

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549**

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended May 31, 2020

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 1-14187

RPM INTERNATIONAL INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)
P.O. Box 777, 2628 Pearl Road, Medina, Ohio
(Address of Principal Executive Offices)

02-0642224
(IRS Employer
Identification No.)
44258
(Zip Code)

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

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

Title of Each Class
Common Stock, par value \$0.01

Trading Symbol(s)
RPM

Name of Each Exchange on Which Registered
New York Stock Exchange

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

None

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The aggregate market value of the Common Stock of the Registrant held by non-affiliates (based upon the closing price of the Common Stock as reported on the New York Stock Exchange on November 30, 2019, the last business day of the Registrant's most recently completed second fiscal quarter) was approximately \$9,456,281,333. For purposes of this information, the 1,511,224 outstanding shares of Common Stock which were owned beneficially as of November 30, 2019 by executive officers and Directors of the Registrant were deemed to be the shares of Common Stock held by affiliates.

As of July 23, 2020, 129,859,093 shares of Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be used in connection with the Registrant's Annual Meeting of Stockholders to be held on October 8, 2020 (the "2020 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K.

Except as otherwise stated, the information contained in this Annual Report on Form 10-K is as of May 31, 2020.

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Item 1. Business.

THE COMPANY

RPM International Inc., a Delaware corporation, succeeded to the reporting obligations of RPM, Inc., an Ohio corporation, following a 2002 reincorporation transaction. RPM, Inc. was originally incorporated in 1947 under the name Republic Powdered Metals, Inc. and changed its name to RPM, Inc. in 1971.

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

BUSINESS

Our subsidiaries manufacture, market and sell various specialty chemical product lines, including high-quality specialty paints, infrastructure rehab and repair products, protective coatings, roofing systems, sealants and adhesives, focusing on the maintenance and improvement needs of the industrial, specialty and consumer markets. Our family of products includes those marketed under brand names such as API, Carboline, CAVE, DAP, Day-Glo, Dri-Eaz, Dryvit, Ekspan, Euclid, EUCO, Fibergrate, Fibregrid, Fibrecrete, Flecto, Flowcrete, Grupo PV, Hummervoll, illbruck, Kemtile, Key Resin, Nudura, Mohawk, Prime Resins, Rust-Oleum, Specialty Polymer Coatings, Stonhard, Strathmore, TCI, Toxement, Tremco, Tuf-Strand, Universal Sealants, Viapol, Watco and Zinsser. As of May 31, 2020, our subsidiaries marketed products in approximately 165 countries and territories and operated manufacturing facilities in approximately 124 locations in the United States, Argentina, Australia, Belgium, Brazil, Canada, Chile, China, Colombia, France, Germany, India, Italy, Malaysia, Mexico, The Netherlands, New Zealand, Norway, Poland, South Africa, South Korea, Spain, Sweden, Turkey, the United Arab Emirates and the United Kingdom. Approximately 31% of our sales are generated in international markets through a combination of exports to and direct sales in foreign countries. For the fiscal year ended May 31, 2020, we recorded net sales of \$5.5 billion.

Available Information

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

Segment Information

Effective June 1, 2019, we realigned certain businesses and management structure to recognize how we allocate resources and analyze the operating performance of our businesses. Among other things, the realignment of certain businesses occurred as a result of the 2020 Margin Acceleration Plan (“2020 MAP to Growth”) that was approved and initiated between May and August 2018. As we began to execute on our operating improvement initiatives, we identified ways to realign certain businesses, and concluded that moving to an expanded reporting structure could help us to better manage our assets and improve synergies across the enterprise.

This realignment changed our reportable segments beginning with our first quarter of fiscal 2020. As such, we now report under four reportable segments instead of our three previous reportable segments. Our four reporting segments are: the Construction Products Group (“CPG”) reportable segment, Performance Coatings Group (“PCG”) reportable segment, Consumer Group (“Consumer”) reportable segment and Specialty Products Group (“SPG”) reportable segment. These four reportable segments also represent our operating segments. In connection with the realignment, we shifted our Kirker business out of Consumer into SPG, and also shifted our Dryvit and Nudura businesses out of SPG into CPG. The newly formed CPG also includes our Tremco, Tremco illbruck, Euclid Chemical, Viapol, Vandex and Flowcrete businesses. PCG includes Stonhard, Carboline, USL and Fibergrate businesses, while Consumer comprises the Rust-Oleum and DAP businesses.

Within each operating segment, we manage product lines and businesses which generally address common markets, share similar economic characteristics, utilize similar technologies and can share manufacturing or distribution capabilities. The table below describes the breakdown of the percentage of consolidated net sales and description of the product lines/business for each of our four reportable segments:

Name of Reportable Segment	Percentage of Consolidated Net Sales	Description of Product Lines/Businesses
CPG	Approximately 34%	Construction sealants and adhesives, coatings and chemicals, roofing systems, concrete admixture and repair products, building envelope solutions, insulated cladding, flooring systems, and weatherproofing solutions
PCG	Approximately 20%	High-performance flooring solutions, corrosion control and fireproofing coatings, infrastructure repair systems, fiberglass reinforced plastic gratings and drainage systems
Consumer	Approximately 35%	Rust-preventative, special purpose, and decorative paints, caulks, sealants, primers, cement cleaners, floor sealers and woodcare coatings and other branded consumer products
SPG	Approximately 11%	Industrial cleaners, restoration services equipment, colorants, nail enamels, exterior finishes, edible coatings and specialty glazes for pharmaceutical and food industries, and other specialty original equipment manufacturer (“OEM”) coatings

See Note R, “Segment Information,” of the Notes to Consolidated Financial Statements, for financial information relating to our four reportable segments and financial information by geographic area.

CPG Segment

Our CPG segment products and services are sold throughout North America and also account for the majority of our international sales. Our construction product lines and services are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. Our CPG segment generated \$1.9 billion in net sales for the fiscal year ended May 31, 2020 and includes the following major product lines and brand names:

- Waterproofing, coatings and institutional roofing systems used in building protection, maintenance and weatherproofing applications marketed under our Tremco, AlphaGuard, Endure, OneSeal, PowerPly, TremPly, TremLock, Vulkem and TREMproof brand names;
- sealants, air barriers, tapes and foams that seal and insulate joints in various construction assemblies and glazing assemblies marketed under our Tremco, Dymonic, ExoAir and Spectrem brand names;
- new residential home weatherization systems marketed under our TUFF-N-DRI, Watchdog Waterproofing and Enviro-Dri brand names;
- specialized roofing and building maintenance and related services marketed by our Weatherproofing Technologies subsidiary;
- sealing and bonding solutions for windows and doors, facades, interiors and exteriors under our illbruck brand name;
- flooring, waterproofing and in-plant glazing solutions under our Tremco brand name;
- high-performance resin flooring systems, epoxy floor paint and coatings, concrete repair and protection products and decorative concrete for industrial and commercial applications sold under our Flowcrete, Key Resins and RPM Belgium brand names;
- rolled asphalt roofing materials, waterproofing products, and chemical admixtures marketed under our Viapol, Vandex and Betumat brand names;
- concrete and masonry admixtures, concrete fibers, curing and sealing compounds, structural grouts and mortars, epoxy adhesives, injection resins, polyurethane foams, floor hardeners and toppings, joint fillers, industrial and architectural coatings, decorative color/stains/stamps, and a comprehensive selection of restoration materials marketed under the Euclid, CAVE, Toxement, Viapol, Dural, EUCO, Eucon, Fiberstrand, Increte Systems, Plastol, Sentinel, Speed Crete, Tuf-Strand, Prime Gel, Prime Bond, Prime Coat, Prime Guard, Prime Rez, Prime Flex and Tremco PUMA Expansion Joint System brand names;
- solutions for fire stopping and intumescent steel coating under our Firetherm, Nullifire and TREMStop brand names;
- solutions for the manufacturing industry under our Pactan brand name;
- highly insulated building cladding materials (Exterior Insulating and Finishing Systems, “EIFS”) principally marketed in the U.S., Canada, U.K. and Poland under the Dryvit brand name;

- insulated concrete form (“ICF”) wall systems marketed and sold under the Nudura brand name; and
- joint sealants for commercial construction manufactured and marketed under the Schul brand name.

PCG Segment

Our PCG segment products and services are sold throughout North America, as well as internationally, and are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. Our PCG segment generated \$1.1 billion in net sales for the fiscal year ended May 31, 2020 and includes the following major product lines and brand names:

- high-performance polymer flooring products and services for industrial, institutional and commercial facilities, as well as offshore and marine structures and cruise, ferry and navy ships marketed under our Stonhard, Hummervoll, Kemtile, Liquid Elements, Expanko and API brand names;
- high-performance, heavy-duty corrosion-control coatings, containment linings, railcar linings, fireproofing and soundproofing products and heat and cryogenic insulation products for a wide variety of industrial infrastructure and oil and gas-related applications marketed under our Carboline, Specialty Polymer Coatings, Nullifire, Charflame, Firefilm, A/D Fire, Strathmore, Thermo-Lag, Plasite and Perlifoc brand names;
- specialty construction products and services for bridge expansion joints, structural bearings, bridge deck and parking deck membranes, highway markings, protective coatings, trenchless pipe rehabilitation equipment and asphalt and concrete repair products marketed under our Universal Sealants, BridgeCare, StructureCare, Pitchmastic PMB, Nufins, Visul, Ekspan, Fibrecrete, Texacrete, Fibrejoint, Samiscreed, Logiball and Epoplex brand names;
- fiberglass reinforced plastic gratings and shapes used for industrial platforms, staircases and walkways marketed under our Fibergrate, Chemgrate, Corgrate, Fibregrid and Safe-T-Span brand names; and
- amine curing agents, reactive diluents, specialty epoxy resins and other intermediates under our Arnette Polymers brand name.

Consumer Segment

Our Consumer segment manufactures and markets professional use and do-it-yourself (“DIY”) products for a variety of mainly residential 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, Australia, South Africa and South America. 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 \$1.9 billion in net sales in the fiscal year ended May 31, 2020 and is composed of the following major product lines and brand names:

- 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, Universal, Varathane, Watco, Epoxy Shield, Factor 4, Restore, Rock Solid, Whink, Miracle Sealants, SPS, Spraymate, Krud Kutter, Zinsser, XIM, Industrial Choice, Rust-Oleum Automotive, Sierra Performance, Hard Hat, Mathys, CombiColor, Noxyde, Blackfriar, HiChem, MultiSpec and Tremclad;
- a broad line of specialty products targeted to solve problems for the paint contractor and the DIYer for applications that include surface preparation, mold and mildew prevention, wallpaper removal and application, and waterproofing, under our Zinsser, B-I-N, Bulls Eye 1-2-3, Cover Stain, DIF, FastPrime, Sealcoat, Jomax, Gardz, Perma-White, Shieldz, Watertite, Okon and Parks brand names;
- cleaners sold under the Krud Kutter, Mean Green, Concrobium, Whink and Jomax brand names;
- deck and fence restoration products under the Wolman brand name;
- metallic and faux finish coatings marketed under our Modern Masters brand name;
- exterior wood deck and concrete restoration systems, and flooring finishes marketed under our Restore and RockSolid brand names;
- an assortment of other products, including hobby paints and cements marketed under our Testors brand name; and
- a complete line of caulks, sealants, adhesives, insulating foam, spackling, glazing, and other general patch and repair products for home construction, repair and remodeling marketed through a wide assortment of DAP branded products, including, but not limited to, ‘33’, ‘53’, ‘1012’, 4000, 7000, Alex, Alex Fast Dry, Alex Plus, Alex Ultra, Alex Flex, Beats The Nail, Blend-Stick, Blockade, Butyl-Flex, Caulk-Be-Gone, Crack Shot, Custom-Patch, DAP 3.0, DAP CAP, DAPtex, Draftstop, DryDex, Dynaflex 230, Dynaflex Ultra, Dynagrip, Elastopatch, Extreme Stretch, Fast ‘N Final, FastPatch,

Kwik Foam, Kwik Seal, Kwik Seal Plus, Kwik Seal Ultra, Mono, Mouse Shield, Patch Stick, Patch-N-Paint, Plastic Wood, Platinum Patch, Presto Patch, Quick Plug, Rapid Fuse, Rely-On, Seal 'N Peel, SIDE Winder, Silicone Plus, Simple Seal, SMARTBOND, Storm Bond, StrongStik, Touch'N Foam, Touch'N Seal, Ultra Clear, Weldwood and Phenoseal, which is a brand of Gloucester Co., Inc., which is a subsidiary of DAP Products Inc.

SPG Segment

Our SPG segment products are sold throughout North America and many international locations, primarily in Europe and the Asia Pacific region. Our SPG product lines are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. The SPG segment generated \$0.6 billion in net sales for the fiscal year ended May 31, 2020 and includes the following major product lines and brand names:

- fluorescent colorants and pigments marketed under our Day-Glo, Radiant, Viveri and Dane Color brand names;
- shellac-based-specialty coatings for industrial and pharmaceutical uses, edible glazes, food coatings and ingredients marketed under our Mantrose-Hauser, NatureSeal, Profile Food Ingredients and Holton Food Products brand names;
- fire and water damage restoration products marketed under the Dri-Eaz, Unsmoke and ODORx brand names;
- professional carpet cleaning and disinfecting products marketed under the Sapphire Scientific, Chemspec and Prochem brand names;
- 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;
- wood furniture finishes and touch-up products marketed under our FinishWorks, Mohawk, Behlen, and Morrells brand names;
- a variety of products for specialized applications, including powder coatings for exterior and interior applications marketed under our TCI brand name; and
- nail enamel, polish and coating components for the personal care industry.

Foreign Operations

For the fiscal year ended May 31, 2020, our foreign operations accounted for approximately 31.2% of our total net sales, excluding any direct exports from the United States. Our direct exports from the United States were approximately 1.1% of our total net sales for the fiscal year ended May 31, 2020. In addition, we receive license fees and royalty income from numerous international license agreements, and we also have several joint ventures, which are accounted for under the equity method, operating in various foreign countries. We have manufacturing facilities in Argentina, Australia, Belgium, Brazil, Canada, Chile, China, Colombia, France, Germany, India, Italy, Malaysia, Mexico, The Netherlands, New Zealand, Norway, Poland, South Africa, South Korea, Spain, Sweden, Turkey, the United Arab Emirates and the United Kingdom. We also have sales offices or warehouse facilities in Austria, The Czech Republic, Estonia, Finland, Hong Kong, Hungary, Indonesia, Ireland, Namibia, Peru, Philippines, Qatar, Singapore, Slovakia, Switzerland, Thailand and Vietnam. Information concerning our foreign operations is set forth in Management's Discussion and Analysis of Results of Operations and Financial Condition.

Competition

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

Paints, Coatings, Adhesives and Sealants Products

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

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

Industrial Protective Coatings Products. Anti-corrosion protective coatings and fireproofing must withstand the destructive elements of nature and operating processes under harsh environments and conditions. Some of the larger consumers of high-performance protective and corrosion control coatings, fireproofing and intumescent steel coatings are the oil and gas, pulp and paper, petrochemical, shipbuilding, high-rise building construction, public utility and bridge and highway industries, and water and wastewater treatment plants. These markets are highly fragmented. We and our competitors compete for market share by supplying a wide variety of high-quality products and by offering customized solutions. Our protective industrial coating products are marketed primarily under our Carboline, Specialty Polymer Coatings, Plasite, Nullifire, Firefilm, Charflame, A/D Fire, Strathmore, Thermo-lag, Perlifoc and Epoplex brand names.

Roofing Systems Products

In the roofing industry, re-roofing applications have historically accounted for over three-quarters of U.S. demand, with the remainder generated by new roofing applications. Our primary roofing brand, Tremco, was founded in 1928 on the principle of "keeping good roofs good," and then by extension ensuring "roofing peace of mind" for our customers. This remains true today and is what differentiates us versus our competitors' primary strategy of run-to-failure, followed by a tear-off and replace. We define the market in two segments: restoration and re-roofing or new roofing. With the exception of asphalt shingles for new roofing, we market our systems and services for all of the most common roofing applications. Our roofing systems and services provide high performance and value. High performance ensures a long service life and ease of maintenance. High value ensures low total cost of ownership due to ease of installation, landfill avoidance, roof longevity, elimination of facility and occupant disruption, and utilization of highly sustainable materials and systems.

Construction Products

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

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

Sealants, Waterproofing, Concrete and Masonry Products. Sealants, which are used primarily for commercial buildings, include urethane, silicone, latex, butyl and hybrid technology products, and are designed to be installed in construction joints for the purpose of providing a flexible and air and water-tight seal. Waterproof coatings, usually urethane or asphalt based, are installed in exposed and buried applications to waterproof and protect concrete. Structural and traffic tolerant membranes, expansion joints and bearings are used in a variety of applications for bridge deck construction and restoration and the protection and preservation of balconies, pedestrian walkways and parking structures. In the concrete and masonry additives market, a variety of chemicals and fibers can be added to concrete and masonry to improve the processability, performance, or appearance of these products. Chemical admixtures for concrete are typically grouped according to their functional characteristics, such as water-reducers, set controllers, superplasticizers and air-entraining agents. Curing and sealing compounds, structural grouts, epoxy adhesives, injection resins, floor hardeners and toppings, joint fillers, industrial and architectural coatings, decorative color/stains/stamps, and a comprehensive selection of restoration materials are used to protect, repair or improve new or existing concrete structures used in the construction industry, and rehabilitation and repair of roads, highways, bridges, pipes and other infrastructure. The key attributes that differentiate competitors for these applications include quality assurance, on-the-job consultation and value-added, highly engineered products. We primarily offer products marketed under our Tremco, EUCO, Toxement, Viapol, Betumat, CAVE, Vandex, illbruck, Tamms, AlphaGuard, OneSeal, PowerPly, TremPly, TremLock, Vulkem, TREMproof, Dymonic, Increte, TUFF-N-DRI, Universal Sealants, Nufins, StructureCare, BridgeCare, Pitchmastic PMB, Visul, Fibrecrete, Texacrete, Fibrejoint, Samiscreed, Prime Rez, Prime Gel, Prime Guard, Prime Coat, Prime Bond, Prime Flex, Logiball, Watchdog Waterproofing, PSI, Tuf-Strand, Ekspan, Sealtite and HydroStop brand names for this line of business.

Intellectual Property

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

Rust-Oleum Corporation and some of our other subsidiaries own more than 900 trademark registrations or applications in the United States and numerous other countries for the trademark “Rust-Oleum®” and other trademarks covering a variety of rust-preventative, decorative, general purpose, specialty, industrial and professional products sold by Rust-Oleum Corporation and related companies.

Carboline Company and some of our other subsidiaries own more than 380 trademark registrations or applications in the United States and numerous other countries covering the products sold by the Carboline Company and related companies, including two United States trademark registrations for the trademark “Carboline®”.

DAP Products, Inc. and other subsidiaries of the Company own more than 400 trademark registrations or applications in the United States and numerous other countries for the “DAP®” trademark, the “Putty Knife design” trademark and other trademarks covering products sold under the DAP brand and related brands.

Tremco Incorporated and some of our other subsidiaries own more than 85 registrations for the trademark “Tremco®” in the United States and numerous countries covering a variety of roofing, sealants and coating products. There are also many other trademarks of Tremco Incorporated and some of our other subsidiaries that are the subject of registrations or applications in the United States and numerous other countries, bringing the total number of registrations and applications covering products sold under the Tremco brand and related brands to more than 570.

Our other principal product trademarks include: 2X Ultra Cover®, AlphaGuard®, Alumanation®, Betumat™, B-I-N®, Bitumastic®, Bulls Eye 1-2-3®, Chemgrate®, Dri-Eaz, Dymonic®, EnerEDGE®, Enviro-Dri®, EUCO®, ExoAir®, Expanko®, Flecto™, Fibergrate®, Floquil™, Paraseal®, Permaroof®, Plasite®, Proglaze®, Sanitile®, Sealtite™, Solargard®, Spectrem®, Stonblend®, Stonclad®, Stonhard®, Stonlux®, Stonshield®, Testors®, TREMproof®, TUFF-N-DRI®, Varathane®, Viapol™, Vulkem®, Watchdog Waterproofing®, Woolsey®, Zinsser® and Z-Spar®; and, in Europe, API®, Perlifoc®, Hummervoll®, USL®, Nufins®, Pitchmastic PMB®, Visul®, Flowcrete®, Nullifire®, Radglo® and Martin Mathys™. Our trademark registrations are valid for a variety of different terms of up to 15 years, and may be renewable as long as the trademarks continue to be used and all other local conditions for renewal are met. Our trademark registrations are maintained and renewed on a regular basis as required.

Raw Materials

The cost and availability of raw materials, including packaging, materially impact our financial results. We obtain raw materials from a number of suppliers. Many of our raw materials are petroleum-based derivatives, minerals and metals. The cost of raw materials has in the past experienced, and likely will continue to experience, periods of volatility which could increase the cost of manufacturing our products. Under normal market conditions, these materials are generally available on the open market from a variety of producers; however, shortages are a possibility. Interruptions in the supply of raw materials could have a significant impact

on our ability to produce products. Throughout fiscal 2020, some raw material costs have increased and we have experienced some tightening in supply on some materials. However, despite the recent outbreak of Covid-19, raw material costs inflation seems to be moderating in a number of our key product categories. With the exception of some challenges in our Consumer segment, our global supply chain remains strong. Nearly all of our North American plants are operational and only some of our international plants have been closed temporarily. Despite these facts, as we cannot predict the duration or scope of the Covid-19 pandemic, the future financial impact to gross profit margin cannot be reasonably estimated, but could be material.

Adequate supply of critical raw materials is managed by establishing contracts, procuring from multiple sources, and identifying alternative materials or technology; however, the unavailability of raw materials or increased prices of raw materials that we are unable to pass along to our customers could have a material adverse effect on our business, financial condition or results of operations.

Additionally, changes in international trade duties and other aspects of international trade policy, both in the U.S. and abroad, could materially impact the cost of raw materials. Any increase in materials that is not offset by an increase in our prices could have an adverse effect on our business, financial position, results of operations or cash flows.

Seasonal Factors

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

Customers

Sales to our ten largest Consumer segment customers, such as DIY home centers, on a combined basis represented approximately 23%, 23%, and 22% of our total net sales for each of the fiscal years ended May 31, 2020, 2019, and 2018, respectively. Except for sales to these customers, our business is not dependent upon any one customer or small group of customers but is largely dispersed over a substantial number of customers.

Backlog

We historically have not had a significant backlog of orders believed to be firm, and we did not have a significant backlog of orders believed to be firm at May 31, 2020.

Research and Development

Our research and development work is performed at various laboratory locations. During fiscal years 2020, 2019, and 2018, approximately \$76.5 million, \$71.6 million, and \$69.7 million, respectively, was charged to expense for research and development activities. In addition to this laboratory work, we view our field technical service as being integral to the success of our research activities. Our research and development activities and our field technical service costs are both included as part of our selling, general and administrative expenses.

