

RPM INTERNATIONAL INC/DE/

Form 424B5

October 06, 2009

**Table of Contents**

The information in this preliminary prospectus supplement and accompanying prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission and is effective. This preliminary prospectus supplement and accompanying prospectus are not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant To Rule 424(b)(5)  
Registration No. 333-149232

**SUBJECT TO COMPLETION, DATED OCTOBER 6, 2009**

**PRELIMINARY PROSPECTUS SUPPLEMENT**

**October , 2009**

**\$**  
**RPM International Inc.**  
**% Notes due 2019**

We are offering \$ million aggregate principal amount of % Notes due 2019. RPM International Inc. will pay interest on the notes on and of each year, beginning , 2010. The notes will mature on , 2019. We may redeem the notes at our option, at any time or from time to time, either in whole or in part, at the redemption price described in this prospectus supplement. If a change of control triggering event as described in this prospectus supplement occurs, unless we have exercised our option to redeem the notes, we will be required to offer to repurchase the notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest.

The notes will be our general unsecured obligations. The notes will rank equally with all of our current and future unsecured, unsubordinated debt and will be senior in right of payment to all of our future subordinated debt.

The notes are being offered for sale in the United States and certain jurisdictions outside the United States in which it is lawful to make such offers. The notes will not be listed on any securities exchange.

**Investing in the notes involves risks. See Risk Factors beginning on page S-10 of this prospectus supplement and Risk Factors beginning on page 4 of the accompanying prospectus.**

	<b>Per Note</b>	<b>Total</b>
Public offering price	%	\$
Underwriting discount	%	\$
Proceeds, before expenses, to RPM International Inc.	%	\$

The public offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from October , 2009.

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed on the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

The notes will be delivered in book-entry form only through the facilities of The Depository Trust Company, including for the accounts of Euroclear Bank S.A./N.V., as operator of the Euroclear System, or Clearstream Banking, société anonyme, against payment in New York, New York on or about October , 2009.

*Joint Book-Running Managers*

**BofA Merrill Lynch**

**Wells Fargo Securities**

**The date of this prospectus supplement is October , 2009**

---

**Table of Contents**

You should read this prospectus supplement along with the accompanying prospectus dated February 14, 2008. This prospectus supplement and the accompanying prospectus form one single document and both contain information you should consider when making your investment decision. You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. If the information contained in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement. The information in this prospectus supplement and the accompanying prospectus may only be accurate as of their respective dates.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. Persons who come into possession of this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

---

**TABLE OF CONTENTS**

**Prospectus Supplement**

	<b>Page</b>
<u>About This Prospectus Supplement</u>	S-iii
<u>Where You Can Find More Information</u>	S-iii
<u>Special Note Regarding Forward-Looking Statements</u>	S-v
<u>Summary</u>	S-1
<u>Risk Factors</u>	S-10
<u>Use of Proceeds</u>	S-13
<u>Capitalization</u>	S-14
<u>Ratio of Earnings To Fixed Charges</u>	S-15
<u>Description of Notes</u>	S-16
<u>Material United States Federal Income Tax Consequences</u>	S-23
<u>Underwriting (Conflicts of Interest)</u>	S-28
<u>Validity of Notes</u>	S-31
<u>Experts</u>	S-31

**Prospectus**

	<b>Page</b>
About This Prospectus	1
Where You Can Find More Information	1
Special Note Regarding Forward-Looking Statements	2
Risk Factors	4
Use of Proceeds	4
Ratio of Earnings to Fixed Charges	4
Description of Capital Stock	5
Description of Debt Securities	10
Description of Other Securities	20
Plan of Distribution	20
Validity of Securities	21
Experts	21

**Table of Contents**

**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which contains the terms of this offering of notes. The second part is the accompanying prospectus dated February 14, 2008, which is part of our Registration Statement on Form S-3.

This prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus, the information in this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information contained in the documents to which we have referred you in **Where You Can Find More Information** below.

No person is authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement or the accompanying prospectus and, if given or made, such information or representations must not be relied upon as having been authorized. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement and the accompanying prospectus, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, or that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is correct as of any time subsequent to the date of such information.

