
<i>Net Periodic Postretirement Cost</i>						
Discount rate	4.00%	3.95%	3.75%	4.40%	4.50%	4.75%
Healthcare cost trend rate	12.28%	7.54%	7.70%	6.31%	6.43%	6.92%
Ultimate healthcare cost trend rate	4.50%	4.50%	4.50%	4.20%	4.20%	4.20%
Year ultimate healthcare cost trend rate will be realized	2029	2029	2029	2030	2030	2030

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, 2015 and 2014:

	U.S. Plans		Non-U.S. Plans	
	2015	2014	2015	2014
<i>(In thousands)</i>				
1% Increase in trend rate				
Accumulated Benefit Obligation	\$ 334	\$ 239	\$ 6,430	\$ 6,502
Postretirement Cost	10	11	675	727
1% Decrease in trend rate				
Accumulated Benefit Obligation	\$ (290)	\$ (209)	\$ (3,295)	\$ (5,011)
Postretirement Cost	(8)	(10)	(499)	(534)

We expect to pay approximately \$0.9 million to \$1.2 million in estimated postretirement benefits in each of the next five years. In the five years thereafter (2021-2025) we expect to pay a cumulative total of \$7.5 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. However, effective January 1, 2014, we changed our retiree medical offering to a Medicare Advantage Plan. Under the Medicare Advantage Plan, any Part D subsidy belongs to the insurance carrier. Our results reflect this change.

We have included the impact of our portion of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 subsidy in the determination of accumulated postretirement benefit obligation for the U.S. nonpension postretirement benefit plan for the periods ended May 31, 2015 and 2014.

We received our last subsidy during our fiscal year ended May 31, 2014, during which time we received reimbursements from Medicare related to this law amounting to approximately \$37,000.

NOTE 0 — CONTINGENCIES AND OTHER ACCRUED LOSSES

Accrued loss reserves consist of the following:

May 31,	2015	2014
<i>(In thousands)</i>		
Accrued product liability reserves	\$ 11,916	\$ 10,589
Accrued warranty reserves	8,718	14,167
Accrued environmental reserves	1,382	2,731
Total accrued loss reserves - Current	\$ 22,016	\$ 27,487
Accrued product liability reserves - noncurrent	\$ 29,769	\$ 29,653
Accrued warranty liability - noncurrent	2,945	574
Accrued environmental reserves - noncurrent	3,499	2,005
Total accrued loss reserves - Noncurrent	\$ 36,213	\$ 32,232

We provide, through our wholly owned insurance subsidiaries, certain insurance coverage, primarily product liability coverage, to our other subsidiaries. Excess coverage is provided by third-party insurers. Our product liability accruals provide for these potential losses as well as other uninsured claims. Product liability accruals are established based upon actuarial calculations of potential liability using industry experience, actual historical experience and actuarial assumptions developed for similar types of product liability claims, including development factors and lag times. To the extent there is a reasonable possibility that potential losses could exceed the amounts already accrued, we believe that the amount of any such additional loss would be immaterial to our results of operations, liquidity and consolidated financial position.

We also offer warranties on many of our products, as well as long-term warranty programs at certain of our businesses, and have established product warranty liabilities. We review these liabilities for adequacy on a quarterly basis and adjust them as necessary. The primary factors that could affect these liabilities may include changes in performance rates as well as 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 related to claims not yet received. While our warranty liabilities represent our best estimates at May 31, 2015, we can provide no assurances that we will not experience material claims in the future or that we will not incur significant costs to resolve such claims beyond the amounts accrued or beyond what we may recover from our suppliers. Product warranty expense is recorded within selling, general and administrative expense.

Also, due to the nature of our businesses, the amount of claims paid can fluctuate from one period to the next. While our warranty liabilities represent our best estimates of our expected losses at any given time, from time-to-time we may revise our estimates based on our experience relating to factors such as weather conditions, specific circumstances surrounding product installations and other factors.