Environmental Matters

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

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

For information regarding environmental accruals, see Note P, "Contingencies and Other Accrued Losses," of the Notes to our Consolidated Financial Statements. For more information concerning certain environmental matters affecting us, see "Item 3 — Legal Proceedings — Environmental Proceedings" in this Annual Report on Form 10-K.

Employees

As of May 31, 2020, we employed 14,621 persons, of whom approximately 680 were represented by unions under contracts which expire at varying times in the future. We believe that all relations with employees and their unions are good.

Item 1A. Risk Factors.

You should carefully consider the following risks, as well as the other information contained in this Annual Report on Form 10-K, in evaluating us, our business and your investment in us because these factors could cause our actual results or financial condition to differ materially from those projected in our forward-looking statements.

Ongoing operating improvement initiatives could cause us to incur significant expenses and impact the trading value of our common stock.

We have implemented, and plan to continue to implement, certain operating improvement initiatives, as described during the investor day we held on November 28, 2018, that we expect will continue to result in changes in our organizational and operational structure impacting most of our companies. We expect to continue implementation of these initiatives beyond our original target of December 2020 because the Covid-19 pandemic limited our ability to make changes at certain of our facilities as previously planned. We may take additional actions in furtherance of these objectives during future periods. As of May 31, 2020, we have incurred a total of \$92.9 million in expenses in connection with our operating improvement initiatives, and we anticipate incurring approximately another \$18.0 million in such expenses as we continue to implement our operating improvement initiatives. We may incur further expenses as a result of these actions, and we also may experience disruptions in our operations, decreased productivity and unanticipated employee turnover. The occurrence of any of these or other related events associated with our operating improvement initiatives could adversely affect our operating results and financial condition.

The Covid-19 pandemic has disrupted our operations, has had an adverse effect on our business, and could adversely affect our business in the future.

The Covid-19 pandemic has had a negative effect on our business, results of operations, cash flows and financial condition. The Covid-19 pandemic has disrupted our operations and will continue to affect our business, including as a result of temporary facility closures, work-from-home orders and policies, absenteeism in our facilities, inability to efficiently transport our goods, social distancing and other health and safety protocols and reduced customer demand. Specifically, we have experienced, and expect to continue to experience in the future, temporary facility closures in response to government mandates and for the safety of our employees due to positive diagnoses for Covid-19 in certain facilities. Temporary facility closures have impacted our productivity and have hampered the implementation of our ongoing operational improvement efforts. We have implemented work-from-home policies for many employees. The effects of these work-from-home policies could be negative and could impact productivity, research and development efforts, our ongoing operational improvement efforts, internal control over financial reporting, record keeping and access to books and records, and could lead to increased cyber security or data privacy risks. We do not yet know when these work-from-home policies will change or how they may develop. The Covid-19 outbreak has impacted the timing of our operational improvement efforts by limiting our ability to implement planned improvements at several of our facilities. The Covid-19 outbreak has also disrupted and could adversely impact our ability to secure materials for our products or supplies for our facilities or to provide personal protective equipment for our employees, any of which could adversely affect our operations. Even after the Covid-19 pandemic subsides, there may be long-term effects on our business practices and customers in economies in which we operate that could severely disrupt our operations and could have a material adverse effect on our business, results of operations, cash flows and financial condition. Any or all of these risks could be increased or intensified if there is a resurgence of the Covid-19 virus after the initial outbreak subsides. As we cannot predict the duration, scope or severity of the Covid-19 pandemic, which continues to develop and change rapidly, the negative financial impact to our results cannot be reasonably estimated, but could be material.

We are the subject of an ongoing SEC enforcement action, which could divert management's focus, result in substantial investigation expenses and have an adverse impact on our reputation, financial condition, results of operations and cash flows.

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 Department of Justice ("DOJ") and General Services Administration ("GSA") investigation into compliance issues relating to Tremco Roofing Division's GSA contracts. 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. The restatement shifted accrual amounts among the three quarters, which had the effect of reducing net income by \$7.2 million and \$10.8 million for the quarterly periods ended August 31, 2012 and November 30, 2012, respectively, and increasing net income for the quarterly period ended February 28, 2013 by \$18.0 million. These restatements had no impact on our audited financial results for the fiscal year ended May 31, 2013. The audit committee's investigation concluded that there was no intentional misconduct on the part of any of our officers.

In connection with the foregoing, on September 9, 2016, the SEC filed an enforcement action in the U.S. District Court for the District of Columbia against us and our General Counsel. We have cooperated with the SEC's investigation and believe the allegations in the complaint mischaracterize both our and our General Counsel's actions in connection with the matters related to our quarterly results in fiscal 2013 and are without merit. The complaint seeks disgorgement of gains that may have resulted from the conduct alleged in the complaint, and payment of unspecified monetary penalties from us and our General Counsel pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act. Further, the complaint seeks to permanently enjoin us from violations of Sections 17(a)(2) and (a)(3) of the Securities Act, Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, and Exchange Act Rules 12b-20, 13a-1, 13a-11 and 13a-13, and to permanently enjoin our General Counsel from violations of Sections 17(a)(2) and (a)(3) of the Securities Act and Exchange Act Rules 13b2-1 and 13b2-2(a). Both we and our General Counsel filed motions to dismiss the complaint on February 24, 2017. Those motions to dismiss the complaint were denied by the Court on September 29, 2017. We and our General Counsel filed answers to the complaint on October 16, 2017. Formal discovery commenced in January 2018 and closed as of June 3, 2019, other than some remaining, limited discovery requests. The parties engaged in written discovery, and several fact witnesses were deposed. We are currently awaiting further instruction regarding the remaining case schedule. We intend to continue to contest the allegations in the complaint vigorously.

Also, in connection with the foregoing, a stockholder derivative action was filed in the United States District Court, Northern District of Ohio, Eastern Division, against certain of our directors and officers. The court has stayed this stockholder derivative action pending the completion of the SEC enforcement action.

The action by the SEC could result in sanctions against us and/or our General Counsel and could impose substantial additional costs and distractions, regardless of its outcome. We have determined that it is probable that we will incur a loss relating to this matter and have estimated a range of potential loss. We have accrued at the low end of the range of loss, as no amount within the range is more likely to occur, and no amount within the estimated range of loss would have a material impact on our consolidated financial condition, results of operations or cash flows.

We have incurred significant legal and accounting expenditures in connection with the SEC's investigation and ongoing enforcement action. We are unable to predict how long the enforcement action will continue or whether it will result in sanctions against us and/or certain of our officers. A protracted enforcement action could impose substantial additional costs and distractions, regardless of its outcome. Furthermore, publicity surrounding an enforcement action, even if ultimately resolved favorably for us, could have an adverse impact on our reputation, business, financial condition, results of operations or cash flows.

The use of accounting estimates involves judgment and could impact our financial results.

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ("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. Our most critical accounting estimates are described in Management's Discussion and Analysis of Financial Condition and Results of Operations under, "Critical Accounting Policies and Estimates." Additionally, as discussed in Note P, "Contingencies and Other Accrued Losses," of the Notes to Consolidated Financial Statements, we make certain estimates, including decisions related to legal proceedings and various loss reserves. These estimates and assumptions involve the use of judgment, and therefore, actual financial results may differ.

Our operations have been and could continue to be adversely affected by global market and economic conditions in ways we may not be able to predict or control.

Global economic uncertainty continues to exist, including uncertainty relating to the Covid-19 pandemic and United Kingdom's exit from the European Union ("Brexit"). Our operations could be adversely affected by global economic conditions if global markets were to decline in the future, whether related to the Covid-19 pandemic, Brexit, recession, strained U.S. trade relations with China, or otherwise. Any future economic declines may result 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. In addition, customer difficulties in the future could result from economic declines or issues arising from the cyclical nature of their respective businesses and, in turn, result in decreases in product demand, increases in bad debt write-offs, decreases in timely collection of accounts receivable and adjustments to our allowance for doubtful accounts receivable, resulting in material reductions to our revenues and net earnings.

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

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

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

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

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

As of May 31, 2020, we had approximately \$1.8 billion in goodwill and other intangible assets. The Accounting Standards Codification (“ASC”) section 350 requires that goodwill be tested at least on an annual basis, or more frequently as impairment indicators arise, using either a qualitative assessment or 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 considers both internal and external factors. Impairment assessment requires the use of significant judgment regarding estimates and assumptions surrounding future results of operations and cash flows.

Our required annual impairment testing for goodwill and other intangible assets, which we performed during the fourth quarter of the fiscal years ended May 31, 2020, 2019, and 2018, did not result in any impairment loss. For discussion of the approach for and results of our interim and annual impairment testing of goodwill and indefinite lived intangible assets for all periods presented, please refer to the headings entitled “Goodwill” and “Other Long-Lived Assets” within the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Critical Accounting Policies and Estimates” sections located in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation” as well as Note A11) Goodwill and Other Intangible Assets and Note C – Goodwill and Other Intangible Assets to our consolidated financial statements as presented below.

In the future, if global economic conditions were to decline significantly, or if our reporting units experience significant declines in business, we may incur additional, substantial goodwill and other intangible asset impairment charges. The amount of any such impairment charge could have a material adverse effect on our results of operations.

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

Our total debt was approximately \$2.5 billion at both May 31, 2020 and 2019, which compares with \$1.3 billion in stockholders' equity at May 31, 2020. Our level of indebtedness could have important consequences. For example, it could:

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

We cannot assure you that our business always will be able to make timely or sufficient payments of our debt. Should we fail to comply with covenants in our debt instruments, such failure could result in an event of default which, if not cured or waived, would have a material adverse effect on us.

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

The cost and availability of raw materials, including packaging, materially impact our financial results. We obtain raw materials from a number of suppliers. Many of our raw materials are petroleum-based derivatives, minerals and metals. The cost of raw materials has in the past experienced, and likely will continue to experience, periods of volatility which could increase the cost of manufacturing our products. Under normal market conditions, these materials are generally available on the open market from a variety of producers; however, shortages are a possibility. Interruptions in the supply of raw materials could have a significant impact on our ability to produce products.

Adequate supply of critical raw materials is managed by establishing contracts, procuring from multiple sources, and identifying alternative materials or technology; however, the unavailability of raw materials or increased prices of raw materials that we are unable to pass along to our customers could have a material adverse effect on our business, financial condition or results of operations.

Additionally, changes in international trade duties and other aspects of international trade policy, both in the U.S. and abroad, could materially impact the cost of raw materials. Any increase in materials that is not offset by an increase in our prices could have an adverse effect on our business, financial position, results of operations or cash flows.

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

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

Our success depends upon our ability to attract and retain key employees and the succession of senior management.

Our success largely depends on the performance of our management team and other key employees. If we are unable to attract and retain talented, highly qualified senior management and other key people, our business, results of operations, cash flows and financial condition could be adversely affected. In addition, if we are unable to effectively provide for the succession of senior management, including our Chief Executive Officer, our business, results of operations, cash flows and financial condition may be adversely affected. While we follow a disciplined, ongoing succession planning process and have succession plans in place for senior management and other key executives, these do not guarantee that the services of qualified senior executives will continue to be available to us at particular moments in time.

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

Some of our operating companies, particularly in the Consumer segment, face a substantial amount of customer concentration. Our key Consumer segment customers include Ace Hardware, Amazon, CANAC, Do It Best, The Home Depot, Inc., Lowe's, Menards, Orgill, True Value, and Wal-Mart. Within our Consumer segment, sales to these customers accounted for approximately 64%, 66% and 65% of net sales for the fiscal years ended May 31, 2020, 2019 and 2018, respectively. On a consolidated basis, sales to these customers across all of our reportable segments accounted for approximately 23%, 23% and 22% of our consolidated net sales for the fiscal years ended May 31, 2020, 2019, and 2018, respectively. Sales to The Home Depot, Inc. represented less than 10% of our consolidated net sales for fiscal 2020, 2019 and 2018, and 26% of our Consumer segment net sales for fiscal 2020 and 29% and 28% of our Consumer segment net sales for fiscal 2019 and 2018, respectively. If we were to lose one or more of our key customers, or experience a delay or cancellation of a significant order, or incur a significant decrease in the level of purchases from any of our key customers, or experience difficulty in collecting amounts due from a key customer, our net revenues could decline materially and our operating results could be reduced materially.

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

As a participant in the chemical and construction products industries, we face an inherent risk of legal claims in the event that the exposure to or failure, use or misuse of our products results, or is alleged to result, in bodily injury and/or property damage. In the course of our business we are subject to a variety of inquiries and investigations by regulators, as well as claims and lawsuits by private parties including those related to product liability, product claims regarding asbestos or other chemicals or materials of concern in our products, product warranty, the environment, contracts, intellectual property and commercial matters, which due to their uncertain nature may result in losses, some of which may be material. We are defending claims, and could be subject to future claims, in which significant financial damages are alleged. These claims could consume material financial resources to defend and be a distraction to management. Some, but not all, of such claims are insured. We offer warranties on many of our products, as well as long term warranty programs at certain of our businesses and, as a result, from time to time we may experience higher levels of warranty expense, which is typically reflected in selling, general and administrative expenses. The nature and extent to which we use hazardous or flammable materials in our manufacturing processes creates risk of damage to persons and property that, if realized, could be material.

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

We are subject to numerous, complicated and often increasingly stringent environmental, health and safety laws and regulations in the jurisdictions where we conduct business. Governmental and regulatory authorities impose various laws and regulations on us that relate to environmental protection, the use, sale, transportation and export of certain chemicals or hazardous materials, and various health and safety matters, including the discharge of pollutants into the air and water, the handling, use, treatment, storage and clean-up of solid and hazardous wastes, the use of certain chemicals in product formulations, and the investigation and remediation of soil and groundwater affected by hazardous substances. These laws and regulations include the Clean Air Act, the Clean Water Act, RCRA, CERCLA, TSCA, REACH and many other federal, state, provincial, local and international statutes. These laws and regulations often impose strict, retroactive and joint and several liability for the costs of, and damages resulting from, not addressing our, or our predecessors' past or present facilities and third-party disposal sites. We are currently undertaking remedial activities at a number of our properties and could be subject to future liability as yet unknown, but that could be material.

We have not always been and may not always be in full compliance with all environmental, health and safety laws and regulations in every jurisdiction in which we conduct our business. In addition, if we violate or fail to comply with environmental, health and safety laws (including related to permitting), we could be fined or otherwise sanctioned by regulators, including enjoining or curtailing operations, remedial or corrective measures, installing pollution control equipment, or other actions. We have been and also could in the future be liable for consequences arising out of human exposure to hazardous substances or chemicals of concern relating to our products or operations. Accordingly, we cannot guarantee that we will not be required to make additional expenditures to remain in or to achieve compliance with environmental, health or safety laws in the future or that any such additional expenditures will not have a material adverse effect on our business, financial condition, results of operations or cash flows. If regulatory permits or registrations are delayed, restricted, or rejected, subsequent operations at our businesses could be delayed or restricted, which could have an adverse effect on our results of operations.

Our businesses are subject to varying domestic and foreign laws and regulations that may restrict or adversely impact our ability to conduct our business.

Our businesses are subject to varying domestic and foreign laws and regulations that may restrict or adversely impact our ability to conduct our business. These include securities, environmental, health, safety, tax, competition and anti-trust, trade controls, data security, anti-corruption, anti-money laundering, employment and privacy laws and regulations. These laws and regulations change from time to time and thus may result in increased costs to us related to our compliance therewith. From time to time regulators review our compliance with applicable laws. We have not always been, and may not always be, in full compliance with all laws and regulations applicable to our business and, thus enforcement actions, fines and private litigation claims and damages, which could be material, may occur, notwithstanding our belief that we have in place appropriate risk management and compliance programs to mitigate these risks.

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

As an important part of our growth strategy, we intend to continue pursuing acquisitions of complementary businesses or products and creating joint ventures. Our ability to continue to grow in this manner depends upon our ability to identify, negotiate and finance suitable acquisitions or joint venture arrangements. Execution of our acquisition strategy with respect to some companies or product lines could fail or could result in unanticipated costs to us that were not apparent despite our due diligence efforts, either of which could hinder our growth or adversely impact our results of operations. In addition, acquisitions and their subsequent integration involve a number of risks, including, but not limited to:

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

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

Our foreign manufacturing operations accounted for approximately 31.2% of our net sales for the fiscal year ended May 31, 2020, not including exports directly from the U.S. which accounted for approximately 1.1% of our net sales for fiscal 2020. We plan to continue to grow our international operations and the growth and maintenance of such operations could be adversely affected by Brexit, the Covid-19 pandemic, changes in political and economic conditions, inflation rates, trade protection measures, restrictions on foreign investments and repatriation of earnings, changing intellectual property rights, difficulties in staffing and managing foreign operations and changes in regulatory requirements that restrict the sales of our products or increase our costs. Our ability to effectively manage our foreign operations may pose significant risks that could adversely affect our results of operations, cash flow, liquidity or financial condition.

Significant foreign currency exchange rate fluctuations may harm our financial results.

We conduct business in various regions throughout the world and are therefore subject to market risk due to changes in the exchange rates of foreign currencies in relation to the U.S. dollar. Because our consolidated financial statements are presented in U.S. dollars, increases or decreases in the value of the U.S. dollar relative to other currencies in which we transact business could materially adversely affect our net revenues, operating income and the carrying values of our assets located outside the U.S. For example, Brexit caused significant volatility in global stock markets and currency exchange rate fluctuations that resulted in the strengthening of the U.S. dollar against foreign currencies in which we conduct business. Such strengthening of the U.S. dollar relative to other currencies may adversely affect our operating results.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws of other countries, as well as trade sanctions administered by the office of Foreign Assets Control and the Department of Commerce.

The U.S. Foreign Corrupt Practices Act (“FCPA”) and similar anti-bribery laws of other countries generally prohibit companies and their intermediaries from making improper payments to governmental officials or others for the purpose of obtaining or retaining business or for other unfair advantage. Our policies mandate compliance with these anti-bribery laws. We operate in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices.

We are required to comply with U.S. regulations on trade sanctions and embargoes administered by the U.S. Department of the Treasury, Office of Foreign Assets Control (“OFAC”), the Commerce Department and similar multi-national bodies and governmental agencies worldwide, which are complex and often changing. A violation thereof could subject us to regulatory enforcement actions, including a loss of export privileges and significant civil and criminal penalties and fines.

Although we have internal controls and procedures designed to ensure compliance with these laws, there can be no assurance that our controls and procedures will prevent a violation of these laws. Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our results of operations, financial condition, and cash flows.

Our operations are subject to the effect of global tax law changes, some of which have been, and may be in the future, retroactive in application.

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

In response to, for instance, an economic crisis or recession, governments may revise tax laws, regulations or official interpretations in ways that could have a significant impact on us, including modifications that could, for example, reduce the profits that we can effectively realize from our non-U.S. operations, or that could require costly changes to those operations, or the way in which they are structured. If changes in tax laws, regulations or interpretations were to significantly increase the tax rates on non-U.S. income, our effective tax rate could increase, our profits could be reduced, and if such increases were a result of our status as a U.S. company, could place us at a disadvantage to our non-U.S. competitors if those competitors remain subject to lower local tax rates.

We could be adversely affected by failure to comply with federal, state and local government procurement regulations and requirements.

We have contracts with and supply product to federal, state and local governmental entities and their contractors, and are required to comply with specific procurement regulations and other requirements relating to those contracts and sales. Requirements in our contracts and those requirements flowed down to us in our capacity as a subcontractor or supplier, although customary in government contracts, may impact our performance and compliance costs. Failure to comply with these regulations and requirements or to make required disclosures under contract could result in reductions of the value of contracts, contract modifications or termination for cause, adverse past performance ratings, actions under a federal or state false claims statutes, suspension or debarment from government contracting or subcontracting for a period of time and the assessment of penalties and fines, any of which could negatively impact our results of operations and financial condition and could have a negative impact on our reputation and ability to procure other government contracts in the future.

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

Terrorist activities, pandemics, natural disasters and other disruptions have contributed to economic instability in the U.S. and elsewhere, and further acts of terrorism, cyber-terrorism, violence, war, pandemics or natural disasters could affect the industries in which we compete, our ability to purchase raw materials or make, sell or distribute products, which could have a material adverse impact on our financial condition and results of operations.

Data privacy and data security considerations could impact our business.

The interpretation and application of data protection laws, rules and regulations in the U.S., Europe and elsewhere applicable to our business (collectively, the “Data Protection Laws”) are uncertain and evolving. It is possible that the Data Protection Laws may be interpreted and applied in a manner that is inconsistent with our data practices. Complying with these various laws is difficult and could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business. Further, although we are implementing internal controls and procedures designed to ensure compliance with the Data Protection Laws, there can be no assurance that our controls and procedures will enable us to be fully compliant with all Data Protection Laws.

Despite our efforts to protect sensitive information and confidential and personal data, comply with the Data Protection Laws and implement data security measures, we may be vulnerable to security breaches and other data loss, including cyber-attacks and, in fact, we have experienced data security incidents that have impacted our operations, but have not had a material impact on our financial results. In addition, it is not possible to predict the impact on our business of the future loss, alteration or misappropriation of information related to us, our employees, former employees, customers, suppliers or others. This could lead to negative publicity, legal claims, theft, modification or destruction of proprietary information or key information, damage to or inaccessibility of critical systems, manufacture of defective products, production downtimes, operational disruptions, data breach claims and other significant costs, which could adversely affect our reputation, financial condition and results of operations.

Our business and financial condition could be adversely affected if we are unable to protect our material trademarks and other proprietary information or there is a loss in the actual or perceived value of our brands.

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

Similarly, the reputations of our branded products depend on numerous factors, including the successful advertising and marketing of our brand names, consumer acceptance, continued trademark validity, the availability of similar products from our competitors, and our ability to maintain our products’ quality and technological advantages and claims of superior performance. A loss of a brand or in the actual or perceived value of our brands could limit or reduce the demand for our products and could negatively impact our business and financial condition.

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

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

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

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

Item 1B. Unresolved Staff Comments.

Not Applicable.

Item 2. Properties.

Our corporate headquarters and a plant and offices for one subsidiary are located on approximately 165 acres, which we own in Medina, Ohio. As of May 31, 2020, our operations occupied a total of approximately 21.1 million square feet, with the majority, approximately 15.9 million square feet, devoted to manufacturing, assembly and storage. Of the approximately 21.1 million square feet occupied, approximately 8.9 million square feet are owned and approximately 12.2 million square feet are occupied under operating leases.