In this prospectus supplement and the accompanying prospectus, unless otherwise stated, references to **RPM**, **we**, **us**, **our** and the **Company** refer to RPM International Inc. and its consolidated subsidiaries. With respect to the discussion of the terms of the notes on the cover page, in the section entitled **Summary** and in the section entitled **Description of Notes**, the words **RPM**, **we**, **us**, **our** and the **Company** refer only to RPM International Inc. and not to any of its subsidiaries.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and special reports, proxy statements and other information with the SEC. The reports, proxy statements and other information that we file electronically with the SEC are available to the public free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov). You may also read and copy any document we file with the SEC, at prescribed rates, at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of its Public Reference Room. You can also inspect our reports, proxy statements and other information at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

We incorporate by reference into this prospectus supplement and the accompanying prospectus information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus supplement and the accompanying

prospectus. Some information contained in this prospectus supplement and the accompanying prospectus updates the information incorporated by reference, and information that we subsequently file with the SEC will automatically update information in this prospectus supplement and the accompanying prospectus, as well as our other filings with the SEC. In other words, in the case of a conflict or inconsistency between information in this prospectus supplement and the accompanying prospectus and/or information incorporated by reference, you should rely on the information contained in the document that was filed later. We incorporate by reference the documents

S-iii

---

**Table of Contents**

listed below and any filings we make with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act ), after the initial filing of this prospectus supplement and prior to the time that we sell all the securities offered under this prospectus supplement, other than the portions of such documents that by statute, by designation in such documents, or otherwise are not deemed to be filed with the SEC or are not required to be incorporated herein by reference:

Annual report on Form 10-K for the year ended May 31, 2009;

Quarterly report on Form 10-Q for the quarter ended August 31, 2009; and

Current report on Form 8-K filed June 4, 2009 (under Item 1.01 and related exhibits only).

We will provide to each person, including any beneficial owner, to whom this prospectus supplement is delivered any or all of these filings (other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing) at no cost, upon written or oral request. You may request these documents by writing to or telephoning us at the following address:

Secretary  
RPM International Inc.  
2628 Pearl Road  
P.O. Box 777  
Medina, Ohio 44258  
(330) 273-5090

You should rely only on the information incorporated by reference or set forth in this prospectus supplement or the accompanying prospectus. We have not authorized anyone else to provide you with additional or different information. We may only use this prospectus supplement to sell securities if it is accompanied by a prospectus. We are only offering these securities in states where the offer is permitted. You should not assume that the information in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the dates on the front of those documents.

S-iv

---



**Table of Contents**

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus (including the information incorporated by reference) contains forward-looking statements. These statements relate to our plans, expectations, estimates and beliefs of future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as may, will, could, would, should, expect, plan, anticipate, target, project, estimate, predict, potential, pro forma, seek or continue or the negative of those terms or other comparable terminology. These statements are only predictions and we can give no assurance that such expectations will prove to be correct. Some of the things that could cause our actual results to differ substantially from our expectations are:

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;

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;

continued growth in demand for our products;

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;

the effect of changes in interest rates;

the effect of fluctuations in currency exchange rates upon our foreign operations;

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;

risks and uncertainties associated with our ongoing acquisition and divestiture activities;

risks related to the adequacy of our contingent liability reserves, including for asbestos-related claims and warranty obligations; and

other factors referenced in this prospectus supplement and the accompanying prospectus, including those set forth under the caption Risk Factors, and in our filings with the SEC, including those set forth or discussed in the Risk Factors and Management's Discussion and Analysis sections of those reports.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this prospectus supplement to conform them to actual results. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed under the caption Risk Factors, and by any cautionary language in this prospectus supplement and the accompanying prospectus. We caution you that these risk factors may not be exhaustive. We operate in a continually changing business environment, and new risk factors emerge from time to time. We cannot predict such new risk factors, nor

can we assess the impact, if any, of such new risk factors on our businesses or the extent to which any factor or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus supplement and the accompanying prospectus or in documents incorporated by reference therein might not occur.

S-v

---

**Table of Contents**

**SUMMARY**

The following summary is qualified in its entirety by the more detailed information included elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. Because this is a summary, it may not contain all the information that may be important to you. You should read the entire prospectus supplement and the accompanying prospectus as well as the documents incorporated by reference before making an investment decision.