The following table includes the changes in our accrued warranty balances:

Year Ended May 31,	2015	2014	2013
<i>(In thousands)</i>			
Beginning Balance	\$ 14,741	\$ 9,330	\$ 14,751
Deductions ⁽¹⁾	(29,543)	(19,155)	(20,115)
Provision charged to SG&A expense	23,487	24,566	14,260
Acquisitions, including SPHC reconsolidation	2,978	-	434
Ending Balance	\$ 11,663	\$ 14,741	\$ 9,330

(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 and are not material to our financial statements during any of the periods presented.

As previously disclosed, we recorded a \$65.1 million accrual during the year ended May 31, 2013 associated with settlement discussions with the DOJ and the GSA Office of Inspector General aimed at resolving an existing investigation. Since first receiving a broad request for documents from the GSA in March 2011, we cooperated with that investigation, which involved our compliance with certain pricing terms and conditions of our GSA Multiple Award Schedule contracts under which the roofing division of our Tremco Group sold products and services to the federal government. A substantial majority of the transactions as to which potential compliance issues were raised took place during the period from 2002 to 2008. In August 2013, we entered into a final agreement with the DOJ and the GSA Office of Inspector General regarding this matter. During the year ended May 31, 2014, we paid the GSA Office of Inspector General \$61.9 million and made other payments for miscellaneous legal expenses for approximately \$1.7 million. During fiscal 2015, we paid approximately \$1.0 million in legal fees, and we expect to pay approximately \$1.1 million more in legal fees and other related costs arising out of this investigation. The accrual for this contingency is classified in other accrued liabilities in our Consolidated Balance Sheets.

We were notified by the SEC on June 24, 2014, that we are the subject of a formal investigation pertaining to the timing of our disclosure and accrual of loss reserves in fiscal 2013 with respect to the previously disclosed GSA and DOJ investigation into compliance issues relating to Tremco Roofing Division's GSA contracts. We are cooperating with the SEC in its ongoing investigation and continue to be engaged in discussions with the staff of the Division of Enforcement concerning potential issues arising out of the SEC's investigation. As previously disclosed, our audit committee completed an investigation into the facts and circumstances surrounding the timing of our disclosure and accrual of loss reserves with respect to the GSA and DOJ investigations, and determined to restate our financial results for the first, second and third quarters of fiscal 2013. These restatements had no impact on our audited financial statements for the fiscal years ended May 31, 2013 or 2014. The audit committee's investigation concluded that there was no intentional misconduct on the part of any of our officers.

At this time, we are unable to predict the outcome of this matter or provide quantification of how the final resolution of this matter may impact our future consolidated financial condition, results of operations or cash flows. Any action by the SEC could result in sanctions against us and/or certain of our officers. A protracted investigation could impose substantial additional costs and distractions, regardless of its outcome.

In January 2013, we entered into a Voluntary Self-Disclosure Agreement ("VSDA") with the State of Delaware relating to certain property that may be held by us, including securities, payments, and refunds to employees, vendors and customers, that has been unclaimed for a specified period of time. Delaware's Abandoned Property Law, like other state and federal escheat laws, generally requires companies to report and remit unclaimed property to the state. Although we believe we have procedures in place to comply with these laws, we entered into the VSDA so that we may identify any previously unreported abandoned property and remit any such property to the State of Delaware. We are substantially complete with our review of previously unreported abandoned property, in compliance with the terms of VSDA, and we do not expect the outcome to have a material impact on our results of operations or financial position.

A consolidated class-action complaint is pending against Rust-Oleum seeking to have a class certified and alleging breach of warranty, breach of contract and other claims regarding certain deck coating products of Rust-Oleum. Rust-Oleum plans to vigorously defend this action, including any attempts at class certification. At this time, we are unable to predict the outcome of this matter or provide any quantification of how the final resolution of this matter may impact our future consolidated financial condition, results of operations or cash flows.