Set forth below is a description, as of May 31, 2020, of our principal facilities which we believe are material to our operations:

Location	Business/Segment	Approximate Square Feet Of Floor Space	Leased or Owned
Hertogenbosch, Netherlands	Rust-Oleum (Consumer)	507,399	Owned
Toronto, Ontario, Canada	Tremco (CPG)	420,506	Owned
Cacapava, Brazil	Euclid (CPG)	383,776	Owned
Pleasant Prairie, Wisconsin	Rust-Oleum (Consumer)	262,159	Owned
Cleveland, Ohio	Euclid (CPG)	259,053	Owned
Cleveland, Ohio	Day-Glo (SPG)	224,624	Owned
LaFayette, Georgia	Euclid (CPG)	201,109	Owned
Dayton, Nevada	Carboline (PCG)	184,833	Owned
Cherry Hill, New Jersey	Stonhard (PCG)	181,680	Owned
Cleveland, Ohio	Tremco (CPG)	160,300	Owned
Bodenwoehr, Germany	illbruck (CPG)	156,184	Owned
Vallirana, Spain	Carboline (PCG)	155,743	Owned
Coaldale, Alberta, Canada	Dryvit (CPG)	150,705	Owned
Lierstranda, Norway	Carboline (PCG)	145,958	Owned
Baltimore, Maryland	DAP (Consumer)	144,200	Owned
Hagerstown, Maryland	Rust-Oleum (Consumer)	143,000	Owned
Arkel, Netherlands	illbruck (CPG)	140,157	Owned
Tipp City, Ohio	DAP (Consumer)	140,000	Owned
Zelem, Belgium	Rust-Oleum (Consumer)	136,150	Owned
Attleboro, Massachusetts	Rust-Oleum (Consumer)	133,650	Owned
Hudson, North Carolina	Wood Finishes Group (SPG)	132,300	Owned
Ellaville, Georgia	TCI (SPG)	129,600	Owned
Lake Charles, Louisiana	Carboline (PCG)	114,257	Owned
Birtley, United Kingdom	Rust-Oleum (Consumer)	112,354	Owned
Lesage, West Virginia	Rust-Oleum (Consumer)	112,000	Owned
Somerset, New Jersey	Rust-Oleum (Consumer)	110,000	Owned
Bogota, Colombia	Euclid (CPG)	106,824	Owned
Wigan, Lancashire, United Kingdom	illbruck (CPG)	106,020	Owned
Richmond, Missouri	Stonhard (PCG)	100,411	Owned
El Marques, Mexico	Fibergrate (PCG)	95,280	Owned
Kirkland, Illinois	Euclid (CPG)	91,351	Owned
Johannesburg, South Africa	Stonhard (PCG)	87,081	Owned
Maple Shade, New Jersey	Stonhard (PCG)	78,112	Owned
Dallas, Texas	DAP (Consumer)	74,000	Owned
Medina, Ohio	Tremco (CPG)	72,300	Owned
West Warwick, Rhode Island	Dryvit (CPG)	71,022	Owned
Cleveland, Ohio	Tremco (CPG)	65,810	Owned
Woodlake, California	Dryvit (CPG)	41,475	Owned
Columbus, Georgia	Dryvit (CPG)	40,600	Owned
Sand Springs, Oklahoma	Dryvit (CPG)	36,998	Owned
Twistringen, Germany	Alteco (CPG)	32,873	Owned
Fort Wayne, Indiana	Stonhard (PCG)	26,700	Owned
Pasadena, Texas	Euclid (CPG)	23,580	Owned
Tultitlan, Mexico	Euclid (CPG)	22,712	Owned
Martinsburg, West Virginia	Rust-Oleum (Consumer)	921,712	Leased
Kenosha, Wisconsin	Rust-Oleum (Consumer)	850,243	Leased
Riverside, California	Rust-Oleum (Consumer)	309,535	Leased
Cleveland, Ohio	Tremco (CPG)	298,175	Leased
Granby, Quebec, Canada	Dryvit (CPG)	295,705	Leased
Vaughan, Ontario, Canada	Rust-Oleum (Consumer)	272,967	Leased
Baltimore, Maryland	DAP (Consumer)	244,495	Leased
Gateshead, Tyne, United Kingdom	Rust-Oleum (Consumer)	135,000	Leased
Garland, Texas	DAP (Consumer)	130,900	Leased
Burlington, Washington	Legend Brands (SPG)	113,875	Leased
Columbus, Georgia	Dryvit (CPG)	105,000	Leased
Lake Charles, Louisiana	Carboline (PCG)	100,035	Leased
Scoresby, Victoria, Australia	Rust-Oleum (Consumer)	99,695	Leased
Leicester, Leicestershire, United Kingdom	Tremco (CPG)	95,978	Leased
Louisa, Virginia	Carboline (PCG)	60,100	Leased

We lease certain of our properties under long-term leases. Some of these leases provide for increased rent based on an increase in the cost-of-living index. For information concerning our rental obligations, see Note M, "Leases" of the Notes to Consolidated Financial Statements. Under many of our leases, we are obligated to pay certain varying insurance costs, utilities, real property taxes and other costs and expenses.

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

Item 3. Legal Proceedings.

SEC Investigation and Enforcement Action

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 Department of Justice ("DOJ") and General Services Administration ("GSA") investigation into compliance issues relating to Tremco Roofing Division's GSA contracts. 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. The restatement shifted accrual amounts among the three quarters, which had the effect of reducing net income by \$7.2 million and \$10.8 million for the quarterly periods ended August 31, 2012 and November 30, 2012, respectively, and increasing net income for the quarterly period ended February 28, 2013 by \$18.0 million. These restatements had no impact on our audited financial results for the fiscal year ended May 31, 2013. The audit committee's investigation concluded that there was no intentional misconduct on the part of any of our officers.

In connection with the foregoing, on September 9, 2016, the SEC filed an enforcement action in the U.S. District Court for the District of Columbia against us and our General Counsel. We have cooperated with the SEC's investigation and believe the allegations in the complaint mischaracterize both our and our General Counsel's actions in connection with the matters related to our quarterly results in fiscal 2013 and are without merit. The complaint seeks disgorgement of gains that may have resulted from the conduct alleged in the complaint, and payment of unspecified monetary penalties from us and our General Counsel pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act. Further, the complaint seeks to permanently enjoin us from violations of Sections 17(a)(2) and (a)(3) of the Securities Act, Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, and Exchange Act Rules 12b-20, 13a-1, 13a-11 and 13a-13, and to permanently enjoin our General Counsel from violations of Sections 17(a)(2) and (a)(3) of the Securities Act and Exchange Act Rules 13b2-1 and 13b2-2(a). Both we and our General Counsel filed motions to dismiss the complaint on February 24, 2017. Those motions to dismiss the complaint were denied by the Court on September 29, 2017. We and our General Counsel filed answers to the complaint on October 16, 2017. Formal discovery commenced in January 2018 and closed as of June 3, 2019, other than some remaining, limited discovery requests. The parties engaged in written discovery, and several fact witnesses were deposed. We are currently awaiting further instruction regarding the remaining case schedule. We intend to continue to contest the allegations in the complaint vigorously.

Also, in connection with the foregoing, a stockholder derivative action was filed in the United States District Court, Northern District of Ohio, Eastern Division, against certain of our directors and officers. The court has stayed this stockholder derivative action pending the completion of the SEC enforcement action.

The action by the SEC could result in sanctions against us and/or our General Counsel and could impose substantial additional costs and distractions, regardless of its outcome. We have determined that it is probable that we will incur a loss relating to this matter and have estimated a range of potential loss. We have accrued at the low end of the range of loss, as no amount within the range is more likely to occur, and no amount within the estimated range of loss would have a material impact on our consolidated financial condition, results of operations or cash flows.

Environmental Matters

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

On August 13, 2019, Kirker Enterprises Inc. received an Administrative Order and Civil Administrative Penalty Assessment letter from the State of New Jersey Department of Environmental Protection Division of Air Enforcement formally notifying it of alleged failures to fulfill all conditions of an air permit applicable to its Patterson, New Jersey facility. The letter includes a proposed penalty of approximately \$192,000.

Carboline Company previously was identified as a potentially responsible party in connection with a matter filed on behalf of the U.S. EPA claiming that Carboline Company, among other potentially responsible parties, violated Section 107 of the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”) and seeking reimbursement for response costs incurred in connection with the release or threatened release of hazardous substances at the Lammers Barrel Superfund Site in Beavercreek, Ohio. During the third quarter of fiscal 2020, Carboline Company agreed in principle to settle this matter for \$1.3 million, which amount is subject to final approval and court entry of the proposed consent decree relating to this matter.

Item 4. *Mine Safety Disclosures*

Not applicable.

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

The following table presents information about repurchases of RPM International Inc. Common Stock made by us during the fourth quarter of fiscal 2020:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Amount that May Yet be Purchased Under the Plans or Programs (2)
March 1, 2020 through March 31, 2020	386,231	\$ 64.73	386,231	—
April 1, 2020 through April 30, 2020	1,714	\$ 66.41	-	—
May 1, 2020 through May 31, 2020	18,668	\$ 74.03	-	—
Total - Fourth Quarter	406,613	\$ 65.16	386,231	—

- (1) The majority of the shares of common stock reported as purchased are attributable to shares of common stock that were acquired through our stock repurchase program, with the remainder representing shares returned to us in satisfaction of tax obligations related to the vesting of restricted stock which was granted under RPM International Inc.'s Amended and Restated 2014 Omnibus Equity and Incentive Plan and 2007 Restricted Stock Plan.
- (2) The maximum dollar amount that may yet be repurchased under our stock repurchase program was approximately \$469.7 million at May 31, 2020. Given recent macroeconomic uncertainty resulting from the Covid-19 pandemic, we have suspended our stock repurchase program. Refer to Note I, "Stock Repurchase Program," to the Consolidated Financial Statements for further information regarding our stock repurchase program.

Item 6. Selected Financial Data.

The following table sets forth our selected consolidated financial data for each of the five years during the period ended May 31, 2020.

	Fiscal Years Ended May 31,				
	2020	2019	2018	2017	2016
(Amounts in thousands, except per share and percentage data)					
Net sales	\$ 5,506,994	\$ 5,564,551	\$ 5,321,643	\$ 4,958,175	\$ 4,813,649
Income before income taxes	407,764	339,845	417,048	244,333	483,466
Net income	305,082	267,687	339,257	184,671	357,458
Return on sales %	5.5%	4.8%	6.4%	3.7%	7.4%
Basic earnings per share attributable to RPM International Inc. Stockholders	\$ 2.35	\$ 2.03	\$ 2.55	\$ 1.37	\$ 2.70
Diluted earnings per share attributable to RPM International Inc. Stockholders	2.34	2.01	2.50	1.36	2.63
Total RPM International Inc. stockholders' equity	1,262,445	1,405,952	1,630,773	1,436,061	1,372,335
Total RPM International Inc. stockholders' equity per share	9.83	10.77	12.43	10.99	10.61
Return on total RPM International Inc. stockholders' equity %	22.9%	17.6%	22.1%	13.2%	26.8%
Average shares outstanding	128,468	130,552	131,179	130,662	129,383
Cash dividends declared and paid	\$ 185,101	\$ 181,409	\$ 167,476	\$ 156,752	\$ 144,350
Cash dividends declared and paid per share	1.430	1.370	1.260	1.175	1.085
Retained earnings	1,544,336	1,425,052	1,342,736	1,172,442	1,147,371
Working capital	1,329,849	978,687	1,464,205	1,162,042	1,133,157
Total assets	5,630,954	5,441,355	5,271,822	5,090,449	4,764,969
Long-term debt	2,458,290	1,973,462	2,170,643	1,836,437	1,635,260
Depreciation and amortization	156,842	141,742	128,499	116,773	111,039
Cash from operating activities	549,919	292,941	390,383	386,127	474,706
Cash (used for) investing activities	(209,613)	(248,246)	(261,193)	(339,665)	(165,866)
Cash (used for) provided by financing activities	(316,870)	(53,842)	(239,376)	35,971	(206,105)

Note: Acquisitions made by us during each of the periods presented may impact comparability from year to year. (See Note A, "Summary of Significant Accounting Policies," to the Consolidated Financial Statements).

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 and controlled subsidiaries. Investments in less-than-majority-owned joint ventures over which we have the ability to exercise significant influence 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; reserves for excess and obsolete inventories; allowances for recoverable sales and/or value-added 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.

Goodwill

We test our goodwill balances at least annually, or more frequently as impairment indicators arise, at the reporting unit level. Our annual impairment assessment date has been designated as the first day of our fourth fiscal quarter. 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. 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 the traditional two-step quantitative process during our annual goodwill impairment assessment performed during the fourth quarter of fiscal 2020 and applied both the qualitative and traditional two-step quantitative processes during our annual goodwill impairment assessment performed during the fourth quarters of fiscal 2019 and 2018.

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 determined from estimated cashflow adjustments to a reporting unit's annual projected earnings before interest, taxes, depreciation and amortization ("EBITDA"), or adjusted EBITDA, which adjusts for one-off items impacting revenues and/or expenses that are not considered by management to be indicative of ongoing operations. Our fair value estimations may include a combination of value indications from both the market and income approaches, as the income approach considers the future cash flows from a reporting unit's ongoing operations as a going concern, while the market approach considers the current financial environment in establishing fair value.

We evaluate discounted future cash flows determined from estimated cashflow adjustments to 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.

Prior to our fiscal 2019 annual goodwill impairment test, in connection with our 2020 MAP to Growth, during the third fiscal quarter ended February 28, 2019, we changed the composition of certain of our reporting units that were included in our former industrial reportable segment. Accordingly, we performed an interim impairment test for each reporting unit that changed in accordance with ASC 350, "Intangibles – Goodwill and Other." Our interim goodwill impairment assessments did not indicate the presence of any goodwill impairment for any of the reporting units tested. However, as previously disclosed during the period ended May 31, 2019, we noted that our Construction Product Group – Europe, which had \$125.0 million of goodwill at February 28, 2019, had an excess of fair value over carrying value of approximately 9% using the income approach. Our annual goodwill impairment test for fiscal year 2019, which considered both the income and market approach, resulted in a substantial excess of fair value over carrying value. We continued to monitor the performance of this reporting unit during fiscal 2020, and did not note any interim indicators of impairment. Furthermore, our annual goodwill impairment test for fiscal 2020 resulted in a substantial excess of fair value over carrying value.

On June 1, 2019 (i.e., at the beginning of fiscal 2020), the composition of our reportable segments was revised, as further discussed in Note R, "Segment Information." Prior to implementing the revised segment reporting structure beginning in fiscal 2020, our previously disclosed Industrial segment comprised two operating segments, the CPG operating segment and the PCG operating segment. Each of these operating segments comprised several reporting units, all of which were tested during our last annual goodwill impairment test during the fourth quarter of fiscal 2019 and again during the fourth quarter of fiscal 2020.

Also, in connection with our 2020 Map to Growth, we realigned certain businesses and management structure within our SPG segment. As such, our former Wood Finishes Group reporting unit was split into two separate reporting units: Guardian and Wood Finishes Group. Additionally, our former Kop-Coat Group reporting unit was split into two reporting units: Kop-Coat Industrial Protection Products and Kop-Coat Group. We performed an interim goodwill impairment test for each of the new reporting units upon the change in reportable segments, business realignment and management structure using a quantitative assessment. We concluded that the estimated fair values exceeded the carrying values for these new reporting units, and accordingly, no indications of impairment were identified as a result of these changes during the first quarter of fiscal 2020.

As a result of the annual impairment assessments performed for fiscal 2020, 2019 and 2018, there were no goodwill impairments, including no reporting units that were at risk of failing step one of the traditional two-step quantitative analysis.

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 before applying traditional quantitative tests. We applied both qualitative and quantitative processes during our annual indefinite-lived intangible asset impairment assessments performed during the fourth quarters of fiscal 2020, 2019 and 2018.

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.

Our required annual impairment tests of each of our indefinite-lived intangible assets performed during fiscal 2020, 2019, and 2018 did not result in any additional impairment loss. No impairment losses were recorded as a result of our annual impairment tests, however, we did record an impairment charge in both fiscal 2020 and fiscal 2019. In fiscal 2020, in connection with 2020 Map to Growth, we recorded an impairment charge of \$4.0 million included in restructuring expense in our Consumer reportable segment for impairment losses on indefinite-lived trade names. In fiscal 2019, we recorded an impairment charge of \$4.2 million, of which \$2.0 million was recorded by our CPG reportable segment for impairment losses on indefinite-lived trade names and approximately \$2.2 million was recorded by our SPG reportable segment for impairment losses on definite-lived customer-related intangibles. Refer to Note C "Goodwill and Other Intangible Assets" for additional details on these indefinite-lived intangible asset impairment charges.

Income Taxes

Our provision for income taxes is calculated using the asset and 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 of the appropriate character, 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 capital gain 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 that becomes 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.

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, 2020 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:

	U.S.		International	
	1% Increase	1% Decrease	1% Increase	1% Decrease
<i>(In millions)</i>				
Discount Rate				
Increase (decrease) in expense in FY 2020	\$ (5.0)	\$ 6.1	\$ (1.4)	\$ 2.0
Increase (decrease) in obligation as of May 31, 2020	\$ (62.9)	\$ 75.4	\$ (30.0)	\$ 39.1
Expected Return on Plan Assets				
Increase (decrease) in expense in FY 2020	\$ (4.6)	\$ 4.6	\$ (1.8)	\$ 1.8
Increase (decrease) in obligation as of May 31, 2020	N/A	N/A	N/A	N/A
Compensation Increase				
Increase (decrease) in expense in FY 2020	\$ 6.2	\$ (5.4)	\$ 1.1	\$ (1.0)
Increase (decrease) in obligation as of May 31, 2020	\$ 29.8	\$ (26.3)	\$ 6.4	\$ (5.6)

Based upon May 31, 2020 information, the following table reflects the impact of a 1% change in the key assumptions applied to our various postretirement health care plans:

	U.S.		International	
	1% Increase	1% Decrease	1% Increase	1% Decrease
<i>(In millions)</i>				
Discount Rate				
Increase (decrease) in expense in FY 2020	\$ -	\$ -	\$ (0.7)	\$ 0.9
Increase (decrease) in obligation as of May 31, 2020	\$ (0.3)	\$ 0.3	\$ (10.2)	\$ 2.7
Healthcare Cost Trend Rate				
Increase (decrease) in expense in FY 2020	\$ -	\$ -	\$ 0.8	\$ (0.6)
Increase (decrease) in obligation as of May 31, 2020	\$ 0.1	\$ (0.1)	\$ 7.5	\$ (5.8)

BUSINESS SEGMENT INFORMATION

Effective June 1, 2019, we realigned certain businesses and management structure to recognize how we allocate resources and analyze the operating performance of our businesses. Among other things, the realignment of certain businesses occurred as a result of the 2020 MAP to Growth that was approved and initiated between May and August 2018. As we began to execute on our operating improvement initiatives, we identified ways to realign certain businesses, and concluded that moving to an expanded reporting structure could help us to better manage our assets and improve synergies across the enterprise.

This realignment changed our reportable segments beginning with our first quarter of fiscal 2020. As such we now report under four reportable segments instead of our three previous reportable segments. Our four reporting segments are: the CPG reportable segment, PCG reportable segment, Consumer reportable segment and SPG reportable segment. In connection with the realignment, we shifted our Kirker business out of Consumer into SPG, and also shifted our Dryvit and Nudura businesses out of SPG into CPG. The newly-formed CPG also includes our Tremco, Tremco illbruck, Euclid Chemical, Viapol, Vandex and Flowcrete businesses. PCG includes Stonhard, Carboline, USL and Fibergrate businesses, while Consumer comprises the Rust-Oleum and DAP businesses.

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 four reportable segments as outlined above, which also represent our operating segments. Within each operating segment, we manage product lines and businesses which generally address common markets, share similar economic characteristics, utilize similar technologies and can share manufacturing or distribution capabilities. Our four operating segments represent components of our business for which separate financial information is available that is utilized on a regular basis by our chief operating decision maker in determining how to allocate the assets of the company and evaluate performance. These four 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"), and/or adjusted EBIT, as a performance evaluation measure because interest expense is essentially related to acquisitions, as opposed to segment operations.

Our CPG reportable segment products are sold throughout North America and also account for the majority of our international sales. Our construction product lines are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. Products and services within this reportable segment include construction sealants and adhesives, coatings and chemicals, roofing systems, concrete admixture and repair products, building envelope solutions, insulated cladding, flooring systems, and weatherproofing solutions.

Our PCG reportable segment products are sold throughout North America, as well as internationally, and are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. Products and services within this reportable segment include high-performance flooring solutions, corrosion control and fireproofing coatings, infrastructure repair systems, fiberglass reinforced plastic gratings and drainage systems.

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. Our Consumer reportable segment products are primarily sold directly to mass merchandisers, home improvement centers, hardware stores, paint stores, craft shops and through distributors. The Consumer reportable segment offers products that include specialty, hobby and professional paints; caulks; adhesives; silicone sealants and wood stains.

Our SPG reportable segment products are sold throughout North America and a few international locations, primarily in Europe. Our SPG product lines are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. The SPG reportable segment offers products that include industrial cleaners, restoration services equipment, colorants, nail enamels, exterior finishes, edible coatings and specialty glazes for pharmaceutical and food industries, and other specialty original equipment manufacturer (“OEM”) coatings.

In addition to our four 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 any 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 and identifiable assets.

We reflect income from our joint ventures on the equity method, and receive royalties from our licensees.

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. Information for all periods presented has been recast to reflect the current year change in reportable segments.

SEGMENT INFORMATION

(In thousands)

Year Ended May 31,	2020	2019	2018
Net Sales			
CPG Segment	\$ 1,880,105	\$ 1,899,744	\$ 1,837,280
PCG Segment	1,080,701	1,136,119	1,088,606
Consumer Segment	1,945,220	1,858,453	1,722,220
SPG Segment	600,968	670,235	673,537
Total	\$ 5,506,994	\$ 5,564,551	\$ 5,321,643
Income Before Income Taxes (a)			
CPG Segment			
Income Before Income Taxes (a)	\$ 209,663	\$ 178,823	\$ 174,032
Interest (Expense), Net (b)	(8,265)	(8,334)	(9,520)
EBIT (c)	\$ 217,928	\$ 187,157	\$ 183,552
PCG Segment			
Income Before Income Taxes (a)	\$ 102,345	\$ 77,388	\$ 112,614
Interest (Expense), Net (b)	18	(481)	(589)
EBIT (c)	\$ 102,327	\$ 77,869	\$ 113,203
Consumer Segment			
Income Before Income Taxes (a)	\$ 198,024	\$ 217,448	\$ 171,872
Interest (Expense), Net (b)	(272)	(538)	(732)
EBIT (c)	\$ 198,296	\$ 217,986	\$ 172,604
SPG Segment			
Income Before Income Taxes (a)	\$ 57,933	\$ 86,018	\$ 107,455
Interest Income, Net (b)	(62)	425	497
EBIT (c)	\$ 57,995	\$ 85,593	\$ 106,958
Corporate/Other			
(Expense) Before Income Taxes (a)	\$ (160,201)	\$ (219,832)	\$ (148,925)
Interest (Expense), Net (b)	(82,683)	(92,734)	(73,761)
EBIT (c)	\$ (77,518)	\$ (127,098)	\$ (75,164)
Consolidated			
Net Income	\$ 305,082	\$ 267,687	\$ 339,257
Add: (Provision) for Income Taxes	(102,682)	(72,158)	(77,791)
Income Before Income Taxes (a)	407,764	339,845	417,048
Interest (Expense)	(101,003)	(102,392)	(104,547)
Investment Income, Net	9,739	730	20,442
EBIT (c)	\$ 499,028	\$ 441,507	\$ 501,153

- (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 a non-GAAP measure, and 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, or adjusted EBIT, as a performance evaluation measure because interest expense is essentially related to acquisitions, as opposed to segment operations. We believe EBIT is useful to investors for this purpose as well, using EBIT as a metric in their investment decisions. EBIT should not be considered

an alternative to, or more meaningful than, income before income taxes as determined in accordance with GAAP, since EBIT omits the impact of interest in determining operating performance, which represent items necessary to our continued operations, given our level of indebtedness. 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 2020 Compared with Fiscal 2019

Net Sales Consolidated net sales of \$5.51 billion for fiscal 2020 declined by approximately 1.0% from net sales of \$5.56 billion for fiscal 2019. Acquisitions added 1.1%, while organic sales, which include the impact of price and volume, declined by 0.8%. Consolidated net sales for fiscal 2020 also reflect an unfavorable foreign exchange impact of 1.3%.