**The Company**

Our subsidiaries manufacture, market and sell various specialty chemical product lines, including high-quality specialty paints, protective coatings, roofing systems, sealants and adhesives, focusing on the maintenance and improvement needs of both the industrial and consumer markets. Our family of products includes those marketed under brand names such as Carboline, DAP, Day-Glo, Dryvit, EUCO, Flecto, illbruck, Rust-Oleum, Stonhard, Tremco, Watco and Zinsser. Our subsidiaries market products in approximately 147 countries and territories and operate manufacturing facilities in approximately 92 locations in the United States, Argentina, Belgium, Canada, China, Colombia, The Czech Republic, France, Germany, Italy, Malaysia, Mexico, The Netherlands, New Zealand, Norway, Poland, South Africa, Sweden, the United Arab Emirates and the United Kingdom. Approximately 37% of our sales are generated in international markets through a combination of exports and direct sales in foreign countries. For the fiscal year ended May 31, 2009, we recorded net sales of \$3.4 billion, and for the three months ended August 31, 2009, we recorded net sales of \$916.0 million.

Our business is divided into two reportable segments: the consumer reportable segment ( consumer segment ) and the industrial reportable segment ( industrial segment ). Within each reportable segment, we aggregate three operating segments which comprise individual reporting units and product lines that generally address common markets, utilize similar technologies and are able to share manufacturing or distribution capabilities. The industrial segment (Building Solutions Group, Performance Coatings Group and RPM II/Industrial), which comprised approximately 67% of our total net sales for the fiscal year ended May 31, 2009, and approximately 66% of our total net sales for the three months ended August 31, 2009, includes maintenance and protection products for roofing and waterproofing systems, flooring, corrosion control and other specialty applications. The consumer segment (Rust-Oleum Group, DAP Group and RPM II/Consumer), which comprised approximately 33% of our total net sales for the fiscal year ended May 31, 2009 and approximately 34% of our total net sales for the three months ended August 31, 2009, includes rust-preventative, special purpose and decorative paints, caulks, sealants, primers and other branded consumer products.

***Industrial Segment***

Our industrial segment products are sold throughout North America and also account for the majority of our international sales. Our industrial product lines are sold directly to contractors, distributors and end-users, such as owners of industrial manufacturing facilities, public institutions and other commercial customers. Our industrial segment generated \$2.3 billion in net sales for the fiscal year ended May 31, 2009 and \$599.7 million in net sales for the three months ended August 31, 2009 and is composed of the following major product lines and brand names:

**Building Solutions Group:**

sealants and institutional roofing systems used in building protection, maintenance and weatherproofing applications marketed under our Tremco, Republic, Vulkem and Dymeric brand names;

basement waterproofing sealants marketed under our Tuff-N-Dri and Watchdog Waterproofing brand names, and specialized roofing maintenance and related services marketed under our Weatherproofing Technologies brand name;

specialty adhesives and sealants marketed under our Compacta and Pactan brand names;

S-1

---

**Table of Contents**

concrete and masonry additives and related construction chemicals marketed under our EUCO, Increte and Tamms brand names; and

joint sealing tapes, flashing tapes, cartridge sealants and adhesives, strips, foils and accessories marketed under our illbruck, Festix, Perennator and Coco brand names;

Performance Coatings Group:

high-performance polymer flooring systems for industrial, institutional and commercial facility floor surfaces marketed under our Stonhard brand name;

industrial and commercial tile systems marketed under our Lock-Tile and Ecoloc brand names;

fiberglass reinforced plastic gratings and shapes used for industrial platforms, staircases and walkways marketed under our Fibergrate, Chemgrate, Corgrate and Safe-T-Span brand names; and

high-performance, heavy-duty corrosion-control coatings, fireproofing products and containment linings for a wide variety of industrial infrastructure applications marketed under our Carboline, Nullifire, A/D Fire, Nu-Chem and Plasite brand names;

RPM II/Industrial Group:

exterior insulating finishing systems, including textured finish coats, sealers and variegated-aggregate finishes marketed under our Dryvit brand name;

a variety of products for specialized applications, including powder coatings for exterior and interior applications marketed under our TCI brand name;

fluorescent colorants and pigments marketed under our Day-Glo, Radiant and Dane Color brand names;

commercial carpet and floor cleaning solutions marketed under our Chemspec brand name;

fuel additives marketed under our Valvtect brand name;

wood treatments marketed under our Kop-Coat and Tru-Core brand names;

pleasure marine coatings marketed under our Pettit, Woolsey and Z-Spar brand names;

waterproofing and flooring products marketed under our RPM Belgium brand names; and

waterproofing and concrete repair products marketed under our Vandex brand name.