NOTE P — 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 industrial reportable segment and the consumer reportable segment. Within each reportable segment, we aggregate several 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 eight 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 eight 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.

During our fiscal 2015 third quarter, the United States Bankruptcy Court in Delaware and the United States District Court in Delaware confirmed the Bankruptcy Plan for our SPHC subsidiary and related entities. Accordingly, financial results of SPHC and its subsidiaries, which have not been included in our financial reports since the bankruptcy filing, have been re consolidated with our results as of January 1, 2015, and will be included in our results going forward. As a result, SPHC and its subsidiaries are reflected as an additional operating segment within the industrial reportable segment, beginning with our fiscal 2015 third-quarter results. Refer to Note A(2) for additional details.

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. The industrial reportable segment comprises five separate operating segments — Tremco Group, Tremco Illbruck Group, Performance Coatings Group, RPM2-Industrial Group and SPHC Group. Products and services within this reportable segment include construction chemicals; roofing systems; weatherproofing and other sealants; polymer flooring; edible coatings and specialty glazes for pharmaceutical, cosmetic and food industries; and other 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, along with a few locations in Europe and other parts of the world. Consumer segment products are primarily sold directly to mass merchandisers, home improvement centers, hardware stores, paint stores, craft shops, cosmetic companies and through distributors. This reportable segment comprises three operating segments — Rust-Oleum Group, DAP Group and RPM2-Consumer Group. Products within this reportable segment include specialty, hobby and professional paints; nail care enamels; caulks; adhesives; silicone sealants and wood stains. Sales to the Home Depot represented less than 10% of our consolidated net sales for fiscal 2013; 10% and 11% of our consolidated sales for fiscal 2015 and 2014, respectively; and 29%, 29% and 28% of our consumer segment net sales for fiscal 2015, 2014 and 2013, respectively.

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 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 earnings before interest and taxes; as well as 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.

The following tables reflect the results of our reportable segments consistent with our management philosophy, and represent 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,	2015	2014	2013
<i>(In thousands)</i>			
Net Sales			
Industrial	\$ 2,990,721	\$ 2,769,657	\$ 2,635,976
Consumer	1,603,829	1,606,696	1,442,679
Total	\$ 4,594,550	\$ 4,376,353	\$ 4,078,655
Income (Loss) Before Income Taxes			
Industrial			
Income Before Income Taxes ^(a)	\$ 315,382	\$ 295,751	\$ 164,578
Interest (Expense), Net ^(b)	(7,656)	(10,227)	(10,318)
EBIT ^(c)	\$ 323,038	\$ 305,978	\$ 174,896
Consumer			
Income Before Income Taxes ^(a)	\$ 273,956	\$ 251,229	\$ 190,611
Interest (Expense), Net ^(b)	34	122	(10)
EBIT ^(c)	\$ 273,922	\$ 251,107	\$ 190,621
Corporate/Other			
(Expense) Before Income Taxes ^(a)	\$ (136,085)	\$ (122,493)	\$ (178,298)
Interest (Expense), Net ^(b)	(61,416)	(55,131)	(63,340)
EBIT ^(c)	\$ (74,669)	\$ (67,362)	\$ (114,958)
Consolidated			
Income Before Income Taxes ^(a)	\$ 453,253	\$ 424,487	\$ 176,891
Interest (Expense), Net ^(b)	(69,038)	(65,236)	(73,668)
EBIT ^(c)	\$ 522,291	\$ 489,723	\$ 250,559
Identifiable Assets			
Industrial	\$ 2,904,010	\$ 2,507,257	\$ 2,461,163
Consumer	1,626,097	1,648,272	1,584,336
Corporate/Other	164,133	222,836	75,348
Total	\$ 4,694,240	\$ 4,378,365	\$ 4,120,847
Capital Expenditures			
Industrial	\$ 53,973	\$ 54,556	\$ 50,025
Consumer	29,354	35,391	35,081
Corporate/Other	2,036	3,845	6,261
Total	\$ 85,363	\$ 93,792	\$ 91,367
Depreciation and Amortization			
Industrial	\$ 60,831	\$ 53,670	\$ 53,549
Consumer	32,153	31,378	28,624
Corporate/Other	6,192	5,021	4,163
Total	\$ 99,176	\$ 90,069	\$ 86,336

(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 based on income 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. 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, 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.