CPG segment net sales for fiscal 2020 declined by 1.0% to \$1.88 billion, from net sales of \$1.90 billion during fiscal 2019. The decrease was primarily due to organic declines of 1.1% during fiscal 2020 resulting from the decrease in sales due to the Covid-19 pandemic and an unfavorable foreign exchange impact on the CPG segment of approximately 1.8%. Partially offsetting these declines, recent acquisitions contributed 1.9% to net sales during fiscal 2020. The modest decline in net sales within CPG was driven mainly by performance in international markets, especially during our fourth quarter of fiscal 2020, where construction was not considered to be an “essential” business in many countries outside of the U.S.. The overall decline in net sales within CPG was mitigated by year-over-year growth in the U.S. roofing business, which was generally considered to be an “essential” business and which completes its projects outdoors, and therefore was able to continue operations with only modest interruption from the pandemic.

PCG segment net sales for fiscal 2020 declined by 4.9% to \$1.08 billion, from net sales of \$1.14 billion during fiscal 2019. The decrease was primarily due to organic declines of 3.7% during fiscal 2020 primarily resulting from the negative effect on sales of the Covid-19 pandemic along with unfavorable foreign exchange, which impacted the PCG segment net sales by 1.6%. The decline in net sales within PCG during fiscal 2020 was driven by PCG's bridge joint business as well as business in emerging markets in which the lockdown orders were the strictest. Some of the primary customers in food, beverage, and pharmaceuticals were classified as essential in the U.S., but would not grant our installers access to their facilities in response to Covid-19. Partially offsetting these declines were net sales contributed by recent acquisitions, during fiscal 2020, of approximately 0.4%.

Consumer segment net sales for fiscal 2020 grew by 4.7% to \$1.95 billion, from \$1.86 billion in fiscal 2019. Organic growth provided 5.1% of the growth in sales, which was driven primarily by market share gains and price increases, while recent acquisitions provided 0.5% during the current period. Unfavorable foreign currency impacted net sales in the Consumer segment by 0.9% during fiscal 2020 versus fiscal 2019. The Consumer segment had strong top-line growth in fiscal 2020, and in particular during our fourth fiscal quarter, as home improvement retailers and hardware stores remained open and end customers were spending more time on repair and maintenance projects as a result of stay-at-home orders in response to Covid-19. This strong performance was mitigated somewhat internationally, where there were stricter lockdown orders on retail, as compared to the U.S.

SPG segment net sales for fiscal 2020 declined by 10.3% to \$601.0 million, from \$670.2 million. Organic sales declined 11.4% during fiscal 2020, as a result of decreases in our fluorescent pigments business due to reduced fire retardant orders and restoration equipment business due to fewer significant weather events in the current year as compared to the prior year, as these weather events have a favorable impact on sales, as well as the negative impact of the Covid-19 pandemic. More specifically, the furniture and marine distribution channels that the segment serves were closed for an extended period of time in the U.S. during our fourth quarter of fiscal 2020, because they were not classified as being “essential” industries. Furthermore, edible coatings sales were lower due to the shutdown of schools. Additionally, foreign currency exchange had an unfavorable impact on SPG segment net sales during fiscal 2020 of 0.6%. Partially offsetting these decreases were sales from acquisitions, which contributed 1.7%.

In our Quarterly Report on Form 10-Q for our third fiscal quarter ended February 29, 2020, we noted that we expected our net sales in the fourth quarter of fiscal year 2020 to decrease in comparison to the prior year quarter, as a result of the disruption and uncertainty that Covid-19 is having on the global economy. Our actual net sales for the fourth quarter of fiscal 2020 decreased by 8.9% to \$1.46 billion as compared to \$1.60 billion during the prior year quarter.

It continues to be difficult to predict the future financial impact on net sales, as we cannot predict the duration or scope of the pandemic, but the impact could be material. Future performance in net sales is dependent on several factors, including but not limited to: (i) the ability of our customers to continue operations; (ii) continued organic growth in DIY sales, as people spend more time at home; (iii) a potential for organic growth in professional and consumer cleaning and disinfectant brands, some of which are effective

against Covid-19; and (iv) the nature and extent of facility closures as a result of Covid-19. With that being said, while we accurately forecasted a net sales decrease during the fourth quarter of 2020, we anticipate that net sales during the first quarter of fiscal 2021 will be more in line with the results from the prior year quarter, absent any further widespread lockdown orders as a result of Covid-19 outbreaks.

Gross Profit Margin Our consolidated gross profit margin of 38.0% of net sales for fiscal 2020 compares to a consolidated gross profit margin of 37.5% for the comparable period a year ago, after giving effect to the change in classification of shipping and handling costs. Last year's reported gross profit margin of 40.6% has been recast to 37.5% in order to reflect the current year change in accounting principle related to shipping and handling costs, which were previously recognized in SG&A expenses and are now recognized in cost of sales. This gross profit increase of approximately 0.5% of net sales reflects an improvement resulting from a combination of increases in selling prices and 2020 MAP to Growth savings, partially offset by the impact of volume decreases, unfavorable mix of product sold versus last year and higher raw material costs across RPM. Additionally, supply chain challenges specifically in our Consumer segment negatively affected our gross profit margin.

Despite the recent outbreak of Covid-19, raw material costs inflation seems to be moderating in a number of our key product categories. With the exception of the challenges noted above in our Consumer segment, our global supply chain remains strong. Nearly all of our plants are operational. Despite these facts, as we cannot predict the duration or scope of the Covid-19 pandemic, the future financial impact to gross profit margin cannot be reasonably estimated, but could be material.

Selling, General and Administrative ("SG&A") Expenses Our consolidated SG&A expense decreased by approximately \$47.4 million during fiscal 2020 versus fiscal 2019, and decreased to 28.1% of net sales for fiscal 2020 from 28.7% of net sales for fiscal 2019. Last year's reported SG&A percentage of net sales of 31.8% has been recast to 28.7% in order to reflect the current year change in accounting principle related to shipping and handling costs, which were previously recognized in SG&A expenses and are now recognized in cost of sales. During fiscal 2020, we continued our 2020 MAP to Growth and have generated incremental savings within SG&A of approximately \$19.4 million. Our consolidated decrease in SG&A is the result of 2020 MAP to Growth savings, reductions in commission expense on lower sales volume during fiscal 2020, as well as decreased advertising expense. Additional SG&A expense incurred from companies recently acquired approximated \$12.6 million during fiscal 2020. Lastly, warranty expense for fiscal 2020 increased by approximately \$0.5 million from the amount recorded during fiscal 2019, and it is typical that warranty expense will fluctuate from period to period.

Our CPG segment SG&A was approximately \$5.0 million lower for fiscal 2020 versus fiscal 2019 mainly due to incremental 2020 MAP to Growth savings as compared to prior year. Partially offsetting the lower SG&A, there was higher commission expense associated with higher roofing sales and approximately \$7.9 million of additional SG&A expense generated from companies recently acquired. As a percentage of net sales, SG&A increased slightly by 10 bps as the decrease in net sales outpaced the decrease in SG&A.

Our PCG segment SG&A was approximately \$21.0 million lower for fiscal 2020 versus fiscal 2019 and decreased by 40 bps as a percentage of net sales, mainly due to incremental 2020 MAP to Growth savings in the current year as compared to the prior year, lower bad debt expense in fiscal 2020 as compared to fiscal 2019 when we had higher bad debt expense as a result of strategic decisions to exit unprofitable product offerings and regions, and unfavorable transactional foreign exchange that occurred in the prior year. These decreases were slightly offset by approximately \$0.6 million of additional SG&A expense generated from companies recently acquired.

Our Consumer segment SG&A increased by approximately \$17.1 million during fiscal 2020 versus fiscal 2019, but decreased slightly by 10 bps as a percentage of net sales. The increase in SG&A was primarily attributable to increases in distribution costs and incentives directly associated with higher sales volume. In addition, during the second quarter of our current fiscal year, we decided to no longer pursue a product line targeted for OEM markets, resulting in a \$6.9 million charge based on the results of a recoverability assessment for certain prepaid assets associated with this product line. Additional SG&A expense from recent acquisitions approximated \$1.8 million during fiscal 2020. These increases were partially offset by incremental 2020 MAP to Growth savings as compared to the prior year.

Our SPG segment SG&A was approximately \$2.4 million higher during fiscal 2020 versus fiscal 2019, and increased by 340 bps as a percentage of sales. The increase in SG&A expense is mainly attributable to recent acquisitions, which generated additional SG&A expense of \$2.4 million during fiscal 2020. Additional costs associated with the ERP consolidation plan and the consolidation of certain accounting/finance functions associated with our 2020 MAP to Growth were offset by incremental 2020 MAP to Growth savings as compared to the prior year and other cost control measures associated with lower sales volumes.

SG&A expenses in our corporate/other category of \$71.7 million during fiscal 2020 decreased by \$40.9 million from \$112.6 million recorded during fiscal 2019, as professional fees in connection with our 2020 MAP to Growth were \$11.2 million lower in fiscal 2020 (\$14.3 million) when compared to the prior year period (\$25.5 million). Additionally, after the outbreak of Covid-19, medical costs for our associates were lower, management incentives were reversed, travel by associates was banned, and the use of external consultants was curtailed.

We recorded total net periodic pension and postretirement benefit costs of \$52.5 million and \$45.4 million for fiscal 2020 and 2019, respectively. The \$7.1 million increase in pension expense resulted from an approximate \$6.4 million increase in net actuarial losses recognized during fiscal 2020 versus fiscal 2019, in addition to increases in service cost of approximately \$2.8 million during fiscal 2020. These increases were partially offset by lower interest costs during the current period versus the same period last year for approximately \$2.2 million.

We expect that pension and postretirement expense will fluctuate on a year-to-year basis, depending primarily upon the investment performance of plan assets and potential changes in interest rates, both of which are difficult to predict in light of the lingering macroeconomic uncertainties associated with Covid-19, but which may have a material impact on our consolidated financial results in the future. A decrease of 1% in the discount rate or the expected return on plan assets assumptions would result in \$9.0 million and \$6.4 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 N, "Pension Plans," and Note O, "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 above in, "Critical Accounting Policies and Estimates — Pension and Postretirement Plans."

As we cannot predict the duration or scope of the Covid-19 pandemic, the future financial impact to SG&A cannot be reasonably estimated, but could be material. As previously disclosed, the disruption caused by the outbreak of Covid-19 is expected to delay the finalization of our 2020 MAP to Growth past the original target completion date of December 31, 2020, which may impact our near-term ability to drive further reduction in SG&A as a percentage of sales. However, this will be offset to some degree by lower variable SG&A, such as reduced travel-related expenses incurred by our associates, due to travel restrictions in place because of the Covid-19 outbreak.

Restructuring Expense We recorded restructuring charges of \$33.1 million during fiscal 2020, compared with \$42.3 million during fiscal 2019, which were the result of our continued implementation of our 2020 MAP to Growth, which focuses on strategic shifts in operations across our entire business. On a consolidated basis, we incurred \$19.7 million of severance and benefit costs, \$8.5 million of facility closure and other related costs, and \$4.8 million of other asset write-offs during fiscal 2020, which compares to fiscal 2019 charges of \$32.5 million, \$8.2 million, and \$1.6 million, respectively. These charges were associated with closures of certain facilities as well as the elimination of duplicative headcount and infrastructure associated with certain of our businesses.

We expect to incur approximately \$18.0 million of future additional charges in relation to this initiative. These additional charges include approximately \$10.2 million of severance and benefit costs and \$7.3 million of facility closure and other related charges, as well as \$0.4 million of other asset write-offs. We previously expected these charges to be incurred by the end of calendar year 2020, upon which we expected to achieve an annualized pretax savings of approximately \$290 million per year. Recently, however, the disruption caused by the outbreak of Covid-19 is expected to delay the finalization of our 2020 MAP to Growth past the original target completion date of December 31, 2020. See Note B, "Restructuring," to the Consolidated Financial Statements, for further detail surrounding our 2020 MAP to Growth.

Goodwill and Other Intangible Asset Impairments During fiscal 2020, we recorded a charge of \$4.0 million, which was classified in restructuring expense within our Consumer reportable segment, for impairment losses on indefinite-lived trade names, as a result of a decision to exit an unprofitable business and abandon a tradename in connection with 2020 MAP to Growth. This compares to \$4.2 million of losses recorded during fiscal 2019, of which \$2.0 million were recorded by our CPG reportable segment for impairment losses on indefinite-lived trade names and approximately \$2.2 million were recorded by our SPG reportable segment for impairment losses on definite-lived customer-related intangibles. For additional information, refer to Note C, "Goodwill and Other Intangible Assets," to the Consolidated Financial Statements.

Interest Expense Interest expense was \$101.0 million for fiscal 2020 versus \$102.4 million for fiscal 2019. The main driver of this \$1.4 million net year-over-year decrease in interest expense was \$6.2 million of savings associated with lower interest rates. Interest rates averaged 3.73% overall for fiscal 2020 compared with 4.01% for fiscal 2019 due to a maturity of higher cost debt in fiscal 2019. The impact of lower interest rates in fiscal 2020 were somewhat offset by an unfavorable comparison to the prior year, when we had a \$2.1 million favorable impact from reversing accrued interest associated with the redemption of our convertible bonds. The lower interest rates in the current year were further offset by higher average borrowings related to recent acquisitions, which increased interest expense during fiscal 2020 by approximately \$2.7 million versus fiscal 2019.

Investment (Income), Net Net investment income of approximately \$9.7 million for fiscal 2020 compares to net investment income of \$0.7 million during fiscal 2019. Dividend and interest income totaled \$8.1 million and \$9.1 million for fiscal 2020 and 2019, respectively. Net gains on marketable securities totaled \$1.6 million during fiscal 2020, compared to net losses on marketable securities of \$8.4 million during fiscal 2019.

Income Before Income Taxes (“IBT”) Our consolidated IBT for fiscal 2020 of \$407.8 million compares with IBT of \$339.8 million for fiscal 2019. Our CPG segment had IBT of \$209.7 million, or 11.2% of net sales, for fiscal 2020, versus IBT of \$178.8 million, or 9.4% of net sales, for fiscal 2019. Our CPG segment results reflect 2020 MAP to Growth savings, selling price increases and increased earnings from recent acquisitions. Our PCG segment had IBT of \$102.3 million, or 9.5% of net sales, for fiscal 2020, versus IBT of \$77.4 million, or 6.8% of net sales, for the same period a year ago. Our PCG segment results reflect 2020 MAP to Growth savings and selling price increases. Our Consumer segment IBT approximated \$198.0 million, or 10.2% of net sales, for fiscal 2020, compared to IBT for fiscal 2019 of \$217.4 million, or 11.7% of net sales. Our Consumer segment results reflect selected inflationary pressures, elevated inventory write-offs during fiscal 2020 and supply chain challenges during the current year, partially offset by savings associated with our 2020 MAP to Growth. Our SPG segment had IBT of \$57.9 million, or 9.6% of net sales, for fiscal 2020, versus IBT of \$86.0 million, or 12.8% of net sales, for fiscal 2019, reflecting declines in sales volume in our fluorescent pigment, restoration equipment and specialty coatings businesses.

Income Tax Rate The effective income tax rate was 25.2% for fiscal 2020 compared to an effective income tax rate of 21.2% for fiscal 2019. The effective income tax rate for fiscal 2020 reflects unfavorable variances from the 21% statutory rate due primarily to the impact of state and local taxes and an increase in valuation allowances primarily related to foreign tax credits. These unfavorable variances from the statutory rate were partially offset by a decrease in the deferred tax liability recorded for unremitted foreign earnings, a benefit related to equity compensation and a favorable adjustment related to the global intangible low-tax provisions, resulting from final Treasury Regulations issued during the year and as reported on our U.S. federal income tax return for fiscal 2019.

The effective income tax rate of 21.2% for fiscal 2019 reflects variances from the 21% statutory rate due primarily to the benefit resulting from the completion of our accounting for the impact of the tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Act”), a reduction in a liability for unrecognized tax benefits and a benefit related to equity compensation. These favorable variances from the statutory rate were offset primarily by the impact of state and local taxes and an increase in valuation allowances associated with certain deferred tax assets.

Net Income Net income of \$305.1 million for fiscal 2020 compares to net income of \$267.7 million for fiscal 2019. Net income attributable to noncontrolling interests approximated \$0.7 million and \$1.1 million for fiscal 2020 and 2019, respectively. Net income attributable to RPM International Inc. stockholders for fiscal 2020 was \$304.4 million, or 5.5% of consolidated net sales, which compares to net income of \$266.6 million, or 4.8% of consolidated net sales, for fiscal 2019.

Diluted earnings per share of common stock for fiscal 2020 of \$2.34 compares with diluted earnings per share of common stock of \$2.01 for fiscal 2019.

Fiscal 2019 Compared with Fiscal 2018

Net Sales Consolidated net sales of \$5.56 billion for fiscal 2019 grew by approximately 4.6% from net sales of \$5.32 billion for fiscal 2018. Acquisitions added 2.0%, while organic sales, which include the impact of price and volume, improved by 4.7%. Consolidated net sales for fiscal 2019 also reflect an unfavorable foreign exchange impact of 2.1%.

CPG segment net sales for fiscal 2019 grew by 3.4% to \$1.90 billion, from net sales of \$1.84 billion during fiscal 2018. The improvement was primarily due to organic growth of 4.1% during fiscal 2019 resulting from improved performance by our roofing, commercial sealants and waterproofing, and North American concrete admixture businesses. Recent acquisitions contributed 2.2% to net sales during fiscal 2019. Unfavorable foreign exchange impacted the CPG segment net sales by 2.9% during fiscal 2019.

PCG segment net sales for fiscal 2019 grew by 4.4% to \$1.14 billion, from net sales of \$1.09 billion during fiscal 2018. The improvement was primarily due to organic growth of 4.1% during fiscal 2019 resulting from improved performance by our industrial coatings businesses. Recent acquisitions contributed 2.7% to net sales during fiscal 2019. Unfavorable foreign currency exchange impacted the PCG segment net sales by 2.4% during fiscal 2019.

Consumer segment net sales for fiscal 2019 grew by 7.9% to \$1.86 billion, from \$1.72 billion in fiscal 2018. Organic growth provided 7.3% of the growth in sales, which was driven primarily by new accounts, market share gains and price increases, while recent acquisitions provided 2.2% during the current period. Unfavorable foreign currency impacted net sales in the Consumer segment by 1.5% during fiscal 2019 versus fiscal 2018.

SPG segment net sales for fiscal 2019 decreased by 0.5% to \$670.2 million, from \$673.5 million. The decline in fiscal 2019 was primarily due to foreign currency exchange, which had an unfavorable impact of 0.8%. This decrease was partially offset by organic sales growth of 0.2%, which resulted from growth in net sales by our businesses providing marine coatings and decorative and protective wood coatings, partially offset by sales decreases in our businesses serving the water damage restoration and equipment markets that responded to more damaging hurricane activity during fiscal 2018 than fiscal 2019. Additionally, recent acquisitions provided 0.1% sales growth during fiscal 2019.

Gross Profit Margin Our consolidated gross profit margin of 37.5% of net sales for fiscal 2019 compares to a consolidated gross profit margin of 37.9% for fiscal 2018. In order to reflect the fiscal 2020 change in accounting principle related to shipping costs, which were previously recognized in SG&A expense and are now recognized in cost of sales, we have recast the reported gross profit margin for fiscal 2019 from 40.6% to 37.5% and reported gross profit margin for fiscal 2018 from 41.0% to 37.9%. This was a gross profit decline of approximately 0.4% of net sales, or 40 basis points (“bps”). This decline in gross profit during fiscal 2019 as compared to fiscal 2018 was a result of an unfavorable mix of products sold. Throughout the first nine months of fiscal 2019, raw material prices continued to rise over prior-year levels, which we worked to offset with higher selling prices.

SG&A Expenses Our consolidated SG&A expense increased by approximately \$97.6 million during fiscal 2019 versus fiscal 2018, and increased to 28.7% of net sales for fiscal 2019 from 28.2% of net sales for fiscal 2018. In order to reflect the fiscal 2020 change in accounting principle related to shipping costs, which were previously recognized in SG&A expense and are now recognized in cost of sales, we have recast the reported SG&A percentage of net sales for fiscal 2019 from 31.8% to 28.7% and reported SG&A percentage of net sales for fiscal 2018 from 31.3% from 28.2%. As we continued to make progress on our 2020 MAP to Growth throughout fiscal 2019, in connection with the plan, we incurred \$4.6 million for ERP implementation and consolidation expenses, increases in allowance for doubtful accounts, and professional fees totaling approximately \$24.3 million. Also, during fiscal 2019, we incurred higher costs of approximately \$5.1 million related to unfavorable legal settlements, when compared with fiscal 2018. Additional SG&A expense incurred from companies recently acquired approximated \$23.6 million during fiscal 2019. There was also higher distribution and commission expense on higher sales volume during fiscal 2019. Lastly, warranty expense for fiscal 2019 increased by approximately \$3.0 million from the amount recorded during fiscal 2018, and it is typical that warranty expense will fluctuate from period to period.

Our CPG segment SG&A was approximately \$6.4 million higher for fiscal 2019 versus fiscal 2018, but was slightly lower as a percentage of net sales. The increased expense was mainly due to approximately \$8.9 million of additional SG&A expense generated from companies recently acquired, which was partially offset by savings associated with 2020 MAP to Growth.

Our PCG segment SG&A was approximately \$20.0 million higher for fiscal 2019 versus fiscal 2018, and increased as a percentage of net sales. The increased expense was mainly due to increased allowance for doubtful accounts associated with accounts deemed uncollectible as a result of changes in our market and leadership strategy. Additionally, there was also higher distribution expense related to the current year increase in sales volume. Further contributing to these increases was approximately \$4.2 million of additional SG&A expense generated from companies recently acquired.