***Consumer Segment***

Our consumer segment manufactures and markets professional use and do-it-yourself ( DIY ) products for a variety of mainly consumer applications, including home improvement and personal leisure activities. Our consumer segment s major manufacturing and distribution operations are located primarily in North America, along with a few locations in Europe. Consumer segment products are sold directly to mass merchandisers, home improvement centers, hardware

stores, paint stores, craft shops and to other smaller customers through distributors. Our consumer segment generated \$1.1 billion in net sales in the fiscal year ended May 31, 2009 and \$316.3 million in net sales for the three months ended August 31, 2009 and is composed of the following major product lines and brand names:

Rust-Oleum Group:

a broad line of coating products to protect and decorate a wide variety of surfaces for the DIY and professional markets which are sold under several key Rust-Oleum brand names, including Stops Rust, American Accents, Painter's Touch, Specialty, Professional, Tremclad, Universal, Varathane, Watco, Epoxy Shield, Industrial Choice, Labor Saver, Road Warrior, Sierra Performance, Hard Hat, Mathys, CombiColor, Noxyde and Blackfriar. In addition, Rust-Oleum branded products in Canada are marketed under the Mono and Tremclad brand names;

S-2

---

**Table of Contents**

a broad line of specialty products targeted to solve problems for the paint contractor and the DIYer for applications that include surface preparation, mold and mildew prevention, wallpaper removal and application, and waterproofing, under our Zinsser, B-I-N, Bulls Eye 1-2-3, Cover-Stain, DIF, Fast Prime, Sealcoat, Jomax, Gardz, Perma White, Shieldz, Watertite, Okon, Parks, Papertiger and Walworks brand names;

deck and fence restoration products marketed by our Wolman Wood Care Products business;

metallic and faux finish coatings marketed under our Modern Masters brand name; and

an assortment of other products, including hobby paints and cements marketed under our Testors brand name;

**DAP Group:**

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

**RPM II/Consumer Group:**

wood furniture finishes and touch-up products marketed under our CCI, Mohawk, Chemical Coatings, Behlen and Westfield Coatings brand names; and

shellac-based-specialty coatings for industrial and pharmaceutical uses, edible glazes and food coatings marketed under our Mantrose-Haeuser and NatureSeal brand names.

Our principal executive offices are at 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258, and our telephone number is (330) 273-5090.

**Table of Contents****The Offering**

Issuer	RPM International Inc.
Securities Offered	\$ million aggregate principal amount of % Notes due 2019.
Maturity	, 2019.
Interest Rate	The notes will bear interest at a rate of % per year payable semiannually in arrears on and of each year, commencing on , 2010.
Ranking	<p>The notes will be our general unsecured obligations. The notes will rank equally with all of our other current and future unsecured, unsubordinated debt and senior in right of payment to all of our future subordinated debt. The notes will be effectively subordinated to:</p> <ul style="list-style-type: none"> <li>any of our secured debt to the extent of the assets securing that debt; and</li> <li>all debt for money borrowed and other liabilities of our subsidiaries to the extent of the assets of those subsidiaries.</li> </ul>
Covenants	<p>The notes contain covenants that will limit our ability to:</p> <ul style="list-style-type: none"> <li>incur some liens securing debt;</li> <li>engage in some sale-leaseback transactions; and</li> <li>enter into some consolidations, mergers or transfers of substantially all of our assets.</li> </ul>
Repurchase at the Option of Holders Upon a Change of Control Triggering Event	If we experience a Change of Control Triggering Event (as defined in Description of Notes Change of Control ), we will be required, unless we have exercised our right to redeem the notes, to offer to purchase the notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest.
Optional Redemption	The notes will be redeemable at our option, at any time in whole or from time to time in part, at a redemption price equal to the greater of (1) 100% of the principal amount of the notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus basis points, plus accrued and unpaid interest. See Description of Notes Optional Redemption.
Sinking Fund	None
Use of Proceeds	We intend to use the net proceeds from the sale of the notes to repay, redeem or refinance the following indebtedness, together with accrued and



unpaid interest: (1) \$163.7 million in principal amount of unsecured senior notes due October 15, 2009 and (2) a portion of our \$120.0 million in principal amount of short term borrowings outstanding under our accounts receivable

S-4

---

**Table of Contents**

securitization program, which allows for \$150.0 million in borrowings through April 6, 2012. Affiliates of some of the underwriters are lenders under our accounts receivable securitization program, and accordingly, may receive a portion of the proceeds from this offering. Please read Underwriting in this prospectus supplement for further information.

**Denominations and Form**

We will issue the notes of each series in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company (DTC). The notes will be issued in minimum denominations of \$2,000 and in integral multiples of \$1,000 in excess thereof.