Year Ended May 31,	2015	2014	2013
<i>(In thousands)</i>			
Net Sales (based on shipping location)^(a)			
United States	\$ 2,856,723	\$ 2,581,208	\$ 2,404,835
Foreign			
Canada	337,869	342,312	350,579
Europe	941,820	1,031,686	908,139
Other Foreign	458,138	421,147	415,102
Total Foreign	1,737,827	1,795,145	1,673,820
Total	\$ 4,594,550	\$ 4,376,353	\$ 4,078,655
Long-Lived Assets^(b)			
United States	\$ 1,704,468	\$ 1,374,340	\$ 1,311,640
Foreign			
Canada	114,717	125,401	126,172
Europe	293,685	340,146	340,592
United Kingdom	273,118	259,829	237,124
Other Foreign	202,721	208,411	213,726
Total Foreign	884,241	933,787	917,614
Total	\$ 2,588,709	\$ 2,308,127	\$ 2,229,254

(a) It is not practicable to obtain the information needed to disclose revenues attributable to each of our product lines.

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

NOTE Q — QUARTERLY INFORMATION (UNAUDITED)

The following is a summary of the quarterly results of operations for the years ended May 31, 2015 and 2014:

<i>(In thousands, except per share amounts)</i>	For Quarter Ended			
	August 31	November 30	February 28 ^(a)	May 31
2015				
Net Sales	\$ 1,203,896	\$ 1,071,128	\$ 946,367	\$ 1,373,159
Gross Profit	\$ 508,393	\$ 453,943	\$ 379,738	\$ 599,295
Net Income (Loss) Attributable to				
RPM International Inc. Stockholders	\$ 99,079	\$ 69,766	\$ (57,348)	\$ 127,987
Basic Earnings (Loss) Per Share	\$ 0.74	\$ 0.52	\$ (0.44)	\$ 0.97
Diluted Earnings (Loss) Per Share	\$ 0.73	\$ 0.52	\$ (0.44)	\$ 0.95
Dividends Per Share	\$ 0.240	\$ 0.260	\$ 0.260	\$ 0.260
2014				
Net Sales	\$ 1,164,674	\$ 1,071,487	\$ 863,410	\$ 1,276,782
Gross Profit	\$ 499,072	\$ 457,945	\$ 358,026	\$ 560,725
Net Income Attributable to				
RPM International Inc. Stockholders	\$ 103,098	\$ 63,562	\$ 16,221	\$ 108,779
Basic Earnings Per Share	\$ 0.78	\$ 0.48	\$ 0.12	\$ 0.82
Diluted Earnings Per Share	\$ 0.77	\$ 0.48	\$ 0.12	\$ 0.80
Dividends Per Share	\$ 0.225	\$ 0.240	\$ 0.240	\$ 0.240

(a) Reflects adjustments for approximately \$106.2 million to the Provision for Income Taxes related to the recognition of an ASC 740-30 tax liability for the potential repatriation of foreign earnings and related impact on Net Income Attributable to Noncontrolling Interests.

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 2015	High	Low	Dividends paid per share	Fiscal 2014	High	Low	Dividends paid per share
First Quarter	\$ 47.33	\$ 42.80	0.240	First Quarter	\$ 36.39	\$ 30.85	0.225
Second Quarter	\$ 48.30	\$ 39.57	0.260	Second Quarter	\$ 40.25	\$ 33.37	0.240
Third Quarter	\$ 51.97	\$ 44.95	0.260	Third Quarter	\$ 43.86	\$ 37.57	0.240
Fourth Quarter	\$ 51.30	\$ 46.65	0.260	Fourth Quarter	\$ 45.47	\$ 40.22	0.240

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 13, 2015 was approximately 23,219, in addition to 84,762 beneficial holders.