Our Consumer segment SG&A increased by approximately \$28.3 million during fiscal 2019 versus fiscal 2018, but decreased slightly as a percentage of net sales. This was primarily attributable to an increase of approximately \$7.4 million in unfavorable legal settlements incurred during fiscal 2019, when compared to fiscal 2018. Additional SG&A expense from recent acquisitions approximated \$10.0 million during fiscal 2019. Lastly, there was higher distribution expense due to freight and labor inflation on higher sales volume.

Our SPG segment SG&A was approximately \$3.3 million higher during fiscal 2019 versus fiscal 2018, and increased as a percentage of net sales. The increase was primarily attributable to the added expense associated with the ERP consolidation plan that is a component of 2020 MAP to Growth, increased distribution costs and increased expenses related to new product initiatives. Further contributing to these increases was approximately \$0.5 million of additional SG&A expense generated from companies recently acquired.

SG&A expenses in our corporate/other category of \$112.6 million during fiscal 2019 increased by \$39.6 million from \$73.0 million recorded during fiscal 2018, resulting primarily from professional fees in connection with our 2020 MAP to Growth and the negotiation of an activist shareholder cooperation agreement, which approximated \$24.8 million. Additionally, there were increases in expense related to executive departures during fiscal 2019, as well as higher pension expense, hospitalization costs and legal fees. Finally, in the prior year, we reversed \$4.3 million of long-term incentive compensation when it became clear that the targeted goals would not be reached.

We recorded total net periodic pension and postretirement benefit costs of \$45.4 million and \$43.4 million for fiscal 2019 and 2018, respectively. The \$2.0 million increase in pension expense resulted from an approximate \$5.1 million increase in interest cost, partially offset by the combination of lower net actuarial losses recognized during fiscal 2019 versus fiscal 2018 for approximately \$1.9 million and a higher expected return on increased plan assets during the current period versus the same period last year for approximately \$1.2 million.

We expect that pension and postretirement expense will fluctuate on a year-to-year basis, depending primarily upon the investment performance of plan assets and changes in interest rates, which may have a material impact on our consolidated financial results in the future. A decrease of 1% in the discount rate or the expected return on plan assets assumptions would result in \$8.0 million and \$6.4 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 N, "Pension Plans," and Note O, "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 above under the heading, "Critical Accounting Policies and Estimates — Pension and Postretirement Plans."

Restructuring Expense We recorded restructuring charges of \$42.3 million during fiscal 2019, compared with \$17.5 million during fiscal 2018, which were the result of our continued implementation of a multi-year restructuring plan, 2020 MAP to Growth, which focuses on strategic shifts in operations across our entire business. On a consolidated basis, we incurred \$32.5 million of severance and benefit costs, \$8.2 million of facility closure and other related costs, and \$1.6 million of other asset write-offs during the period. These charges were associated with closures of certain facilities as well as the elimination of duplicative headcount and infrastructure associated with certain of our businesses.

We expect to incur approximately \$21.6 million of future additional charges in relation to this initiative. These additional charges include approximately \$12.7 million of facility closure and other related charges, \$7.4 million of severance and benefit costs, as well as \$1.5 million of other asset write-offs. We expect these charges to be incurred by the end of calendar year 2020, upon which we expect to achieve an annualized pretax savings of approximately \$290 million per year. Additionally, upon the completion of this initiative, we have targeted \$230.0 million of improvement in working capital, and believe that, assuming 3% organic growth and approximately \$150 million to \$200 million annually in acquisitions of businesses, our fiscal year 2021 cash flow from operations will improve to approximately \$872.0 million. In addition, we have continued to assess and find areas of improvement and cost savings as part of our 2020 MAP to Growth. As such, the final implementation and expected costs of our plan are subject to change. Most notably, we have broadened the scope of our announced plan to include the consolidation of the general and administrative areas, potential outsourcing, as well as additional future plant closures and consolidations, the estimated future costs of which have not yet been determined. See Note B, "Restructuring," to the consolidated financial statements, for further detail surrounding our 2020 MAP to Growth.

Goodwill and Other Intangible Asset Impairments During fiscal 2019, we recorded other intangible asset impairment losses totaling \$4.2 million, of which \$2.0 million were recorded by our CPG reportable segment for impairment losses on indefinite-lived trade names and approximately \$2.2 million were recorded by our SPG reportable segment for impairment losses on definite-lived customer-related intangibles. For additional information, refer to Note C to the Consolidated Financial Statements.

Interest Expense Interest expense was \$102.4 million for fiscal 2019 versus \$104.5 million for fiscal 2018. Higher average borrowings, related to recent acquisitions, increased interest expense during fiscal 2019 by approximately \$5.5 million versus fiscal 2018. The redemption of our convertible bonds during our fiscal 2019 third quarter decreased interest expense by approximately \$2.1 million during fiscal 2019 versus fiscal 2018. Excluding acquisition-related borrowings, which carried higher average interest financing costs, lower average borrowings year-over-year decreased interest expense by approximately \$2.2 million during fiscal 2019 compared with fiscal 2018. Lower interest rates, which averaged 4.01% overall for fiscal 2019 compared with 4.21% for fiscal 2018, which was due to a maturity of higher cost debt in fiscal 2018, resulted in lower interest expense by approximately \$3.3 million during fiscal 2019 versus fiscal 2018.

Investment (Income), Net Net investment income of approximately \$0.7 million for fiscal 2019 compares to net investment income of \$20.4 million during fiscal 2018. During fiscal 2019, we adopted Accounting Standards Updates ("ASU") 2016-01, "Recognition and Measurement of Financial Assets and Liabilities," which requires gains and losses on marketable equity securities to be recognized in earnings rather than in other comprehensive income. Prior to adoption, unrealized changes in the fair value of equity securities, designated as available for sale securities, were recognized through other comprehensive (loss) income until realized. Dividend and interest income totaled \$9.1 million and \$8.7 million for fiscal 2019 and 2018, respectively. Net losses on marketable securities totaled \$8.4 million during fiscal 2019, compared to net realized gains on the sales of marketable securities of \$11.7 million during fiscal 2018.

IBT Our consolidated pretax income for fiscal 2019 of \$339.8 million compares with pretax income of \$417.0 million for fiscal 2018.

Our CPG segment recorded pretax income of \$178.8 million, or 9.4% of net sales, for fiscal 2019, versus pretax income of \$174.0 million, or 9.5% of net sales, for fiscal 2018. Our CPG segment results were impacted by higher raw material costs, as well as restructuring and other restructuring-related activities. Our PCG segment recorded pretax income of \$77.4 million, or 6.8% of net sales, for fiscal 2019, versus pretax income of \$112.6 million, or 10.3% of net sales, for fiscal 2018. Our PCG segment results were impacted by unfavorable product mix, restructuring and other restructuring-related activities and an unfavorable translation impact on foreign earnings. Our Consumer segment pretax income approximated \$217.4 million, or 11.7% of net sales, for fiscal 2019, compared to a pretax income for fiscal 2018 of \$171.9 million, or 10.0% of net sales. The current period results include market share gains, as demonstrated by the increase in sales volume, and lower restructuring-related charges, which were more than offset by rising raw material costs, unfavorable legal settlements and higher distribution costs, while the prior year included \$36.5 million of charges related to product line and SKU rationalization and related obsolete inventory identification. Our SPG segment had pretax income of \$86.0 million, or 12.8% of net sales, for fiscal 2019, versus pretax income of \$107.5 million, or 16.0% of net sales, for fiscal 2018, reflecting rising raw material costs, higher distribution costs, restructuring and other restructuring-related charges including the costs associated with the ERP consolidation plan.

Income Tax Rate On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Act”). The income tax effects of changes in tax laws are recognized in the period when enacted. The Act provides for numerous significant tax law changes and modifications with varying effective dates. Provisions of the Act that impact fiscal 2018 include reducing the corporate income tax rate from 35% to 21%, creating a territorial tax system (with a one-time mandatory transition tax on unremitted earnings of foreign subsidiaries), and a provision allowing for immediate capital expensing of certain qualified property. The corporate tax rate reduction was effective for RPM as of January 1, 2018 and, accordingly, reduced our fiscal year 2018 federal statutory rate to a blended rate of approximately 29.2%. The significant provisions of the Act that impact us for fiscal 2019 include the full federal statutory rate reduction to 21% and the repeal of the domestic production activities deduction. Also effective for fiscal 2019 are provisions of the Act that subject us to current U.S. tax on global intangible low-taxed income (“GILTI”) earned by certain foreign subsidiaries and allows a benefit for foreign-derived intangible income (“FDII”).

Subsequent to the enactment of the Act, the Securities and Exchange Commission (the “SEC”) issued Staff Accounting Bulletin No. 118 (“SAB 118”), which provides guidance on accounting for the tax effects of the Act. SAB 118 provides a measurement period that should not extend beyond one year from the Act’s enactment date for companies to complete the applicable accounting under ASC 740. In accordance with SAB 118 and based on the information available as of May 31, 2018, we recorded a net provisional income tax expense of \$7.3 million in accordance with the applicable provisions of the Act. The net provisional income tax expense was comprised of a benefit of \$15.7 million related to the provisional remeasurement of our U.S. deferred tax assets and liabilities at the reduced U.S. corporate tax rates, a provisional expense of \$67.9 million for the transition tax on unremitted earnings from foreign subsidiaries, and a provisional benefit of \$44.9 million for the partial reversal of existing deferred tax liabilities recorded for the estimated tax cost associated with unremitted foreign earnings not considered permanently reinvested.

During our fiscal 2019 third quarter, we completed our assessment of the accounting for the impact of the Act, which included analysis based on related legislative updates and technical interpretations of the Act. As a result, and consistent with SAB 118, during the three months ended February 28, 2019, we recorded an income tax benefit of \$8.1 million, which was comprised of a \$6.3 million benefit for the remeasurement of certain U.S. deferred tax assets and liabilities and a \$1.8 million benefit resulting from the reduction of the transition tax on unremitted earnings from foreign subsidiaries. No other SAB 118 adjustments for the impact of the Act were recorded this fiscal year.

The effective income tax rate was 21.2% for fiscal 2019 compared to an effective income tax rate of 18.7% for fiscal 2018. The effective income tax rate for fiscal 2019 reflects favorable variances from the 21% statutory rate due primarily to the above noted benefit resulting from the completion of our accounting for the impact of the Act and a benefit related to equity compensation. These favorable variances from the statutory rate were offset primarily by the impact of state and local taxes and an increase in valuation allowances associated with certain deferred tax assets.

The effective income tax rate of 18.7% for fiscal 2018 reflects variances from the 29.2% statutory rate due primarily to the reversal of deferred tax liabilities recorded for the estimated tax cost associated with unremitted foreign earnings, the favorable effective tax rate impact of foreign operations and the impact of the provisional re-measurement of U.S. deferred tax assets described above. These favorable variances were partially offset by the provisional expense recorded for the transition tax on unremitted foreign earnings and the impact of state and local income taxes.

Net Income Net income of \$267.7 million for fiscal 2019 compares to net income of \$339.3 million for fiscal 2018. Net income attributable to noncontrolling interests approximated \$1.1 million and \$1.5 million for fiscal 2019 and 2018, respectively. Net income attributable to RPM International Inc. stockholders for fiscal 2019 was \$266.6 million, or 4.8% of consolidated net sales, which compares to net income of \$337.8 million, or 6.3% of consolidated net sales, for fiscal 2018.

Diluted earnings per share of common stock for fiscal 2019 of \$2.01 compares with diluted earnings per share of common stock of \$2.50 for fiscal 2018.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Fiscal 2020 Compared with Fiscal 2019

For the 2020 fiscal year, cash from operations was \$549.9 million compared to \$292.9 million in fiscal 2019. The net change in cash from operations includes changes in working capital accounts, which accounted for an improvement of approximately \$253.9 million year over year and the change in net income, which increased by \$37.4 million during fiscal 2020 versus fiscal 2019. . The current year increase in cash from operations resulted from certain of our 2020 MAP to Growth initiatives, including the enhancement of margin in our Consumer segment by discontinuing the practice of offering a discount for early cash payments. This had the effect of delaying approximately \$100 million in receipts from the fiscal fourth quarter of 2019 to the first fiscal quarter of 2020. This strategy is in line with our longer-term approach to improving margins and effectively managing working capital. During fiscal 2020, we recorded \$33.1 million in restructuring charges and made cash payments of \$26.3 million related to our 2020 MAP to Growth, as further described in Note B, "Restructuring."

Additionally, certain government entities located where we have operations have enacted various pieces of legislation designed to help businesses weather the economic impact of Covid-19 and ultimately preserve jobs. Some of this legislation, such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act here in the U.S., enables employers to postpone the payment of various types of taxes over varying time horizons. As of May 31, 2020, RPM has deferred \$17.7 million of such government payments that would have normally been paid during our fourth quarter of fiscal 2020, but which will be paid in future periods.

The change in accounts receivable during fiscal 2020 provided approximately \$213.3 million more cash than fiscal 2019. This was the direct result of the improved margin initiatives noted above that shifted approximately \$100.0 million in receipts from the fourth quarter of fiscal 2019 to the first quarter of fiscal 2020. Days sales outstanding ("DSO") at May 31, 2020 increased to 66.3 days from 65.7 days at May 31, 2019, as some of our customers have been somewhat slower to pay in light of Covid-19, especially internationally.

During fiscal 2020, we spent approximately \$38.1 million less cash for inventory compared to our spending during fiscal 2019. This resulted from the combination of timing of purchases by retail customers and a systematic reduction of inventory levels at certain businesses in our Consumer segment in connection with product rationalization initiatives. Days inventory outstanding ("DIO") at May 31, 2020 increased to 80.6 days from 78.5 days at May 31, 2019. While our Consumer segment has showed improvement in DIO due to various actions taken in conjunction with our 2020 MAP to Growth to streamline manufacturing process and improve fill rates, this improvement was more than offset by increases in DIO at each of our CPG, PCG & SPG segments, as a result of lower year-over-year sales volumes in each of these segments.

The change in accounts payable during the fiscal 2020 used approximately \$2.5 million less cash than during fiscal 2019. Days payables outstanding ("DPO") increased by approximately 4.8 days from 76.3 days at May 31, 2019 to 81.1 days at May 31, 2020, resulting principally from the timing of certain payments as we continue to move toward a center-led procurement process that includes negotiating modified payment terms. Cash provided from operations, along with the use of available credit lines, as required, remain our primary sources of liquidity.

As we cannot predict the duration or scope of the Covid-19 pandemic and its impact on our customers and suppliers, any negative financial impact to our results cannot be reasonably estimated, but could be material. We are actively managing the business to maintain cash flow and we have significant liquidity. We believe that these factors will allow us to meet our anticipated funding requirements.

Fiscal 2019 Compared with Fiscal 2018

For our operating activities for fiscal 2019 compared with fiscal 2018, see the discussion beginning on page 29 of Exhibit 13.1 to our Annual Report on Form 10-K for the year ended May 31, 2019, as filed with the SEC on July 24, 2019.

Investing Activities

Fiscal 2020 Compared with Fiscal 2019

For the 2020 fiscal year, cash used for investing activities decreased by \$38.6 million to \$209.6 million as compared to \$248.2 million in the prior year period. This year-over-year decrease in cash used for investing activities was mainly driven by \$103.3 million in less cash spent on acquisitions as we acquired fewer businesses in fiscal 2020 (3 acquisitions) as compared to fiscal 2019 (5 acquisitions). While we utilized less cash in fiscal 2020 related to acquisitions, we utilized \$47.5 million more in cash related to purchases and sales of marketable securities associated with our captive insurance companies and \$11.0 million more in cash related to capital expenditures.

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. We paid for capital expenditures of \$147.8 million, \$136.8 million, and \$114.6 million during the periods ended May 31, 2020, 2019, and 2018, respectively. Throughout fiscal 2020 and 2019, we have been increasing our capital spending in an effort to consolidate ERP systems and our plant footprint, as part of our 2020 MAP to Growth.

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, 2020 and 2019, the fair value of our investments in marketable securities totaled \$114.0 million and \$112.5 million, respectively. During fiscal 2020, we liquidated \$10.0 million of our captives' investment portfolio, as a result of good claims experience and favorable investment performance. We used the \$10.0 million in proceeds from the sale of investments to pay down a portion of our outstanding balance on our Revolving Credit Agreement. 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.

As of May 31, 2020, approximately \$199.6 million of our consolidated cash and cash equivalents were held at various foreign subsidiaries, compared with approximately \$205.8 million as of May 31, 2019. 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. Refer to Note H, "Income Taxes," to the Consolidated Financial Statements for additional information regarding unremitted foreign earnings.

Fiscal 2019 Compared with Fiscal 2018

For our investing activities for fiscal 2019 compared with fiscal 2018, see the discussion beginning on page 21 of Exhibit 13.1 to our Annual Report on Form 10-K for the year ended May 31, 2019, as filed with the SEC on July 24, 2019.

Financing Activities

Fiscal 2020 Compared with Fiscal 2019

For the 2020 fiscal year, cash used for financing activities increased by \$263.0 million to \$316.8 million as compared to \$53.8 million in the prior year period. The overall increase in cash used for financing activities was driven principally by debt-related activities, as we received \$142.8 million less cash related to new debt and used \$197.9 million more cash to paydown existing debt in fiscal 2020 as compared to fiscal 2019. Refer to Note G "Borrowings" in Item 8 "Financial Statements and Supplementary Data" below for a discussion of significant debt-related activity that occurred in fiscal 2020 and 2019, significant components of our debt, and our available liquidity.

The increase in cash used for financing activities generated by debt-related activities was somewhat offset by a \$75.2 million decrease in cash used for the repurchase of common stock during fiscal 2020, as compared to fiscal 2019, as we suspended our stock repurchase program during the fourth quarter of fiscal 2020, given recent macroeconomic uncertainty resulting from the Covid-19 pandemic. Refer to Note I "Stock Repurchase Program" in Item 8 "Financial Statements and Supplementary Data" below for further details on the Company's stock repurchase program.

Fiscal 2019 Compared with Fiscal 2018

For our financing activities for fiscal 2019 compared with fiscal 2018, see the discussion beginning on page 29 of Exhibit 13.1 to our Annual Report on Form 10-K for the year ended May 31, 2019, as filed with the SEC on July 24, 2019.

The following table summarizes our financial obligations and their expected maturities at May 31, 2020, 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			
		2021	2022-23	2024-25	After 2025
Long-term debt obligations	\$ 2,555,167	\$ 80,022	\$ 701,339	\$ 423,016	\$ 1,350,790
Finance lease obligations	2,136	722	985	251	178
Operating lease obligations	355,026	61,328	89,373	59,343	144,982
Other long-term liabilities (1):					
Interest payments on long-term debt obligations	1,049,066	75,772	144,619	118,850	709,825
Contributions to pension and postretirement plans (2)	499,900	7,900	125,700	157,000	209,300
Total	\$ 4,461,295	\$ 225,744	\$ 1,062,016	\$ 758,460	\$ 2,415,075

- (1) Excluded from other long-term liabilities are our gross long-term liabilities for unrecognized tax benefits, which totaled \$12.5 million at May 31, 2020. 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.

The U.S. dollar fluctuated throughout the year, and was stronger against other major currencies where we conduct operations at May 31, 2020 versus May 31, 2019, causing an unfavorable change in the accumulated other comprehensive income (loss) (refer to Note K, "Accumulated Other Comprehensive Income (Loss)," to the Consolidated Financial Statements) component of stockholders' equity of \$70.2 million this year versus a unfavorable change of \$70.5 million last year. The change in fiscal 2020 was in addition to unfavorable net changes of \$66.1 million related to adjustments required for minimum pension and other postretirement liabilities, unfavorable changes of \$4.5 million related to derivatives and favorable changes of \$0.9 million related to unrealized gains on securities.

Stock Repurchase Program

Refer to Note I "Stock Repurchase Program" in Item 8 "Financial Statements and Supplementary Data" below for a discussion of our stock repurchase program.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financings. 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.

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

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 G, "Borrowings," to the Consolidated Financial Statements). In addition to our revolving credit facility borrowings, the Company also manages interest rate risk with the use of various derivatives and hedges (refer to Note F, "Derivatives and Hedging," to the Consolidated Financial Statements) to synthetically covert variable interest rate borrowings to fixed rate borrowings. The variable rate borrowings under these derivative contracts were \$400.0 million and \$100.0 million at May 31, 2020 and 2019, respectively. If there was a 100-bps increase or decrease in interest rates it would have resulted in an increase or decrease in interest expense of \$5.0 million and \$5.4 million for 2020 and 2019, respectively, including the impact of the swap agreements. The Company's primary exposure to interest rate risk is movements in the LIBOR, which is consistent with prior periods. At May 31, 2020, approximately 19.9% of our debt was subject to floating interest rates, inclusive of synthetically swapped borrowings.

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, along with the change in the value of the hedged item. Such derivative transactions are accounted for in accordance with ASC 815, "Derivatives and Hedging." We do not hold or issue derivative instruments for speculative purposes. Refer to Note F, "Derivatives and Hedging," to the Consolidated Financial Statements for additional information.

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). Because our Consolidated Financial Statements are presented in U.S. dollars, increases or decreases in the value of the U.S. dollar relative to other currencies in which we transact business could materially adversely affect our net revenues, net income and the carrying values of our assets located outside the U.S. Global economic uncertainty continues to exist. Strengthening of the U.S. dollar relative to other currencies may adversely affect our operating results. However, our 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, 2020 and 2019. We do not currently use financial derivative instruments for trading purposes, nor do we engage in foreign currency, commodity or interest rate speculation.

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 and metal 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) the timing of and the realization of anticipated cost savings from restructuring initiatives and the ability to identify additional cost savings opportunities; (j) risks related to the adequacy of our contingent liability reserves; and (k) risks relating to the recent outbreak of the coronavirus (Covid-19); and (l) other risks detailed in our filings with the SEC, including the risk factors set forth in our Form 10-K for the year ended May 31, 2020, 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.

Item 8. Financial Statements and Supplementary Data.