**No Listing**

We do not intend to apply for the listing of the notes on any securities exchange or for the quotation of the notes in any dealer quotation system.

**Risk Factors**

An investment in the notes involves risks. You should carefully consider the information set forth in the section of this prospectus supplement entitled Risk Factors beginning on page S-10, as well as other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding whether to invest in the notes.

**Table of Contents****Summary Historical Consolidated Financial Information**

The following information sets forth summary historical consolidated financial information of RPM International Inc. for the periods presented. We derived the summary historical consolidated financial information presented below for each of the five fiscal years in the period ended May 31, 2009 from our audited consolidated financial statements and our 2009 Annual Report to Stockholders. The information as of and for the three months ended August 31, 2008 and August 31, 2009 was derived from our unaudited interim consolidated financial statements and include, in the opinion of management, all normal and recurring adjustments necessary to present fairly the information for such periods. The results of operations for the three months ended August 31, 2008 and August 31, 2009 are not necessarily indicative of the results to be expected for the fiscal year ending May 31, 2010.

You should read the financial information presented below in conjunction with the respective audited and unaudited consolidated financial statements and related notes, Management's Discussion and Analysis of Results of Operations and Financial Condition and other financial information contained in our Annual Report on Form 10-K for the year ended May 31, 2009 and our Quarterly Report on Form 10-Q for the quarter ended August 31, 2009, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. See the section entitled "Where You Can Find More Information" in this prospectus supplement.

	Fiscal Years Ended May 31,					Three Months Ended August 31,	
	2005	2006	2007	2008	2009	2008	2009
	(In millions, except per share amounts and percentages)					(Unaudited)	
<b>Statement of Operations Data:</b>							
Net sales	\$ 2,555.7	\$ 3,008.3	\$ 3,338.8	\$ 3,643.8	\$ 3,368.2	\$ 985.5	\$ 916.0
Cost of sales	1,452.7	1,760.9	1,978.3	2,145.3	2,015.1	581.9	522.2
Gross profit	1,103.0	1,247.4	1,360.5	1,498.5	1,353.1	403.6	393.8
Selling, general and administrative expenses(a)	825.9	948.5	1,021.0	1,124.4	1,096.5	292.7	273.2
Asbestos charges (income)	78.0	380.0	(15.0)	288.1			
Goodwill and other intangible asset impairment					15.5		
Interest expense	40.4	47.9	58.2	60.5	54.5	14.8	12.8
Investment expense (income), net	(5.0)	(6.5)	(11.2)	(13.5)	5.7	(4.2)	(1.1)
Income (loss) before income taxes	163.7(c)	(122.5)(d)	307.5(e)	39.0(f)	180.9(g)	100.3	108.9
Provision (benefit) for income taxes	58.7	(46.3)	99.2	(8.7)	61.3	30.8	35.9

Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form 424B5

Net income (loss)	\$	105.0	\$	(76.2)	\$	208.3	\$	47.7		119.6	\$	69.5	\$	73.0
Earnings (loss) per share (basic)(j)	\$	0.90	\$	(0.65)	\$	1.76	\$	0.40	\$	0.95	\$	0.55	\$	0.57
Earnings (loss) per share (diluted)(j)		0.86		(0.65)		1.64		0.39		0.93		0.53		0.57
Cash dividends declared per share		0.590		0.630		0.685		0.745		0.790		0.190		0.200
Average number of shares of common stock outstanding:														
Basic(j)		116.9		116.8		118.2		120.2		126.4		124.9		126.8
Diluted(j)		126.4		116.8(k)		128.7		130.5		128.3		129.4		127.1
<b>Other Data:</b>														
EBIT(b)	\$	199.1(c)	\$	(81.1)(d)	\$	354.5(e)	\$	86.0(f)		241.1	\$	110.9	\$	120.6
EBITDA(b)		265.1(c)		(6.8)(d)		436.1(e)		171.4(f)		326.2		133.1		141.6
EBITDA margin(h)		10.4%		(0.2)%		13.1%		4.7%		9.7%		13.5%		15.5%
Depreciation and amortization	\$	66.0	\$	74.3	\$	81.6	\$	85.4		85.1	\$	22.2	\$	21.0
Cash flows from operating activities		157.4		185.5		202.3		234.7		267.0		(12.3)		52.1
Cash flows (used in) investing activities		(76.0)		(234.4)		(208.2)		(169.2)		(81.5)		(6.9)		(6.3)
Cash flows from (used in) financing activities		64.1		(29.8)		45.2		(11.5)		(138.6)		0.3		(47.5)
Effect of exchange rate changes on cash and cash equivalents		4.1		3.2		11.1		18.2		(24.7)		(10.9)		4.1
Capital expenditures		(55.6)		(61.2)		(70.4)		(71.8)		55.0		12.2		3.3