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's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Specialty Products Holding Corp., Betumat Quimica Ltda., Bomat, Inc., Firetherm Intumescent and Insulation Supplies Limited, Morrells Woodfinishes Limited, Krud Kutter, Inc. and Spraymate (Proprietary) Limited, which are included in the 2015 Consolidated Financial Statements of RPM International Inc. and Subsidiaries and constituted 20% of total assets as of May 31, 2015 and 5% of net sales for the year then ended.

Management assessed the effectiveness of RPM's internal control over financial reporting as of May 31, 2015. 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 (2013 Framework). Based on this assessment, management concluded that, as of May 31, 2015, 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, 2015 and their report thereon is included on page 75 of this report.



Frank C. Sullivan
Chairman and Chief Executive Officer



Russell L. Gordon
Vice President and Chief Financial Officer

July 27, 2015

Report of Independent Registered Public Accounting Firm

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS

RPM International Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of RPM International Inc. and Subsidiaries as of May 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended May 31, 2015. 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of RPM International Inc. and Subsidiaries at May 31, 2015 and 2014 and the consolidated results of their operations and their cash flows for each of the three years in the period ended May 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), RPM International Inc. and Subsidiaries' internal control over financial reporting as of May 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated July 27, 2015 expressed an unqualified opinion thereon.

The image shows a handwritten signature in blue ink that reads "Ernst + Young LLP". The signature is written in a cursive, flowing style. The text is positioned above the date and location information.

Cleveland, Ohio
July 27, 2015

Report of Independent Registered Public Accounting Firm

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS

RPM International Inc. and Subsidiaries

We have audited RPM International Inc. and Subsidiaries' internal control over financial reporting as of May 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). RPM International Inc. and Subsidiaries' 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 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, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

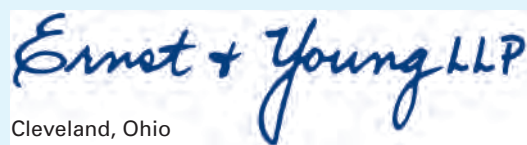
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal 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.

As indicated in the accompanying "Management's Report on Internal Control over Financial Reporting," management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Specialty Products Holding Corp., Betumat Quimica Ltda., Bomat, Inc., Firetherm Intumescent and Insulation Supplies Limited, Morrells Woodfinishes Limited, Krud Kutter, Inc. and Spraymate (Proprietary) Limited, which are included in the 2015 Consolidated Financial Statements of RPM International Inc. and Subsidiaries and constituted 20% of total assets as of May 31, 2015 and 5% of net sales for the year then ended. Our audit of internal control over financial reporting of RPM International Inc. and Subsidiaries also did not include an evaluation of the internal control over financial reporting of Specialty Products Holding Corp., Betumat Quimica Ltda., Bomat, Inc., Firetherm Intumescent and Insulation Supplies Limited, Morrells Woodfinishes Limited, Krud Kutter, Inc. and Spraymate (Proprietary) Limited.

In our opinion, RPM International Inc. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of May 31, 2015, 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 sheets of RPM International Inc. and Subsidiaries as of May 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended May 31, 2015, and our report dated July 27, 2015, expressed an unqualified opinion thereon.

The image shows a handwritten signature in blue ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style. Below the signature, the text "Cleveland, Ohio" and "July 27, 2015" is printed in a standard black font.