RPM INTERNATIONAL INC. AND SUBSIDIARIES

Consolidated Balance Sheet

(In thousands, except per share amounts)

May 31,	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 233,416	\$ 223,168
Trade accounts receivable (less allowances of \$55,847 and \$54,748, respectively)	1,137,957	1,232,350
Inventories	810,448	841,873
Prepaid expenses and other current assets	241,608	220,701
Total current assets	2,423,429	2,518,092
Property, Plant and Equipment, at Cost		
Allowance for depreciation	(905,504)	(843,648)
Property, plant and equipment, net	849,686	819,211
Other Assets		
Goodwill	1,250,066	1,245,762
Other intangible assets, net of amortization	584,380	601,082
Operating lease right-of-use assets	284,491	-
Deferred income taxes	30,894	34,908
Other	208,008	222,300
Total other assets	2,357,839	2,104,052
Total Assets	\$ 5,630,954	\$ 5,441,355
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 535,311	\$ 556,696
Current portion of long-term debt	80,890	552,446
Accrued compensation and benefits	185,531	193,345
Accrued losses	20,021	19,899
Other accrued liabilities	271,827	217,019
Total current liabilities	1,093,580	1,539,405
Long-Term Liabilities		
Long-term debt, less current maturities	2,458,290	1,973,462
Operating lease liabilities	244,691	-
Other long-term liabilities	510,175	405,040
Deferred income taxes	59,555	114,843
Total long-term liabilities	3,272,711	2,493,345
Commitments and contingencies (Note P)		
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 143,261 and outstanding 129,511 as of May 2020; issued 142,439 and outstanding 130,995 as of May 2019	1,295	1,310
Paid-in capital	1,014,428	994,508
Treasury stock, at cost	(580,117)	(437,290)
Accumulated other comprehensive (loss)	(717,497)	(577,628)
Retained earnings	1,544,336	1,425,052
Total RPM International Inc. stockholders' equity	1,262,445	1,405,952
Noncontrolling Interest	2,218	2,653
Total equity	1,264,663	1,408,605
Total Liabilities and Stockholders' Equity	\$ 5,630,954	\$ 5,441,355

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,	2020		2019		2018	
Net Sales	\$	5,506,994	\$	5,564,551	\$	5,321,643
Cost of Sales		3,414,139		3,476,231		3,305,095
Gross Profit		2,092,855		2,088,320		2,016,548
Selling, General and Administrative Expenses		1,548,653		1,596,043		1,498,479
Restructuring Expense		33,108		42,310		17,514
Goodwill and Other Intangible Asset Impairments		-		4,190		-
Interest Expense		101,003		102,392		104,547
Investment (Income), Net		(9,739)		(730)		(20,442)
Other Expense (Income), Net		12,066		4,270		(598)
Income Before Income Taxes		407,764		339,845		417,048
Provision for Income Taxes		102,682		72,158		77,791
Net Income		305,082		267,687		339,257
Less: Net Income Attributable to Noncontrolling Interests		697		1,129		1,487
Net Income Attributable to RPM International Inc. Stockholders	\$	304,385	\$	266,558	\$	337,770
Average Number of Shares of Common Stock Outstanding:						
Basic		128,468		130,552		131,179
Diluted		129,974		134,333		137,171
Earnings per Share of Common Stock Attributable to RPM International Inc.						
Stockholders:						
Basic	\$	2.35	\$	2.03	\$	2.55
Diluted	\$	2.34	\$	2.01	\$	2.50

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Comprehensive Income
(In thousands)

Year Ended May 31,	2020	2019	2018
Net Income	\$ 305,082	\$ 267,687	\$ 339,257
Other Comprehensive Income, Before Tax:			
Foreign Currency Translation Adjustments	(71,839)	(73,594)	10,857
<u>Pension and Other Postretirement Benefit Liabilities</u>			
Net (Loss) Arising During the Period	(109,358)	(87,525)	(3,489)
Prior Service Cost Arising During the Period	893	22	61
Less: Amortization of Prior Service Cost Included in Net Periodic Pension Cost	(246)	(132)	(121)
Less: Amortization of Net Loss and Settlement Recognition	21,176	14,848	16,738
Effect of Exchange Rates on Amounts Included for Pensions	1,188	2,002	(1,814)
Pension and Other Postretirement Benefit Liability Adjustments	(86,347)	(70,785)	11,375
<u>Unrealized Gains on Available-For-Sale Securities</u>			
Unrealized Holding Gains (Losses) During the Period	1,210	458	(1,459)
Less: Reclassification Adjustments for Losses (Gains) Included in Net Income	-	1,626	(1,835)
Unrealized Gain (Loss) on Securities	1,210	2,084	(3,294)
Unrealized Gain (Loss) on Derivatives	(6,315)	4,713	(359)
Other Comprehensive (Loss) Income, Before Tax	(163,291)	(137,582)	18,579
Income Tax Expense (Benefit) Related to Components of Other Comprehensive Income	23,403	19,068	(3,773)
Other Comprehensive (Loss) Income, After Tax	(139,888)	(118,514)	14,806
Comprehensive Income	165,194	149,173	354,063
Less: Comprehensive Income Attributable to Noncontrolling Interests	678	1,195	1,354
Comprehensive Income Attributable to RPM International Inc. Stockholders	\$ 164,516	\$ 147,978	\$ 352,709

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,	2020	2019	2018
Cash Flows From Operating Activities:			
Net income	\$ 305,082	\$ 267,687	\$ 339,257
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation & Amortization	156,842	141,742	128,499
Restructuring charges, net of payments	6,831	8,072	17,514
Goodwill, intangible and other asset impairments	-	4,190	-
Fair value adjustments to contingent earnout obligations	680	1,918	3,400
Deferred income taxes	(12,150)	5,434	(10,690)
Stock-based compensation expense	19,789	31,154	25,440
Other non-cash interest expense	-	1,552	6,187
Realized/unrealized losses (gains) on sales of marketable securities	(1,132)	7,613	(10,076)
Loss on extinguishment of debt	-	3,051	-
Other	(77)	(3,288)	(1,141)
Changes in assets and liabilities, net of effect from purchases and sales of businesses:			
Decrease (Increase) in receivables	82,060	(131,204)	(106,179)
Decrease (Increase) in inventory	21,309	(16,829)	(34,102)
Decrease (Increase) in prepaid expenses and other current and long-term assets	17,614	(14,826)	3,348
(Decrease) increase in accounts payable	(27,111)	(29,628)	51,641
(Decrease) increase in accrued compensation and benefits	(6,198)	19,241	(5,010)
(Decrease) increase in accrued losses	487	(1,803)	(10,387)
(Decrease) in other accrued liabilities	(23,665)	(5,232)	(6,612)
Other	9,558	4,097	(706)
Cash Provided By Operating Activities	549,919	292,941	390,383
Cash Flows From Investing Activities:			
Capital expenditures	(147,756)	(136,757)	(114,619)
Acquisition of businesses, net of cash acquired	(65,102)	(168,205)	(112,442)
Purchase of marketable securities	(28,891)	(19,787)	(181,953)
Proceeds from sales of marketable securities	31,337	69,743	138,803
Other	799	6,760	9,018
Cash (Used For) Investing Activities	(209,613)	(248,246)	(261,193)
Cash Flows From Financing Activities:			
Additions to long-term and short-term debt	485,306	628,083	351,082
Reductions of long-term and short-term debt	(471,035)	(273,109)	(276,406)
Cash dividends	(185,101)	(181,409)	(167,476)
Repurchase of common stock	(125,000)	(200,222)	-
Shares of common stock returned for taxes	(18,075)	(21,758)	(17,152)
Payments of acquisition-related contingent consideration	(606)	(4,066)	(3,945)
Payments for 524(g) trust	-	-	(123,567)
Other	(2,359)	(1,361)	(1,912)
Cash (Used For) Financing Activities	(316,870)	(53,842)	(239,376)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(13,188)	(12,107)	4,111
Net Change in Cash and Cash Equivalents	10,248	(21,254)	(106,075)
Cash and Cash Equivalents at Beginning of Period	223,168	244,422	350,497
Cash and Cash Equivalents at End of Period	\$ 233,416	\$ 223,168	\$ 244,422
Supplemental Disclosures of Cash Flows Information:			
Cash paid during the year for:			
Interest	\$ 103,143	\$ 101,415	\$ 97,295
Income taxes, net of refunds	\$ 102,892	\$ 68,357	\$ 83,460
Supplemental Disclosures of Non-Cash Investing and Financing Activities:			
Conversion of Debt to Equity	\$ -	\$ 38,239	\$ -

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Stockholders' Equity

<i>(In thousands)</i>	Common Stock				Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total RPM International Inc. Equity	Noncontrolling Interests	Total Equity
	Number of Shares	Par/Stated Value	Paid-In Capital	Treasury Stock					
Balance at June 1, 2017	133,563	\$ 1,336	\$ 954,491	\$ (218,222)	\$ (473,986)	\$ 1,172,442	\$ 1,436,061	\$ 2,639	\$ 1,438,700
Net income	-	-	-	-	-	337,770	337,770	1,487	339,257
Other comprehensive income (loss)	-	-	-	-	14,938	-	14,938	(132)	14,806
Dividends declared and paid (\$1.26 per share)	-	-	-	-	-	(167,476)	(167,476)	-	(167,476)
Other noncontrolling interest activity	-	-	-	-	-	-	-	(1,229)	(1,229)
Stock compensation expense and other deferred compensation, shares granted less shares returned for taxes	84	-	27,576	(18,096)	-	-	9,480	-	9,480
Balance at May 31, 2018	133,647	1,336	982,067	(236,318)	(459,048)	1,342,736	1,630,773	2,765	1,633,538
Cumulative-effect adjustment upon adoption of ASU 2014-09	-	-	-	-	-	(2,833)	(2,833)	-	(2,833)
Net income	-	-	-	-	-	266,558	266,558	1,129	267,687
Other comprehensive income (loss)	-	-	-	-	(118,580)	-	(118,580)	66	(118,514)
Dividends declared and paid (\$1.37 per share)	-	-	-	-	-	(181,409)	(181,409)	-	(181,409)
Other noncontrolling interest activity	-	-	-	-	-	-	-	(1,307)	(1,307)
Share repurchases under repurchase program	(3,287)	(33)	33	(200,222)	-	-	(200,222)	-	(200,222)
Stock compensation expense and other deferred compensation, shares granted less shares returned for taxes	36	1	35,437	(20,965)	-	-	14,473	-	14,473
Convertible bond redemption	599	6	(23,029)	20,215	-	-	(2,808)	-	(2,808)
Balance at May 31, 2019	130,995	1,310	994,508	(437,290)	(577,628)	1,425,052	1,405,952	2,653	1,408,605
Net income	-	-	-	-	-	304,385	304,385	697	305,082
Other comprehensive (loss)	-	-	-	-	(139,869)	-	(139,869)	(19)	(139,888)
Dividends declared and paid (\$1.43 per share)	-	-	-	-	-	(185,101)	(185,101)	-	(185,101)
Other noncontrolling interest activity	-	-	-	-	-	-	-	(1,113)	(1,113)
Share repurchases under repurchase program	(2,042)	(20)	20	(125,000)	-	-	(125,000)	-	(125,000)
Stock compensation expense and other deferred compensation, shares granted less shares returned for taxes	558	5	19,900	(17,827)	-	-	2,078	-	2,078
Balance at May 31, 2020	129,511	\$ 1,295	\$ 1,014,428	\$ (580,117)	\$ (717,497)	\$ 1,544,336	\$ 1,262,445	\$ 2,218	\$ 1,264,663

The accompanying notes to consolidated financial statements are an integral part of these financial statements.

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. 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.

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.

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).

2) 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.

3) Acquisitions/Divestitures

We account for business combinations and asset acquisitions 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.

During the fiscal year ended May 31, 2020, we completed a total of three acquisitions among three of our four reportable segments. Within our CPG reportable segment, we acquired a manufacturer and marketer of joint sealants for commercial construction headquartered in Hudson, New Hampshire. Within our PCG reportable segment, we acquired a manufacturer of trenchless pipe rehabilitation equipment headquartered in Quebec, Canada. Lastly, within our SPG reportable segment, we acquired a manufacturer of dry stabilizer and emulsifier blends for the food industry, headquartered in Elgin, Illinois.

During the fiscal year ended May 31, 2019, we completed a total of five acquisitions among three of our four reportable segments. During fiscal 2019, our CPG reportable segment completed two acquisitions, which included the following: a leading manufacturer and distributor of insulated concrete forms in North America, based in Ontario, Canada; and a distributor of concrete admixture products throughout Puerto Rico, the Dominican Republic and Panama. Within our PCG reportable segment, we acquired a provider of hygienic flooring solutions for the U.K. food and beverage industry, headquartered in the United Kingdom. Within our Consumer reportable segment, we acquired a brand line of specialty cleaning products and the exclusive North American licensing for a brand line of drain care products based in Cincinnati, Ohio; and a manufacturer of non-toxic specialty cleaners based in Ontario, Canada.

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. We have finalized the purchase price allocation for our fiscal 2019 acquisitions, and there was a \$2.8 million adjustment reducing the fair value of deferred income taxes associated with the Consumer reportable segment's acquisition of a manufacturer of non-toxic specialty cleaners based in Ontario, Canada. This adjustment is reflected in the "Fiscal 2019 Acquisitions" column of the table below. For acquisitions completed during fiscal 2020, the valuations of consideration transferred, total assets acquired and liabilities assumed are substantially complete. The primary areas that remain preliminary relate to the fair values of deferred income taxes. Acquisitions are aggregated by year of purchase in the following table:

<i>(In thousands)</i>	Fiscal 2020 Acquisitions		Fiscal 2019 Acquisitions	
	Weighted-Average Intangible Asset Amortization Life (In Years)	Total	Weighted-Average Intangible Asset Amortization Life (In Years)	Total
Current assets		\$ 10,649		\$ 29,737
Property, plant and equipment		1,694		22,607
Goodwill	N/A	28,291	N/A	75,142
Trade names - indefinite lives	N/A	1,555	N/A	14,033
Other intangible assets	16	31,046	10	59,748
Other long-term assets		56		3,095
Total Assets Acquired		\$ 73,291		\$ 204,362
Liabilities assumed		(7,135)		(33,174)
Net Assets Acquired		\$ 66,156 ⁽¹⁾		\$ 171,188 ⁽²⁾

(1) Figure includes cash acquired of \$1.6 million.

(2) Figure includes cash acquired of \$2.3 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, 2020 and 2019 were not materially different from reported results and, consequently, are not presented.

4) Foreign Currency

The functional currency for each of our foreign subsidiaries is its 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 increased during the last three fiscal years due to the fluctuations in strength of the U.S. dollar, resulting in net transactional foreign exchange gains in fiscal 2020 of approximately \$0.3 million and net transactional foreign exchange losses for fiscal 2019 and 2018 of approximately \$4.8 million and \$12.3 million, respectively.

5) Cash and Cash Equivalents

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.

6) Property, Plant & Equipment

May 31, (In thousands)	2020	2019
Land	\$ 85,860	\$ 88,638
Buildings and leasehold improvements	469,483	459,542
Machinery and equipment	1,199,847	1,114,679
Total property, plant and equipment, at cost	1,755,190	1,662,859
Less: allowance for depreciation and amortization	905,504	843,648
Property, plant and equipment, net	\$ 849,686	\$ 819,211

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:

Buildings and leasehold improvements	1 to 50 years
Machinery and equipment	1 to 40 years

Total depreciation expense for each fiscal period includes the charges to income that result from the amortization of assets recorded under finance leases. For the periods ended May 31, 2020, 2019, & 2018, we recorded depreciation expense of \$108.5 million, \$94.0 million, and \$82.0 million, respectively.

7) Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. The majority of our revenue is recognized at a point in time. However, we also record revenues generated under construction contracts, mainly in connection with the installation of specialized roofing and flooring systems and related services. For certain polymer flooring installation projects, we account for our revenue using the output method, as we consider square footage of completed flooring to be the best measure of progress toward the complete satisfaction of the performance obligation. In contrast, for certain of our roofing installation projects, we account for our revenue using the input method, as that method was the best measure of performance as it considers costs incurred in relation to total expected project costs, which essentially represents the transfer of control for roofing systems to the customer. In general, for our other construction contracts, we record contract revenues and related costs as our contracts progress on an over-time model.

Effective June 1, 2018, we adopted Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers,” and all the related amendments included within Accounting Standards Codification 606 (“ASC 606”).

8) Shipping Costs

During the first quarter of fiscal 2020, we changed our method of accounting for shipping and handling costs, which we have identified as costs paid to third-party shippers for transporting products to customers. Under the new method of accounting, we include shipping costs in cost of sales, whereas previously, they were included in SG&A expense.

We believe that including these expenses in cost of sales is preferable, as it better aligns these costs with the related revenue in the gross profit calculation and is consistent with the practices of other industry peers. This change in accounting principle has been applied retrospectively, and the Consolidated Statements of Income reflect the effect of this accounting principle change for all periods presented. This reclassification had no impact on income before income taxes, net income attributable to RPM International Inc. Stockholders, net income or earnings per share. The Consolidated Balance Sheets, Statements of Comprehensive Income, Statements of Stockholders’ Equity, and Statements of Cash Flows were not impacted by this accounting principle change.

The Consolidated Statements of Income for fiscal 2019 and 2018 have been adjusted to reflect this change in accounting principle. The impact of the adjustment for fiscal 2019 and 2018 was an increase of \$173.6 million and \$164.7 million, respectively, to cost of sales and a corresponding decrease to SG&A expense.

9) 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 determine 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, 2020, 2019 and 2018, bad debt expense approximated \$16.7 million, \$18.6 million and \$9.1 million, respectively. Bad debt expense remained elevated in fiscal 2020 due to additional write-offs associated with exiting unprofitable product lines and regions in conjunction with our 2020 MAP to Growth and, to a much lesser degree, due to the impact Covid-19 is having on some of our customers’ ability to pay timely. The increase in bad debt expense during fiscal 2019 was primarily due to write-offs associated with our 2020 MAP to Growth. Refer to Note B, “Restructuring,” for further information.

10) Inventories

Inventories are stated at the lower of cost or net realizable value, cost being determined on a first-in, first-out (FIFO) basis and net realizable value being determined on the basis of replacement cost. 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.

For the periods ended May 31, 2020, 2019 and 2018, charges related to slow moving and/or obsolete inventory on hand approximated \$39.6 million, \$29.4 million and \$43.7 million, respectively. During fiscal 2020, we recorded \$28.8 million within our Consumer reportable segment as we continued to proactively manage excess quantities of inventory in order to accelerate cash conversion, SKU rationalization, and exiting unprofitable product lines and regions and \$3.2 million within our PCG segment related to exiting unprofitable product lines and regions. During fiscal 2019, we recorded \$10.5 million in charges resulting from more proactive management of inventory at our Consumer segment, and \$9.0 million and \$1.0 million of inventory charges related to restructuring activities at our PCG and CPG segments, respectively. During fiscal 2018, our Consumer reportable segment was impacted by tighter inventory management at many of their top customers and we made the determination to consolidate several divisions within certain Consumer segment businesses, close two manufacturing facilities and eliminate approximately 154 positions. These actions were taken by new leadership in place at our Rust-Oleum business in order to streamline processes, reduce overhead, improve margins and reduce working capital. In relation to these initiatives, our Consumer segment recognized \$36.5 million of charges related to product line and SKU rationalization and related obsolete inventory identification during the fourth quarter of fiscal 2018. Additionally, during fiscal 2018, we incurred \$1.2 million in inventory write-offs in connection with restructuring activities at our CPG reportable segment.

Inventories were composed of the following major classes:

May 31, <i>(In thousands)</i>	2020	2019
Raw material and supplies	\$ 282,579	\$ 296,493
Finished goods	527,869	545,380
Total Inventory	\$ 810,448	\$ 841,873

11) 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.

Goodwill is assigned to reporting units that are expected to benefit from the synergies of the business combination as of the acquisition date. Once goodwill has been allocated to the reporting units, it no longer retains its identification with a particular acquisition and becomes identified with the reporting unit in its entirety. Accordingly, the fair value of the reporting unit as a whole is available to support the recoverability of its goodwill. We evaluate our reporting units when changes in our operating structure occur, and if necessary, reassign goodwill using a relative fair value allocation approach.

We test our goodwill balances at least annually, or more frequently as impairment indicators arise, at the reporting unit level. Our annual impairment assessment date has been designated as the first day of our fourth fiscal quarter. 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. We assess these qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. 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 the traditional two-step quantitative process during our annual goodwill impairment assessment performed during the fourth quarter of fiscal 2020 and applied both the qualitative and traditional two-step quantitative processes during our annual goodwill impairment assessment performed during the fourth quarters of fiscal 2019 and 2018.

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 determined from estimated cashflow adjustments to a reporting unit’s annual projected earnings before interest, taxes, depreciation and amortization (“EBITDA”), or adjusted EBITDA, which adjusts for one-off items impacting revenues and/or expenses that are not considered by management to be indicative of ongoing operations. Our fair value estimations may include a combination of value indications from both the market and income approaches, as the income approach considers the future cash flows from a reporting unit’s ongoing operations as a going concern, while the market approach considers the current financial environment in establishing fair value.

We evaluate discounted future cash flows determined from estimated cashflow adjustments to 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.

Prior to our fiscal 2019 annual goodwill impairment test, in connection with our 2020 MAP to Growth, during the third fiscal quarter ended February 28, 2019, we changed the composition of certain of our reporting units that were included in our former industrial reportable segment. Accordingly, we performed an interim impairment test for each reporting unit that changed in accordance with ASC 350, “Intangibles – Goodwill and Other.” Our interim goodwill impairment assessments did not indicate the presence of any goodwill

impairment for any of the reporting units tested. However, as previously disclosed during the period ended May 31, 2019, we noted that our Construction Product Group – Europe, which had \$125.0 million of goodwill at February 28, 2019, had an excess of fair value over carrying value of approximately 9% using the income approach. Our annual goodwill impairment test for fiscal year 2019, which considered both the income and market approach, resulted in a substantial excess of fair value over carrying value. We continued to monitor the performance of this reporting unit during fiscal 2020, and did not note any interim indicators of impairment. Furthermore, our annual goodwill impairment test for fiscal 2020 resulted in a substantial excess of fair value over carrying value.

On June 1, 2019 (i.e., at the beginning of fiscal 2020), the composition of our reportable segments was revised, as further discussed in Note R, “Segment Information.” Prior to implementing the revised segment reporting structure beginning in fiscal 2020, our previously disclosed Industrial segment comprised two operating segments, the CPG operating segment and the PCG operating segment. Each of these operating segments comprised several reporting units, all of which were tested during our last annual goodwill impairment test during the fourth quarter of fiscal 2019 and again during the fourth quarter of fiscal 2020.

Also, in connection with our 2020 Map to Growth, we realigned certain businesses and management structure within our SPG segment. As such, our former Wood Finishes Group reporting unit was split into two separate reporting units: Guardian and Wood Finishes Group. Additionally, our former Kop-Coat Group reporting unit was split into two reporting units: Kop-Coat Industrial Protection Products and Kop-Coat Group. We performed an interim goodwill impairment test for each of the new reporting units upon the change in reportable segments, business realignment and management structure using a quantitative assessment. We concluded that the estimated fair values exceeded the carrying values for these new reporting units, and accordingly, no indications of impairment were identified as a result of these changes during the first quarter of fiscal 2020.

As a result of the annual impairment assessments performed for fiscal 2020, 2019 and 2018, there were no goodwill 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 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 before applying traditional quantitative tests. We applied both qualitative and quantitative processes during our annual indefinite-lived intangible asset impairment assessments performed during the fourth quarters of fiscal 2020, 2019 and 2018.

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.