S-6

**Table of Contents**

	2005	2006	As of May 31, 2007 (In millions)	2008	2009	As of August 31, 2008 (Unaudited)	2009
<b>Balance Sheet Data:</b>							
Cash and cash equivalents	\$ 184.1	\$ 108.6	\$ 159.0	\$ 231.3	\$ 253.4	\$ 201.4	\$ 255.8
All other current assets, excluding cash and cash equivalents	1,084.9	1,262.6	1,411.2	1,552.7	1,299.5	1,490.1	1,329.4
Working capital(i)	693.7	655.7	705.5	937.6	703.8	978.3	739.9
Property, plant and equipment, net	390.0	444.7	473.3	497.7	470.1	483.2	458.5
Total assets	2,647.5	2,996.1	3,333.1	3,763.6	3,409.9	3,618.2	3,427.9
Current and long-term debt	838.0	876.6	988.1	1,073.6	930.8	972.5	906.7
Stockholders equity	1,037.7	925.9	1,086.9	1,136.6	1,143.7	1,261.9	1,224.3

- (a) Selling, general and administrative expenses includes research and development and other operating expenses
- (b) EBIT is defined as earnings (loss) before interest and taxes, while EBITDA is defined as earnings (loss) before interest, taxes, depreciation and amortization. We evaluate the profit performance of our segments based on income before income taxes, but also look to EBIT as a performance evaluation measure because interest expense is essentially related to corporate acquisitions, as opposed to segment operations. We believe EBIT is useful to investors for this purpose as well, using EBIT as a metric in their investment decisions. EBIT should not be considered an alternative to, or more meaningful than, operating income as determined in accordance with GAAP, since EBIT omits the impact of interest and taxes in determining operating performance, which represent items necessary to our continued operations, given our level of indebtedness and ongoing tax obligations. We evaluate our liquidity based on cash flows from operating, investing and financing activities, as defined by GAAP, but also look to EBITDA as a supplemental liquidity measure, because we find it useful to understand and evaluate our capacity, excluding the impact of interest, taxes, and non-cash depreciation and amortization charges, for servicing our debt and otherwise meeting our cash needs, prior to our consideration of the impacts of other potential sources and uses of cash, such as working capital items. We believe that EBITDA is useful to investors for these purposes as well. EBITDA should not be considered an alternative to, or more meaningful than, cash flows from operating activities, as determined in accordance with GAAP, since it omits the impact of interest, taxes and changes in working capital that use/provide cash (such as receivables, payables and inventories) as well as the sources/uses of cash associated with changes in other balance sheet items (such as long-term loss accruals and deferred items). Since EBITDA excludes depreciation and amortization, EBITDA does not reflect any cash requirements for the replacement of the assets being depreciated and amortized, which assets will often have to be replaced in the future. Further, EBITDA, since it also does not reflect the impact of debt service, cash dividends or capital expenditures, does not represent how much discretionary cash we have available for other purposes. Nonetheless, EBIT and EBITDA are key measures expected by and useful to our fixed income investors, rating agencies and the banking community all of whom believe, and we concur, that these measures are critical to the capital markets analysis of (i) our segments core operating performance, and (ii) our ability to service debt, fund capital



**Table of Contents**

expenditures and otherwise meet cash needs, respectively. The following table contains a reconciliation of EBIT and EBITDA to the respective GAAP measures:

	<b>Fiscal Years Ended May 31,</b>					<b>Three Months Ended August 31,</b>	
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
	<b>(In millions)</b>					<b>(Unaudited)</b>	
Income (loss) before income taxes	\$ 163.7	\$ (122.5)	\$ 307.5	\$ 39.0	180.9	\$ 100.3	\$ 108.9
Interest expense	40.4	47.9	58.2	60.5	54.5	14.8	12.8
Investment expense (income), net	(5.0)	(6.5)	(11.2)	(13.5)	5.7	(4.2)	(1.1)
EBIT	199.1	(81.1)	354.5	86.0	241.1	110.9	120.6
Depreciation and amortization	66.0	74.3	81.6	85.4	85.1	22.2	21.0
EBITDA	\$ 265.1	\$ (6.8)	\$ 436.1	\$ 171.4	326.2	\$ 133.1	\$ 141.6
Interest (expense)	(40.4)	(47.9)	(58.2)	(60.5)	(54.5)	(14.8)	(12.8)
Investment (expense) income, net	5.0	6.5	11.2	13.5	(5.7)	4.2	1.1
(Provision) benefit for income taxes	(58.7)	46.3	(99.2)	8.7	(61.3)	(30.8)	(35.9)
Items not affecting cash and other	10.5	213.3	(29.3)	173.6	(19.9)	(24.0)	(6.2)
Changes in operating assets and liabilities	(24.1)	(25.9)	(58.3)	(72.0)	82.2	(80.0)	(35.7)
Cash from operating activities	\$ 157.4	\$ 185.5	\$ 202.3	\$ 234.7	\$ 267.0	\$ (12.3)	\$ 52.1

- (c) Fiscal year 2005 income before income taxes, EBIT and EBITDA include the unfavorable impact of asbestos charges of \$78.0 million (\$49.5 million after-tax)
- (d) Fiscal year 2006 income before income taxes, EBIT and EBITDA include the unfavorable impact of asbestos charges of \$380.0 million (\$244.3 million after-tax)
- (e) Fiscal year 2007 income before income taxes, EBIT and EBITDA include the favorable impact of asbestos-related insurance settlement income of \$15.0 million (\$9.7 million after-tax)
- (f) Fiscal year 2008 income before income taxes, EBIT and EBITDA include the unfavorable impact of asbestos charges of \$288.1 million (\$185.1 million after-tax)
- (g) Fiscal year 2009 income before income taxes, EBIT and EBITDA include the unfavorable impact of goodwill and other intangible asset impairment charge of \$15.5 million (\$15.3 million after-tax).

- (h) EBITDA margin represents the percentage of EBITDA to net sales. See footnote (b) above for a reconciliation of EBITDA to cash from operating activities
- (i) Working capital is defined as the excess of total current assets over total current liabilities
- (j) As of June 1, 2009 the Company adopted the provisions of FASB Staff Position ( FSP ) APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement), and FSP No. EITF 03-6-1, ( FSP EITF 03-6-1 ), Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities. FSP APB 14-1 requires the issuer of certain convertible debt instruments that may be settled in cash upon conversion to separately account for liability and equity components of the instrument in a manner that reflects the company s nonconvertible debt borrowing rate. FSP No. EITF 03-6-1 clarified that unvested share-based payment awards that contain rights to receive non-forfeitable dividends are participating securities. The Company s unvested restricted shares are considered participating securities. The following



**Table of Contents**

tables present the impact of the Company's adoption of these pronouncements for each period presented:

(In millions, except per share data)	Fiscal Years Ended May 31,				
	2005	2006	2007	2008	2009
<b>Statement of Operations Data:</b>					
<b>Interest Expense</b>					
As reported	\$ 40.4	\$ 47.9	\$ 58.2	\$ 60.5	\$ 54.5
Impact of FSP APB 14-1	4.6	4.8	5.0	5.0	
Recasted	\$ 45.0	\$ 52.7	\$ 63.2	\$ 65.5	\$ 54.5
<b>Net Income (Loss)</b>					
As reported	\$ 105.0	\$ (76.2)	\$ 208.3	\$ 47.7	\$ 119.6
Impact of FSP APB 14-1	(3.0)	(3.1)	(3.3)	(3.3)	
Recasted	\$ 102.0	\$ (79.3)	\$ 205.0	\$ 44.4	\$ 119.6
<b>Earnings per Share Data:</b>					
<b>Basic EPS</b>					
As reported	\$ 0.90	\$ (0.65)	\$ 1.76	\$ 0.40	\$ 0.95
Impact of FSP EITF 03-6-1			(0.02)	(0.01)	(0.02)
Impact of FSP APB 14-1	(0.03)	(0.03)	(0.03)	(0.03)	
Recasted	\$ 0.87	\$ (0.68)	\$ 1.71	\$ 0.36	\$ 0.93
<b>Diluted EPS</b>					
As reported	\$ 0.86	\$ (0.65)	\$ 1.64	\$ 0.39	\$ 0.93
Impact of FSP EITF 03-6-1					
Impact of FSP APB 14-1		(0.03)		(0.03)	
Recasted	\$ 0.86	\$ (0.68)	\$ 1.64	\$ 0.36	\$ 0.93
<b>Share Data:</b>					
<b>Average number of shares of common stock outstanding (Basic)</b>					
As reported	116.9	116.8	118.2	120.2	126.4
Impact of FSP EITF 03-6-1	(1.0)				
Recasted Shares	115.9	116.8	118.2	120.2	126.4
<b>Average number of shares of common stock outstanding (Diluted)</b>					
As reported Shares	126.4	116.8	128.7	130.5	128.3
Impact of FSP EITF 03-6-1	(1.0)		(1.1)	(1.1)	(0.6)
Recasted Shares	125.4	116.8	127.6	129.4	127.7