Cleveland, Ohio
July 27, 2015

Stockholder Information

World Headquarters

RPM International Inc.
2628 Pearl Road
P.O. Box 777
Medina, OH 44258
Telephone: 330-273-5090 or 800-776-4488
Fax: 330-225-8743
Website: www.rpminc.com
E-mail: info@rpminc.com

Annual Meeting

RPM stockholders are invited to attend RPM's Annual Meeting, which will be held at 2:00 p.m. EDT on Thursday, October 8, 2015 at the Holiday Inn, 15471 Royalton Road, Strongsville, Ohio. Directions can be found on the RPM website.

Form 10-K and Other Financial Information

Investors may obtain, at no charge, a copy of the RPM Annual Report to the Securities and Exchange Commission on Form 10-K, a corporate video and other investor information by contacting Kathie M. Rogers, Manager of Investor Relations, at RPM, 800-776-4488.

Form 10-K, other public financial reports and news releases may also be obtained electronically through the website, www.rpminc.com.

Corporate Governance

Copies of the RPM Board of Directors Corporate Governance Guidelines, as well as the Committee Charters and RPM's Governance Documents, are available on the company's website at www.rpminc.com, under "About RPM/Corporate Governance." Copies of these materials are also available, without charge, upon written request to the Secretary of RPM.

Institutional Investor and Security Analyst Inquiries

Security analysts and investment professionals with questions regarding RPM should contact Barry M. Slifstein, Vice President - Investor Relations, at 330-273-5090 or bslifstein@rpminc.com.

Dividend Payments

Common stock cash dividends are payable quarterly, upon authorization of the Board of Directors. Regular payment dates are typically the 31st of July, October and January and the 30th of April. RPM has increased the cash dividend payments to its stockholders for 41 consecutive years.

Stock Exchange Listing

RPM International Inc. is listed on the New York Stock Exchange under the ticker symbol "RPM."



Stock Transfer Agent, Registrar and Dividend Disbursing Agent

Wells Fargo Bank, N.A. maintains RPM's stockholder records and is responsible for disbursing dividend checks. Questions concerning your account, change of address, transfer of ownership, lost certificates, safekeeping of stock certificates, dividend payments, direct deposit of dividends and other related items should be directed to:

Wells Fargo Shareowner Services
P.O. Box 64854
St. Paul, MN 55164-0854
Telephone: 800-988-5238 or
651-450-4064 (outside the United States)
Fax: 651-450-4085
Website: www.shareowneronline.com

Certified/Overnight Mail:
Wells Fargo Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100

Internet Account Access

Stockholders of record may access their accounts via the Internet to view their account holdings, change address, complete certain transactions and get answers to other stock-related inquiries through Wells Fargo Shareowner Online at www.shareowneronline.com.

Direct Stock Purchase and Dividend Reinvestment Plan

RPM offers a direct stock purchase and dividend reinvestment plan administered by Wells Fargo Bank, N.A. The plan allows new investors to purchase RPM common stock directly, and existing stockholders to increase their holdings. There is no commission cost for shares purchased. The minimum initial investment is \$200. Additional cash investments must be at least \$25 and not more than \$5,000 per month. For more details on the plan or questions concerning existing Dividend Reinvestment accounts, please contact Wells Fargo Shareholder Services (see above).

Independent Registered Public Accounting Firm

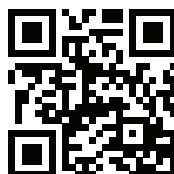
Ernst & Young LLP, Cleveland, Ohio - for fiscal 2015
Deloitte & Touche LLP, Cleveland, Ohio - effective fiscal 2016

Counsel

Calfee, Halter & Griswold LLP, Cleveland, Ohio

The RPM App

For up-to-date investment information on RPM, download the RPM app for Apple and Android devices. Scan this QR code or visit your app market.