Our required annual impairment tests of each of our indefinite-lived intangible assets performed during fiscal 2020, 2019, and 2018 did not result in any additional impairment loss. No impairment losses were recorded as a result of our annual impairment tests, however, we did record an impairment charge in both fiscal 2020 and fiscal 2019. In fiscal 2020, in connection with 2020 Map to Growth, we recorded an impairment charge of \$4.0 million included in restructuring expense in our Consumer reportable segment for impairment losses on indefinite-lived trade names. In fiscal 2019, we recorded an impairment charge of \$4.2 million, of which \$2.0 million was recorded by our CPG reportable segment for impairment losses on indefinite-lived trade names and approximately \$2.2 million was recorded by our SPG reportable segment for impairment losses on definite-lived customer-related intangibles. Refer to Note C “Goodwill and Other Intangible Assets” for additional details on these indefinite-lived intangible asset impairment charges.

12) Advertising Costs

Advertising costs are charged to operations when incurred and are included in SG&A expenses. For the years ended May 31, 2020, 2019 and 2018, advertising costs were \$49.7 million, \$57.5 million and \$58.0 million, respectively.

13) Research and Development

Research and development costs are charged to operations when incurred and are included in SG&A expenses. The amounts charged to expense for the years ended May 31, 2020, 2019 and 2018 were \$76.5 million, \$71.6 million and \$69.7 million, respectively.

14) 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 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 J, “Stock-Based Compensation,” for further information.

15) Investment (Income), Net

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

Year Ended May 31, (In thousands)	2020	2019	2018
Interest (income)	\$ (5,313)	\$ (4,885)	\$ (5,003)
Net loss (gain) on marketable securities	(1,629)	8,366	(11,704)
Dividend (income)	(2,797)	(4,211)	(3,735)
Investment (income), net	\$ (9,739)	\$ (730)	\$ (20,442)

Net Loss (Gain) on Marketable Securities

During fiscal 2020, we recognized realized losses on sales of available-for-sale securities of \$0.7 million, realized gains on trading securities of \$0.9 million and unrealized losses on trading securities of \$0.4 million. Also during the year ended May 31, 2020 we recognized unrealized gains of \$1.8 million on marketable equity securities.

During fiscal 2019, we recognized realized losses on sales of available-for-sale securities of \$3.0 million, realized gains on trading securities of \$0.5 million and unrealized losses on trading securities of \$1.3 million. Also during the year ended May 31, 2019, we recognized unrealized losses of \$4.6 million on marketable equity securities as a result of our adoption of ASU 2016-01.

During fiscal 2018, we recognized gross realized gains and losses on sales of marketable securities of \$11.9 million and \$1.8 million, respectively.

16) Other Expense (Income), Net

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

Year Ended May 31, (In thousands)	2020	2019	2018
Royalty expense (income), net (a)	\$ 5,206	\$ (96)	\$ 404
(Income) related to unconsolidated equity affiliates	(165)	(332)	(1,002)
Pension non-service costs	6,076	1,647	-
Loss on extinguishment of debt (b)	-	3,051	-
Loss on divestiture (c)	949	-	-
Other expense (income), net	\$ 12,066	\$ 4,270	\$ (598)

- (a) Includes a \$5.3 million charge incurred during the fourth quarter of fiscal 2020 related to the termination of a licensing agreement within our Consumer reportable segment.
- (b) Reflects the loss incurred upon divestiture of a contracting business located in Australia, which had reported through our PCG segment. In connection with the redemption of all of our outstanding 2.25% convertible senior notes in November 2018, we recognized a loss of \$3.1 million, due to the fair value remeasurement on the date of conversion.
- (c) Reflects the loss incurred upon divestiture of a contracting business located in Australia, which had reported through our PCG segment.

17) Income Taxes

The provision for income taxes is calculated using the asset and liability method. Under the asset and 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.

18) 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 SARS, restricted stock awards and convertible notes. See Note L, "Earnings Per Share of Common Stock," for additional information.

19) Other Recent Accounting Pronouncements

New Pronouncements Adopted

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," which increases lease transparency and comparability among organizations. Under the new standard, lessees are required to recognize a right-of-use ("ROU") asset representing our right to use an underlying asset and a lease liability representing our obligation to make lease payments over the lease term, with the exception of leases with a term of 12 months or less, which permits a lessee to make an accounting policy election by class of underlying asset not to recognize lease assets and liabilities. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and early adoption is permitted. In March 2018, the FASB approved an alternative transition method to the modified retrospective approach, which eliminates the requirement to restate prior period financial statements and requires the cumulative effect of the retrospective allocation to be recorded as an adjustment to the opening balance of retained earnings at the date of adoption.

We adopted the new leasing standard on the required effective date of June 1, 2019 using the alternative transition method as described above. Results for reporting periods beginning on June 1, 2019 are presented under Topic 842, while prior period amounts continue to be reported and disclosed in accordance with our historical accounting treatment under Accounting Standards Codification ("ASC") 840, "Leases (ASC 840)." We elected to apply the package of practical expedients permitted under the ASC 842 transition guidance. Accordingly, we did not reassess whether any expired or expiring contracts contain leases, lease classification between finance and operating leases, and the recognition of initial direct costs of leases commencing before the effective date. We also applied the practical expedient to not separate lease and non-lease components to existing leases, as well as new leases through transition. However, we did not elect the hindsight practical expedient to determine the lease term for existing leases. As a result of our adoption procedures, we have determined that the new guidance had a material impact on our Consolidated Balance Sheets and did not have a material effect on our Consolidated Statements of Income, Consolidated Statements of Cash Flows or our debt covenants. The effects of our transition to ASC 842 resulted in no cumulative adjustment to retained earnings in the period of adoption. Refer to Note M, "Leases," for additional information.

In February 2018, the FASB issued ASU 2018-02, "Income Statement (Topic 220), Reporting Comprehensive Income: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" which allows for an entity to reclassify the tax effects of the U.S. Tax Cuts and Jobs Act of 2017 ("Tax Act") that were previously recorded in accumulated comprehensive income to retained earnings. The adoption of this new guidance, effective June 1, 2019, did not have a material effect on our Consolidated Financial Statements as we did not elect the option to reclassify to retained earnings the tax effects resulting from the Tax Act that were previously recorded in accumulated other comprehensive income ("AOCI").

New Pronouncements Issued

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses," which requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform

their credit loss estimates. Additionally, the standard amends the current available-for-sale security other-than-temporary impairment model for debt securities. The guidance is effective for fiscal years beginning after December 15, 2019 and for interim periods therein. Early adoption is permitted beginning after December 15, 2018. We do not expect our adoption of this guidance to have a material impact on our Consolidated Financial Statements.

In January 2017, the FASB issued ASU 2017-04, "Simplifying the Test for Goodwill Impairment," to eliminate step two from the goodwill impairment test in order to simplify the subsequent measurement of goodwill. The guidance is effective for fiscal years beginning after December 15, 2019. Early application is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. Adoption of this guidance is not expected to have a material impact on our Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820), – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement," which makes a number of changes meant to add, modify or remove certain disclosure requirements associated with the movement amongst or hierarchy associated with Level 1, Level 2 and Level 3 fair value measurements. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted upon issuance of the update. We do not expect our adoption of this guidance to have a material impact on our Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-14, "Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20), Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans," which makes a number of changes meant to add, modify or remove certain disclosure requirements associated with employers that sponsor defined benefit or other postretirement plans. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption is permitted for all entities and the amendments in this update are required to be applied on a retrospective basis to all periods presented. We are currently reviewing the provisions of this new pronouncement, but do not expect our adoption of this guidance to have a material impact on our Consolidated Financial Statements.

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740)," which simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption of the amendments is permitted, including adoption in any interim period for which financial statements have not yet been issued. Depending on the amendment, adoption may be applied on the retrospective, modified retrospective or prospective basis. We are currently reviewing the provisions of this new pronouncement, but do not expect our adoption of this guidance to have a material impact on our Consolidated Financial Statements.

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, contract cancellation costs and other 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.

2020 MAP to Growth

Between May and August 2018, we approved and implemented the initial phases of a multi-year restructuring plan, the 2020 MAP to Growth. The initial phases of our 2020 MAP to Growth affected all of our reportable segments, as well as our corporate/nonoperating segment, and focused on margin improvement by simplifying business processes; reducing inventory categories and rationalizing SKUs; eliminating underperforming businesses; reducing headcount and working capital; and improving operating efficiency. The majority of the activities included in the initial phases of the restructuring activities have been completed.

During the second quarter ended November 30, 2018, we formally announced the final phases of our 2020 MAP to Growth. This multi-year restructuring is expected to increase operational efficiency while maintaining our entrepreneurial growth culture and will

include three additional phases originally expected to be implemented between September 2018 and December 2020. Recently, however, the disruption caused by the outbreak of Covid-19 is expected to delay the finalization of our 2020 MAP to Growth past the original target completion date of December 31, 2020. Our execution of the 2020 MAP to Growth will continue to drive the de-layering and simplification of management and businesses associated with group realignment. We have implemented four center-led functional areas including manufacturing and operations; procurement and supply chain; information technology; and accounting and finance.

Our 2020 MAP to Growth optimizes our manufacturing facilities and will ultimately provide more efficient plant and distribution facilities. Through the balance sheet date, in association with our 2020 MAP to Growth, we have completed, or are in the process of completing, the planned closure of 22 plants and 25 warehouses. We also expect to incur additional severance and benefit costs as part of our planned closure of these facilities.

Throughout the remaining phases of our 2020 MAP to Growth, we will continue to assess and identify areas of improvement and cost savings. As such, the final implementation of the aforementioned phases and total expected costs are subject to change. In addition to the announced plan, we have continued to broaden the scope of our 2020 MAP to Growth, specifically in consolidation of the general and administrative areas, potential outsourcing, as well as additional future plant closures and consolidations, the estimated costs of which have not yet been finalized. The current total expected costs associated with this plan are outlined in the table below and remained flat compared to our prior quarter estimate, reflecting decreases in expected severance and benefit costs of approximately \$4.3 million, offset by increases in expected other asset write-offs and facility closure and other related costs of \$3.8 million and \$0.5 million, respectively.

A summary of the charges recorded in connection with restructuring by reportable segment during is as follows:

<i>(in thousands)</i>	Year Ended May 31, 2020	Year Ended May 31, 2019	Year Ended May 31, 2018	Cumulative Costs to Date	Total Expected Costs
CPG Segment:					
Severance and benefit costs (a)	\$ 6,866	\$ 9,459	\$ 1,769	\$ 18,094	\$ 22,243
Facility closure and other related costs	1,508	1,924	1,045	4,477	7,140
Other asset write-offs	352	215	1,373	1,940	2,024
Total Charges	\$ 8,726	\$ 11,598	\$ 4,187	\$ 24,511	\$ 31,407
PCG Segment:					
Severance and benefit costs (b)	\$ 6,973	\$ 6,012	\$ 400	\$ 13,385	\$ 17,073
Facility closure and other related costs	1,873	3,474	-	5,347	7,349
Other asset write-offs	248	353	-	601	908
Total Charges	\$ 9,094	\$ 9,839	\$ 400	\$ 19,333	\$ 25,330
Consumer Segment:					
Severance and benefit costs (c)	\$ 3,089	\$ 1,726	\$ 5,652	\$ 10,467	\$ 11,493
Facility closure and other related costs	2,245	1,553	5,139	8,937	10,137
Other asset write-offs	4,094	25	-	4,119	4,119
Total Charges	\$ 9,428	\$ 3,304	\$ 10,791	\$ 23,523	\$ 25,749
SPG Segment:					
Severance and benefit costs (d)	\$ 1,592	\$ 5,338	\$ -	\$ 6,930	\$ 8,267
Facility closure and other related costs	2,922	1,244	-	4,166	5,649
Other asset write-offs	119	1,003	-	1,122	1,170
Total Charges	\$ 4,633	\$ 7,585	\$ -	\$ 12,218	\$ 15,086
Corporate/Other Segment:					
Severance and benefit costs (e)	\$ 1,227	\$ 9,984	\$ 2,136	\$ 13,347	\$ 13,347
Total Charges	\$ 1,227	\$ 9,984	\$ 2,136	\$ 13,347	\$ 13,347
Consolidated:					
Severance and benefit costs	\$ 19,747	\$ 32,519	\$ 9,957	\$ 62,223	\$ 72,423
Facility closure and other related costs	8,548	8,195	6,184	22,927	30,275
Other asset write-offs	4,813	1,596	1,373	7,782	8,221
Total Charges	\$ 33,108	\$ 42,310	\$ 17,514	\$ 92,932	\$ 110,919

- a) Severance and benefit costs are associated with the elimination of 112 positions, 109 positions and 27 positions during fiscal 2020, 2019 and 2018, respectively. Additionally, \$0.2 million included in the fiscal year 2019 charges are associated with the prior elimination of one position within the legal function during fiscal 2018.
- b) Severance and benefit costs are associated with the elimination of 161 positions, 114 positions and one position during fiscal 2020, 2019 and 2018, respectively.
- c) Severance and benefit costs are associated with the elimination of 92 positions, 21 positions and 155 positions during fiscal 2020, 2019 and 2018, respectively.
- d) Severance and benefit costs are associated with the elimination of 94 positions and 130 positions during fiscal 2020 and 2019, respectively. There were no such charges in fiscal 2018.
- e) Severance and benefit costs are associated with the elimination of two positions during fiscal 2020. Also reflects fiscal 2019 charges related to the severance of two corporate executives, as well as accelerated vesting of equity awards for two corporate executives, four SPG segment executives and three CPG segment executives in connection with the aforementioned restructuring activities. There were no such charges in fiscal 2018.

A summary of the activity in the restructuring reserves related to the 2020 MAP to Growth plan is as follows:

<i>(in thousands)</i>	Severance and Benefits Costs	Facility Closure and Other Related Costs	Other Asset Write-Offs	Total
Balance at June 1, 2018	\$ 9,957	\$ 6,184	\$ 1,373	\$ 17,514
Additions charged to expense	32,519	8,195	1,596	42,310
Cash payments charged against reserve	(31,219)	(3,019)	-	(34,238)
Non-cash charges included above (f)	(6,420)	(3,503)	(2,969)	(12,892)
Balance at May 31, 2019	\$ 4,837	\$ 7,857	\$ -	\$ 12,694
Additions charged to expense	19,747	8,548	4,813	33,108
Cash payments charged against reserve	(17,038)	(9,239)	-	(26,277)
Non-cash charges included above (f)	(189)	(1,286)	(4,813)	(6,288)
Balance at May 31, 2020	\$ 7,357	\$ 5,880	\$ -	\$ 13,237

(f) Non-cash charges primarily include accelerated vesting of equity awards and asset-write offs.

In connection with our 2020 MAP to Growth, during fiscal 2020, we incurred approximately \$16.3 million, \$3.2 million, \$0.7 million and \$0.1 million of inventory-related charges at our Consumer, PCG, CPG and SPG segments, respectively. All of the aforementioned inventory-related charges were the result of the exit of a business or product line and SKU rationalization initiatives in connection with our overall plan of restructuring, and are recorded in cost of sales in our Consolidated Statements of Income.

In connection with our 2020 MAP to Growth, during fiscal 2019, we incurred approximately \$1.0 million, \$9.0 million and \$2.1 million of inventory-related charges at our CPG, PCG and Consumer segments, respectively. The inventory-related charges are partially offset by a favorable adjustment of approximately \$0.2 million to the previous write-off at our Consumer segment. All of the aforementioned inventory-related charges were the result of the exit of a business or product line and SKU rationalization initiatives in connection with our overall plan of restructuring, and are recorded in cost of sales in our Consolidated Statements of Income.

In connection with the 2020 MAP to Growth, during fiscal 2018, we incurred approximately \$36.5 million of inventory-related charges at our Consumer segment and approximately \$1.2 million at our CPG segment, all of which were recorded in cost of sales in our Consolidated Statements of Income. These inventory charges were the result of product line and SKU rationalization that was initiated in the fourth quarter of fiscal 2018 by new leadership within the Consumer segment. Refer to Note A(10) for additional information.

NOTE C — GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill, by reportable segment, for the years ended May 31, 2020 and 2019, are as follows:

<i>(In thousands)</i>	CPG Segment	PCG Segment	Consumer Segment	SPG Segment	Total
Balance as of June 1, 2018	\$ 372,033	\$ 186,775	\$ 477,718	\$ 155,648	\$ 1,192,174
Acquisitions	47,151	4,314	25,994	-	77,459
Translation adjustments & other	(11,755)	(5,830)	(4,325)	(1,961)	(23,871)
Balance as of May 31, 2019	407,429	185,259	499,387	153,687	1,245,762
Acquisitions	14,689	3,023	-	10,352	28,064
Translation adjustments & other (1)	(16,764)	(2,878)	(3,169)	(949)	(23,760)
Balance as of May 31, 2020	\$ 405,354	\$ 185,404	\$ 496,218	\$ 163,090	\$ 1,250,066

(1) Activity includes a \$2.3 million decrease to goodwill within our Consumer segment related to adjustments to preliminary purchase price allocations, primarily due to deferred tax adjustments.

Total accumulated goodwill impairment losses were \$156.3 million at May 31, 2020. Of the accumulated balance, \$141.4 million was recorded during the fiscal year ended May 31, 2017 by a reporting unit that at the time was included in our Consumer segment and is now included in our SPG segment, and \$14.9 million was recorded during the fiscal year ended May 31, 2009 by a reporting unit that at the time was included in our former Industrial reportable segment and is now included in our CPG segment. There were no impairment losses recorded during fiscal 2020, 2019 or 2018.

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, 2020				
Amortized intangible assets				
Formulae	9 to 33	\$ 230,621	\$ (160,771)	\$ 69,850
Customer-related intangibles	5 to 33	439,153	(197,752)	241,401
Trademarks/names	5 to 40	30,700	(17,224)	13,476
Other	1 to 33	32,224	(23,281)	8,943
Total Amortized Intangibles		732,698	(399,028)	333,670
Indefinite-lived intangible assets				
Trademarks/names		250,710		250,710
Total Other Intangible Assets		\$ 983,408	\$ (399,028)	\$ 584,380
As of May 31, 2019				
Amortized intangible assets				
Formulae	9 to 33	\$ 227,208	\$ (150,091)	\$ 77,117
Customer-related intangibles	5 to 33	413,475	(172,238)	241,237
Trademarks/names	5 to 40	32,998	(16,867)	16,131
Other	1 to 33	36,709	(26,599)	10,110
Total Amortized Intangibles		710,390	(365,795)	344,595
Indefinite-lived intangible assets				
Trademarks/names		256,487		256,487
Total Other Intangible Assets		\$ 966,877	\$ (365,795)	\$ 601,082

The aggregate intangible asset amortization expense for the fiscal years ended May 31, 2020, 2019 and 2018 was \$45.6 million, \$45.1 million and \$43.2 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: 2021 — \$42.1 million, 2022 — \$40.8 million, 2023 — \$37.1 million, 2024 — \$33.9 million and 2025 — \$29.1 million.

Total gross accumulated intangible asset impairment losses were \$61.8 million at May 31, 2020, and were recorded in the following fiscal years: 2009 - \$0.6 million was recorded by our former Industrial reportable segment; 2017 - \$53.0 million was recorded at the time by our Consumer segment; 2018 - There were no impairment losses recorded during fiscal 2018; 2019 - \$4.2 million of total other intangible asset impairment losses were recorded, of which \$2.0 million was recorded by our CPG reportable segment for impairment losses on trade names and approximately \$2.2 million was recorded by our SPG reportable segment for impairment losses on customer-related intangibles; and 2020 - \$4.0 million was recorded in our Consumer reportable segment for impairment losses related to the discontinuation of a trade name, and this amount was included in restructuring expense as this discontinuation occurred in connection with our 2020 MAP to Growth.

NOTE D — MARKETABLE SECURITIES

The following tables summarize available-for-sale debt securities held at May 31, 2020 and 2019 by asset type:

<i>(In thousands)</i>	Available-For-Sale Debt Securities			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (Net Carrying Amount)
May 31, 2020				
Fixed maturity:				
U.S. treasury and other government	\$ 25,462	\$ 1,314	\$ (40)	\$ 26,736
Corporate bonds	143	43		186
Total available-for-sale debt securities	\$ 25,605	\$ 1,357	\$ (40)	\$ 26,922

<i>(In thousands)</i>	Available-For-Sale Debt Securities			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (Net Carrying Amount)
May 31, 2019				
Fixed maturity:				
U.S. treasury and other government	\$ 24,483	\$ 372	\$ (308)	\$ 24,547
Corporate bonds	422	43	(3)	462
Total available-for-sale debt securities	\$ 24,905	\$ 415	\$ (311)	\$ 25,009

Marketable securities are composed of available-for-sale debt securities, marketable equity securities and trading securities and all marketable securities 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.

Available-for-sale debt securities are included in other current and long-term assets totaling \$7.6 million and \$19.3 million at May 31, 2020, respectively, and included in other current and long-term assets totaling \$8.6 million and \$16.4 million at May 31, 2019, respectively. Realized gains and losses on sales of available-for-sale debt securities are recognized in net income on the specific identification basis. Changes in the fair values of available-for-sale debt 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 investment income, net 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.

During fiscal 2019, we adopted ASU 2016-01, "Recognition and Measurement of Financial Assets and Liabilities," which requires all unrealized gains and losses on marketable equity securities to be recognized in earnings. Prior to adoption, marketable equity securities were included in our available-for-sale portfolio and unrealized gains and losses were recognized through other comprehensive (loss) income until realized, at which point we recorded a gain or loss on sale. Subsequent to adoption, unrealized gains and losses on marketable equity securities, as well as realized gains and losses, on sales of marketable equity securities are included in investment (income), net in the Consolidated Statements of Income. Refer to Note A(15), "Investment (Income), Net," for further details. As of May 31, 2020 and 2019, we held approximately \$87.1 million and \$87.5 million in marketable equity securities, respectively. Additionally, as of May 31, 2020 and 2019, we held approximately \$9.1 million and \$12.3 million, respectively, in trading securities in relation to our deferred compensation plan.

Summarized below are the available-for-sale debt securities we held at May 31, 2020 and 2019 that were in an unrealized loss position and that were included in accumulated other comprehensive income (loss), aggregated by the length of time the investments had been in that position:

<i>(In thousands)</i>	May 31, 2020		May 31, 2019	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Total investments with unrealized losses	\$ 2,028	\$ (40)	\$ 11,508	\$ (311)
Unrealized losses with a loss position for less than 12 months	-	-	806	(2)
Unrealized losses with a loss position for more than 12 months	2,028	(40)	10,702	(309)

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, 2020 and 2019 were less than 15% below their original cost. From time to time, we may experience significant volatility in general economic and market conditions.

The net carrying values of available-for-sale debt securities at May 31, 2020, 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	\$ 7,567	\$ 7,581
One year through five years	10,170	10,623
Six years through ten years	6,084	6,591
After ten years	1,784	2,127
	\$ 25,605	\$ 26,922

NOTE E — FAIR VALUE MEASUREMENTS

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

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 in our Consolidated Balance Sheets 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 Statements 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.