**Balance Sheet Data:****Long Term Debt**

As reported	\$ 838.0	\$ 876.6	\$ 988.1	\$ 1,073.6	\$ 930.8
Impact of FSP APB 14-1	(14.9)	(10.1)	(5.1)		
Recasted	\$ 823.1	\$ 866.5	\$ 983.0	\$ 1,073.6	\$ 930.8

**Stockholders Equity**

As reported	\$ 1,037.7	\$ 925.9	\$ 1,086.9	\$ 1,136.6	\$ 1,143.7
Impact of FSP APB 14-1	(3.0)	(3.1)	(3.3)	(3.3)	
Recasted	\$ 1,034.7	\$ 922.8	\$ 1,083.6	\$ 1,133.3	\$ 1,143.7

- (k) For the year ended May 31, 2006, net issuable common share equivalents totaling 2.8 million shares, and shares relating to our convertible securities and their related income effect, totaling 8.0 million shares and \$3.7 million, respectively, were not assumed in our computation of fully diluted earnings per share, since the result would have been anti-dilutive.

**Table of Contents**

**RISK FACTORS**

You should carefully consider the following risks, as well as the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, before investing in the notes. If any of the following risks actually occur, our business could be harmed. You should refer to the other information set forth or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the Risk Factors sections of our Annual Report on Form 10-K for the year ended May 31, 2009 and our Quarterly Report on Form 10-Q for the quarter ended August 31, 2009 and our consolidated financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

***Our Operations have been Adversely Affected by Recent Global Market and Economic Conditions.***

The current worldwide recession has had an adverse effect on our operating results. Both of our segments have felt the impact of the worldwide recession as fiscal 2009 sales growth and earnings declined substantially over the prior year's levels and net sales during the first quarter of fiscal 2010 saw a decline over the first quarter of fiscal 2009. We anticipate that our operations will continue to be adversely affected by global economic conditions during the remainder of fiscal 2010. The recession has resulted, and may result in the future, in decreased revenue, gross margin, earnings or growth rates and difficulty in managing inventory levels and collection of customer receivables. We also have experienced, and expect to continue to experience, increased competitive pricing pressure and customer turnover. In addition, customer difficulties have resulted, and could result in the future, in increases in bad debt write-offs and adjustments to our allowance for doubtful accounts receivable. We have also incurred severance and other expenses resulting from cost reduction initiatives in certain of our businesses to address the deteriorating business environment.

***Global Economic and Capital Market Conditions may cause our Access to Capital to be more Difficult in the Future and/or Costs to Secure such Capital may be more Expensive.***

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

***Volatility in the Equity Markets or Interest Rates could Substantially Increase our Pension Costs and Required Pension Contributions.***

We sponsor qualified defined benefit pension plans and various other nonqualified postretirement plans. The qualified defined benefit pension plans are funded with trust assets invested in a diversified portfolio of debt and equity securities and other investments. Among other factors, changes in interest

S-10

---

**Table of Contents**

rates, investment returns and the market value of plan assets can (i) affect the level of plan funding; (ii) cause volatility in the net periodic pension cost; and (iii) increase our future contribution requirements. A significant decrease in investment returns or the market value of plan assets or a significant decrease in interest rates could increase our net periodic pension costs and adversely affect our results of operations. A significant increase in our contribution requirements with respect to our qualified defined benefit pension plans could have an adverse impact on our cash flow.

***The Results of our Annual Testing of Goodwill and Other Intangible Assets have Required, and in the Future may Require, that we Incur Non-Cash Impairment Charges.***

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

***Your Right to Receive Payments on These Notes is Effectively Subordinated to the Rights of our Existing and Future Secured Creditors.***

The notes represent unsecured obligations of RPM. Accordingly, holders of our secured indebtedness will have claims that are superior to your claims as holders of the notes to the