Board of Directors

Gen. John P. Abizaid (Retired) (3)
 Elected 2008; Senior Partner, JPA Partners LLC (a Nevada-based strategic and analytic consulting firm), and a retired four-star General in the U.S. Army and former commander of the U.S. Central Command

Bruce A. Carbonari (1), (2), (4*)
 Elected 2002; retired Chairman and Chief Executive Officer, Fortune Brands, Inc., Deerfield, Illinois (a leading consumer brands company)

David A. Daberko (1), (3*)
 Elected 2007; retired Chairman and Chief Executive Officer, National City Corporation, Cleveland, Ohio, now part of PNC Financial Services Group, Inc. (a financial holding company)

Salvatore D. Fazzolari (1), (2*)
 Elected 2013; former Chairman, President and Chief Executive Officer, Harsco Corporation, Camp Hill, Pennsylvania (a diversified global industrial company)

Thomas S. Gross (2)
 Elected 2012; Vice Chairman and Chief Operating Officer, Electrical Sector of Eaton Corporation plc, Cleveland, Ohio (a global diversified power management company)

Craig S. Morford (4)
 Elected 2013; Chief Legal and Compliance Officer, Cardinal Health, Inc., Dublin, Ohio (a health care services company)

Frederick R. Nance (4)
 Elected 2007; Regional Managing Partner, Squire Patton Boggs (US) LLP, Cleveland, Ohio (attorneys at law)

Charles A. Ratner (3)
 Elected 2005; Chairman and retired President and Chief Executive Officer, Forest City Enterprises, Inc., Cleveland, Ohio (a diversified real estate development corporation)

Frank C. Sullivan (1*)
 Elected 1995; Chairman and Chief Executive Officer, RPM International Inc.

Thomas C. Sullivan (1)
 Elected 1963; Chairman Emeritus and retired Chief Executive Officer, RPM International Inc.

William B. Summers, Jr. (2)
 Elected 2004; retired Chairman and Chief Executive Officer, McDonald Investments Inc., Cleveland, Ohio, now part of KeyBanc Capital Markets Inc. (an investment banking and securities firm)

Dr. Jerry Sue Thornton (3)
 Elected 1999; retired President of Cuyahoga Community College, Cleveland, Ohio

Joseph P. Viviano (4)
 Elected 2001; retired Vice Chairman, Hershey Foods Corporation, Hershey, Pennsylvania

- (1) Executive Committee
- (2) Audit Committee
- (3) Compensation Committee
- (4) Governance & Nominating Committee
- * Chairman of the Committee

Pictured, left to right: Frederick R. Nance; David A. Daberko; Gen. John P. Abizaid; Thomas S. Gross; William B. Summers, Jr.; Joseph P. Viviano; Frank C. Sullivan; Craig S. Morford; Thomas C. Sullivan; Bruce A. Carbonari; Dr. Jerry Sue Thornton; Salvatore D. Fazzolari; and Charles A. Ratner.

Officers

Frank C. Sullivan
 Chairman and Chief Executive Officer

Ronald A. Rice
 President and Chief Operating Officer

Russell L. Gordon
 Vice President and Chief Financial Officer

Edward W. Moore
 Senior Vice President, General Counsel,
 Chief Compliance Officer and Secretary

Lonny R. DiRusso
 Vice President – Information Technology

Janeen B. Kastner
 Vice President – Corporate Benefits
 and Risk Management

John F. Kramer
 Vice President – Corporate Development

Randell McShepard
 Vice President – Public Affairs

Matthew T. Ratajczak
 Vice President – Global Tax and Treasurer

Barry M. Slifstein
 Vice President – Investor Relations

Keith R. Smiley
 Vice President – Finance and Controller

Thomas C. Sullivan, Jr.
 Vice President – Corporate Development



Our Brands Pay Dividends

41

consecutive years of
CASH DIVIDEND
INCREASES

86

PERCENT BY WHICH
RPM's 10-year
total return
has OUTPERFORMED
the S&P 500

1.8

billion dollars in
CASH DIVIDENDS
RETURNED TO
SHAREHOLDERS
over past 4 decades



RPM International Inc.

A World Leader in Specialty Coatings and Sealants

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