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. In addition, with respect to our derivative assets and liabilities measured at fair value, refer to Note F – Derivatives and Hedging for discussion of their classification within 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, 2020
Available-for-sale debt securities:				
U.S. Treasury and other government		\$ 26,736		\$ 26,736
Corporate bonds		186		186
Total available-for-sale debt securities	-	26,922	-	26,922
Trading and other equity securities:				
Stocks-domestic	3,870			3,870
Mutual funds - foreign		28,815		28,815
Mutual funds - domestic		63,536		63,536
Total trading and other equity securities	3,870	92,351	-	96,221
Contingent consideration			(15,682)	(15,682)
Total	\$ 3,870	\$ 119,273	\$ (15,682)	\$ 107,461

<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, 2019
Available-for-sale debt securities:				
U.S. Treasury and other government	\$ -	\$ 24,547	\$ -	\$ 24,547
Corporate bonds		462		462
Total available-for-sale debt securities	-	25,009	-	25,009
Trading and other equity securities:				
Mutual funds - foreign		32,082		32,082
Mutual funds - domestic		67,739		67,739
Total trading and other equity securities	-	99,821	-	99,821
Contingent consideration			(21,551)	(21,551)
Total	\$ -	\$ 124,830	\$ (21,551)	\$ 103,279

Our investments in available-for-sale debt securities, marketable equity securities and trading and other equity securities 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.

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 2020, we paid approximately \$6.4 million for settlements of contingent consideration obligations relating to certain performance milestones that were established in prior periods and achieved during the current year. During fiscal 2019, we paid approximately \$5.2 million for settlements of contingent consideration obligations relating to certain performance milestones that were established in prior periods and achieved during fiscal 2019, and we increased our accrual by \$3.0 million related to acquisitions completed during fiscal 2019 and \$5.8 million related to fair value adjustments. These amounts are reported in payments of acquisition-related contingent consideration in the Consolidated Statements of Cash Flows.

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, 2020 and 2019, 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 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, 2020 and 2019 are as follows:

At May 31, 2020				
<i>(In thousands)</i>	Carrying Value		Fair Value	
Cash and cash equivalents	\$	233,416	\$	233,416
Marketable equity securities		87,111		87,111
Marketable debt securities		26,922		26,922
Long-term debt, including current portion		2,539,180		2,618,719

At May 31, 2019				
<i>(In thousands)</i>	Carrying Value		Fair Value	
Cash and cash equivalents	\$	223,168	\$	223,168
Marketable equity securities		87,525		87,525
Marketable debt securities		25,009		25,009
Long-term debt, including current portion		2,525,908		2,526,817

NOTE F — DERIVATIVES AND HEDGING

Derivative Instruments and Hedging Activities

We are exposed to market risks, such as changes in foreign currency exchange rates and interest rates. To manage the volatility related to these exposures, from time to time, we enter into various derivative transactions. We use various types of derivative instruments, including forward contracts and swaps. We formally assess, designate and document, as a hedge of an underlying exposure, each qualifying derivative instrument that will be accounted for as an accounting hedge at inception. Additionally, we assess, both at inception and at least quarterly thereafter, whether the financial instruments used in the hedging transaction are effective at offsetting changes in either the fair values or cash flows of the underlying exposures.

Derivatives Designated as Hedges

In October 2017, as a means of mitigating the impact of currency fluctuations on our Euro investments in foreign entities, we executed a fair value hedge and two cross currency swaps, in which we paid variable rate interest in Euros and receive fixed rate interest in U.S. Dollars with a combined notional amount of approximately €85.25 million (\$100 million U.S. Dollar equivalent), and which have a maturity date of November 2022. This effectively converted a portion of our U.S. Dollar denominated fixed-rate debt to Euro denominated variable rate debt. The fair value hedge was recognized at fair value in our Consolidated Balance Sheets, while changes in the fair value of the hedge were recognized in interest expense in our Consolidated Statements of Income. We designated the swaps as net investment hedges of our net investment in our European operations under ASU 2017-12 and applied the spot method to these hedges. In February 2020, the fair value hedge and two cross currency swaps agreements were terminated, and we received cash in the amount of \$9.3 million, representing the fair value of the swap and interest accrued through the date of termination. Accordingly, hedge accounting was discontinued and a hedge accounting adjustment to our Senior Notes of \$1.5 million was recorded and is being amortized to interest expense in the Consolidated Statements of Operations through the termination of the 3.450% Notes in November 2022. Changes in the fair value of the cross currency swaps due to spot foreign exchange rates are recorded as cumulative translation adjustment within AOCI and will remain in AOCI until either the sale or substantially complete liquidation of the hedged subsidiaries.

Separately, in February 2020, as a means of mitigating the impact of currency fluctuations on our Euro investments in foreign entities, we executed a cash flow hedge and two cross currency swaps, in which we will pay fixed rate interest in Euros and receive variable rate interest in U.S. Dollars with a combined notional amount of approximately €277.73 million (\$300 million U.S. Dollar equivalent), and which have a maturity date of February 2023. This effectively converts our U.S. Dollar denominated variable rate debt to Euro denominated fixed rate debt. The cash flow hedge is recognized at fair value in our Consolidated Balance Sheets, while changes in the fair value of the hedge will be recognized in AOCI when the hedged items affect earnings. Amounts recognized in AOCI will be recognized in earnings in interest expense when the hedged interest payment is accrued. We designated the swaps as net investment hedges of our net investment in our European operations under ASU 2017-12 and applied the spot method to these hedges. The

changes in fair value of the derivative instruments that are designated and qualify as hedges of net investments in foreign operations are recognized in AOCI to offset the changes in the values of the net investments being hedged. In addition, in February 2020, as a means of mitigating the variability of the functional-currency-equivalent cash flows associated with the U.S. Dollar denominated term loan facility (referred to as Foreign Borrower's Term Loan), we executed a cash flow hedge, in which we will pay fixed rate interest in Euros and receive variable rate interest in U.S. Dollars with a notional amount of approximately €92.52 million (\$100 million U.S. Dollar equivalent), and which have a maturity date of February 2023. This effectively converts our U.S. Dollar denominated variable rate debt to Euro denominated fixed rate debt. The cash flow hedge is recognized at fair value in our Consolidated Balance Sheets, while changes in the fair value of the hedge will be recognized in AOCI when the hedged items affect earnings. Amounts recorded in AOCI will be recognized in earnings in interest expense when the hedged interest payment is accrued. In addition, since this currency swap is a hedge of variability of the functional currency equivalent cash flows of a recognized liability to be remeasured at spot exchange rates under ASC 830, an amount that will offset the gain or loss arising from the remeasurement of the hedged liability will be reclassified each period from AOCI to earnings as foreign exchange gain/(loss), which is a component of SG&A expenses.

The following table summarizes the location and effects of the Company's derivatives instruments on the Consolidated Statements of Comprehensive Income and Consolidated Statements of Operations for gains or losses initially recognized in AOCI in the Consolidated Balance Sheet:

(In thousands) Derivatives in hedging relationships	Pretax gain/(loss) recognized in AOCI Year Ended May 31,			Income Statement Location	Pretax gain/(loss) reclassified from AOCI into income Year Ended May 31,		
	2020	2019	2018		2020	2019	2018
Interest Rate Swap (Cash Flow)	\$ (7,998)	\$ -	\$ -	Interest Expense	\$ 170	\$ -	\$ -
Cross Currency Swap (Cash Flow)	(2,254)	-	-	Interest Expense	554	-	-
Cross Currency Swap (Cash Flow)	-	-	-	Foreign Exchange Gain/(Loss)	(2,654)	-	-
Cross Currency Swap (Net Investment)	1,866	4,998	(769)	Gain or (loss) on sale of subsidiary	-	-	-
Total	\$ (8,386)	\$ 4,998	\$ (769)		\$ (1,930)	\$ -	\$ -

Derivatives Not Designated as Hedges

At May 31, 2020 and 2019, we held one foreign currency forward contract, which was designed to reduce our exposure to 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. This contract has not been designated as a hedge; therefore, the changes in fair value of this derivative is recognized in earnings as a component of other (income) expense. Amounts recognized in earnings did not have a material impact on our Consolidated Financial Statements for any period presented. As of May 31, 2020 and May 31, 2019, the notional amounts of the forward contract held to purchase foreign currencies was \$63.2 million and \$38.7 million, respectively.

Disclosure About Derivative Instruments

All of our derivative assets and liabilities measured at fair value are classified as Level 2 within the fair value hierarchy. We determine the fair value of our derivatives based on valuation methods, which project future cash flows and discount the future amounts to present value using market-based observable inputs, including interest rate curves, foreign currency rates, as well as future and basis point spreads, as applicable.

The fair values of qualifying and non-qualifying instruments used in hedging transactions as of May 31, 2020 and May 31, 2019 are as follows:

(In thousands) Derivatives Designated as Hedging Instruments	Balance Sheet Location	Fair Value	
		May 31, 2020	May 31, 2019
Assets:			
Interest Rate Swap (Fair Value)	Other Current Assets	\$ -	\$ 513
Cross Currency Swap (Net Investment)	Other Current Assets	5,352	2,482
Cross Currency Swap (Cash Flow)	Other Current Assets	750	-
Cross Currency Swap (Net Investment)	Other Assets (Long-Term)	12,409	6,163
Liabilities:			
Interest Rate Swap (Fair Value)	Other Accrued Liabilities	-	230
Interest Rate Swap (Cash Flow)	Other Accrued Liabilities	2,981	-
Cross Currency Swap (Net Investment)	Other Accrued Liabilities	294	-
Cross Currency Swap (Net Investment)	Other Long-Term Liabilities	18,204	4,276
Cross Currency Swap (Cash Flow)	Other Long-Term Liabilities	3,608	-
Interest Rate Swap (Cash Flow)	Other Long-Term Liabilities	5,187	-

(In thousands) Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	Fair Value	
		May 31, 2020	May 31, 2019
Assets:			
Foreign Currency Exchange	Other Current Assets	\$ -	\$ 51
Liabilities:			
Foreign Currency Exchange	Other Accrued Liabilities	53	-

NOTE G — BORROWINGS

A description of long-term debt follows:

May 31, (In thousands)	2020	2019
Revolving credit facility with a syndicate of banks, through October 31, 2023(1)	\$ 419,317	\$ 336,442
Accounts receivable securitization program with two banks, through May 21, 2021 (2)	79,756	99,887
Unsecured 6.125% senior notes due October 15, 2019(3)	-	450,454
Unsecured 3.45% senior notes due November 15, 2022 (8)	300,615	299,257
Unsecured \$100M Term Loan due February 21, 2023	99,810	
Unsecured \$300M Term Loan due February 21, 2023	299,431	
Unsecured 3.75% notes due March 15, 2027 (4)	397,058	396,586
Unsecured 4.55% senior notes due March 1, 2029(5)	346,514	346,006
Unsecured 5.25% notes due June 1, 2045(6)	298,668	298,589
Unsecured 4.25% notes due January 15, 2048 (7)	296,590	296,467
Other obligations, including finance leases and unsecured notes payable at various rates of interest due in installments through 2021	1,421	2,220
	2,539,180	2,525,908
Less: current portion	80,890	552,446
Total Long-Term Debt, Less Current Maturities	\$ 2,458,290	\$ 1,973,462

- (1) Interest at May 31, 2020 was tied to LIBOR and averaged 1.5505% for USD denominated debt (\$218,281), 1.4650% for AUD denominated debt (\$37,199) and 1.3750% on EUR denominated debt (\$167,537). Interest at May 31, 2019 was tied to LIBOR and averaged 3.6805% for USD denominated debt (\$14,268), 2.69% for AUD denominated debt (\$34,558), 3.23% on CAD denominated debt (\$131,738) and 1.25% on EUR denominated debt (\$159,745). At May 31, 2020 and 2019, the revolving credit facility is adjusted for debt issuance costs, net of amortization, for approximately \$3.7 million and \$3.9 million, respectively.

- (2) At May 31, 2020 and 2019, the accounts receivable securitization program is adjusted for debt issuance cost, net of amortization, for approximately \$0.2 million and \$0.1 million, respectively.
- (3) 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 effective interest rate on the notes issued in October 2009, including the amortization of the discount, was 6.139%. The additional \$150.0 million aggregate principal amount of the notes due 2019 issued in May 2011 was adjusted for the unamortized premium received at issuance, which approximated \$0.7 million at May 31, 2019. 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%. At May 31, 2019, the notes were adjusted for debt issuance costs, net of amortization, for approximately \$0.2 million. During the second quarter of fiscal 2020, we used funds from our revolving credit facility to pay off our \$450 million, 6.125% notes due in October 2019.
- (4) The \$400.0 million face amount of the notes due 2027 is adjusted for the amortization of the original issue discount, which approximated \$0.3 million and \$0.4 million at May 31, 2020 and 2019, 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 3.767%. At May 31, 2020 and 2019, the notes are adjusted for debt issuance costs, net of amortization, for approximately \$2.6 million and \$3.0 million, respectively.
- (5) The \$350.0 million aggregate principal amount of the notes due 2029 is adjusted for the amortization of the original issue discount, which approximated \$0.5 million at May 31, 2020 and 2019. 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, was 4.568%. At May 31, 2020 and 2019, the notes were adjusted for debt issuance costs, net of amortization, for approximately \$3.0 million and \$3.5 million, respectively.
- (6) The \$250.0 million face amount of the notes due 2045 is adjusted for the amortization of the original issue discount, which approximated \$1.4 million at May 31, 2020 and 2019. 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%. In March 2017, as a further issuance of the 5.25% notes due 2045, we closed an offering of \$50.0 million aggregate principal, which is adjusted for the unamortized premium received at issuance, which approximated \$2.9 million and \$3.0 million at May 31, 2020 and 2019, respectively. The premium effectively increased the proceeds from the financing. The effective interest rate on the \$50.0 million notes issued March 2017 is 4.839%. At May 31, 2020 and 2019, the notes are adjusted for debt issuance costs, net of amortization, for approximately \$2.9 million and \$3.0 million, respectively.
- (7) The \$300.0 million face amount of the notes due 2048 is adjusted for the debt issuance cost, net of amortization, which approximated \$3.4 million and \$3.5 million at May 31, 2020 and 2019, respectively. The effective interest rate on the notes is 4.25%.
- (8) The \$300.0 million face amount of the notes due 2022 is adjusted for the amortization of the original issue discount and mark-to-market derivative asset of approximated \$0.1 million and (\$1.3 million) at May 31, 2020 and approximated \$0.1 million and (\$0.3 million) at May 31, 2019, 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 3.465%. At May 31, 2020 and 2019, the notes are reduced by debt issuance costs, net of amortization, for approximately \$0.6 million and \$0.9 million, respectively.

The aggregate maturities of long-term debt for the five years subsequent to May 31, 2020 are as follows: 2021 — \$80.9 million; 2022 — \$0.3 million; 2023 — \$700.6 million; 2024 — \$419.3 million; 2025 — \$0.0 million and thereafter \$1,338.1 million. Additionally, at May 31, 2020, we had unused lines of credit totaling \$1,046.9 million.

Our available liquidity, including our cash and cash equivalents and amounts available under our committed credit facilities, stood at \$1,280.4 million at May 31, 2020. Our debt-to-capital ratio was 66.8% at May 31, 2020, compared with 64.2% at May 31, 2019.

Revolving Credit Agreement

During the quarter ended November 30, 2018, we replaced our previous \$800.0 million revolving credit agreement, which was set to expire on December 5, 2019, with a \$1.3 billion unsecured syndicated revolving credit facility (the “Revolving Credit Facility”), which expires on October 31, 2023. The 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 Revolving Credit Facility may be expanded upon our request, subject to certain conditions, up to \$1.5 billion. The Revolving Credit Facility is available to refinance existing indebtedness, to finance working capital and capital expenditures, and for general corporate purposes.

On April 30, 2020, we amended both our Revolving Credit Facility and the New Credit Facility (see “Term Loan Facility Credit Agreement” section below for further details) to allow the maximum permitted Net Leverage Ratio to be increased from 3.75 to 1.00 to 4.25 to 1 for four consecutive fiscal quarters following notice to the Administrative Agent on or before June 30, 2021 and the payment of a ten basis point fee (“Increased Net Leverage Ratio Period”). Such increase is in addition to any increase requested by the Company in the maximum permitted Net Leverage Ratio following a Material Acquisition (any acquisition for which the aggregate consideration is \$100.0 million or greater). During an Increased Net Leverage Ratio Period, the Euro-Rate Spread on loans under the Revolving Credit Facility shall be increased to 1.75% and the Base Rate Spread shall be 0.75% until the first day of the month following the Increased Net Leverage Ratio Period: provided, however, if at any time during an Increased Net Leverage Ratio, all three rating agencies rate the Company as non-investment grade, the Euro-Rate Spread shall be 2.00% and the Base Rate Spread shall be 1.0% in each case until earlier of the first day of the month after the Increased Net Leverage Ratio or the date on which at least one rating agency rates the Company as investment grade. As of May 31, 2020, we have not provided any notice to the Administrative Agent to trigger this provision of the agreement.

The Revolving Credit Facility requires us to comply with various customary affirmative and negative covenants, including a leverage covenant (i.e., Net Leverage Ratio) and interest coverage ratio, which are calculated in accordance with the terms as defined by the credit agreement. Under the terms of the leverage covenant, we may not permit our leverage ratio for total indebtedness to consolidated EBITDA for the four most recent fiscal quarters to exceed 3.75 to 1.0. During certain periods and per the terms of the Revolving Credit Facility, this ratio may be increased to 4.25 to 1.0 in the event of an acquisition for which the aggregate consideration is \$100.0 million or greater, or under the Increased Net Leverage Ratio Period. 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 using EBITDA as defined in the Revolving Credit Facility.

As of May 31, 2020, we were in compliance with all financial covenants contained in our Revolving Credit Facility, including the leverage and interest coverage ratio covenants. At that date, our leverage ratio was 2.89 to 1, while our interest coverage ratio was 8.31 to 1. Our available liquidity under our Revolving Credit Facility stood at \$877.0 million at May 31, 2020.

Our access to funds under our Revolving Credit Facility is dependent on the ability of the financial institutions that are parties to the 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 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 entered into a \$200.0 million accounts receivable securitization facility (the “AR Program”) which was subsequently amended on May 22, 2020 to a maximum availability of \$250.0 million and an extended facility termination date of May 21, 2021. The AR Program was entered into pursuant to (1) a second amended and restated receivables sales agreement, dated as of May 9, 2014, and subsequently amended on August 29, 2014; November 3, 2015; December 31, 2016; and March 31, 2017 (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 and May 2, 2017 and May 22, 2020 (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 \$250.0 million. Availability is further subject to changes in the credit ratings of our 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 \$250.0 million of funding available under the AR Program. As of May 31, 2020, there was \$80.0 million outstanding balance under the AR Program, which compares with the maximum availability on that date of \$250.0 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 us, plus in each case, a margin of 0.95%. In addition, as set forth in an Amended and Restated Fee Letter, dated May 22, 2020 (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 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.

Our failure to comply with the covenants described above and other covenants contained in the Revolving Credit Facility section above could result in an event of default under that agreement, entitling the lenders to, among other things, declare the entire amount outstanding under the Revolving 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 Revolving Credit Facility will entitle the holders of such other indebtedness to declare amounts outstanding immediately due and payable.

3.45% Notes due 2022

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

Term Loan Facility Credit Agreement

On February 21, 2020, we and our subsidiary, RPM New Horizons Netherlands, B.V. (the "Foreign Borrower"), entered into an unsecured syndicated term loan facility credit agreement (the "New Credit Facility") with the lenders party thereto and PNC Bank, National Association, as administrative agent for the lenders. The New Credit Facility provides for a \$300 million term loan to the Company and a \$100 million term loan to the Foreign Borrower (together, the "Term Loans"), each of which was fully advanced on the closing date. The Term Loans mature on February 21, 2023, with no scheduled amortization before that date, and the Term Loans may be prepaid at any time without penalty or premium. We agreed to guarantee all obligations of the Foreign Borrower under the New Credit Facility. The proceeds of the Term Loans were used to repay a portion of the outstanding borrowings under our revolving credit facility.

The Term Loans will bear interest at either the base rate or the Eurodollar Rate, at our option, plus a spread determined by our debt rating. We, and the Foreign Borrower, have entered into multicurrency floating to fixed interest rate swap agreements that effectively fix interest payment obligations on the entire principal amount of the Term Loans through their maturity at (a) 0.612% per annum on our Term Loan, and (b) 0.558% per annum on the Foreign Borrower's Term Loan.

The New Credit Facility contains customary covenants, including but not limited to, limitations on our ability, and in certain instances, our subsidiaries' ability, to incur liens, make certain investments, or sell or transfer assets. Additionally, we may not permit (i) our consolidated interest coverage ratio to be less than 3.5 to 1.0, or (ii) our leverage ratio (defined as the ratio of total indebtedness, less unencumbered cash and cash equivalents in excess of \$50 million, to consolidated EBITDA for the four most recent fiscal quarters) to exceed 3.75 to 1.0. Upon notification to the lenders, however, the maximum permitted leverage ratio can be relaxed to 4.25 to 1.0 for a one-year period in connection with certain material acquisitions. In addition, the agreement was amended on April 30, 2020 to allow the maximum permitted Net Leverage Ratio to be increased to 4.25 to 1 during certain periods (refer to the "Revolving Credit Agreement"). The covenants contained in the New Credit Facility are substantially similar to those contained in our Revolving Credit Facility. See "Revolving Credit Agreement" above for details on our compliance with all significant financial covenants at May 31, 2020.

5.250% Notes due 2045 and 3.750% Notes due 2027

On March 2, 2017, we issued \$50.0 million aggregate principal amount of 5.250% Notes due 2045 (the “2045 Notes”) and \$400.0 million aggregate principal amount of 3.750% Notes due 2027 (the “2027 Notes”). The 2045 Notes are a further issuance of the \$250 million aggregate principal amount of 5.250% Notes due 2045 initially issued by us on May 29, 2015. Interest on the 2045 Notes is payable semiannually in arrears on June 1st and December 1st of each year at a rate of 5.250% per year. The 2045 Notes mature on June 1, 2045. Interest on the 2027 Notes is payable semiannually in arrears on March 15th and September 15th of each year, at a rate of 3.750% per year. The 2027 Notes mature on March 15, 2027. The indenture governing this indebtedness includes cross-acceleration provisions. Under certain circumstances, where an event of default under our other instruments results in acceleration of the indebtedness under such instruments, holders of the indebtedness under the indenture are entitled to declare amounts outstanding immediately due and payable.

4.550% Notes due 2029

On February 27, 2019, we closed an offering for \$350.0 million aggregate principal amount of 4.550% Notes due 2029 (the “2029 Notes”). The proceeds from the 2029 Notes were used to repay a portion of the outstanding borrowings under our revolving credit facility and for general corporate purposes. Interest on the 2029 Notes accrues from February 27, 2019 and is payable semiannually in arrears on March 1st and September 1st of each year, beginning September 1, 2019, at a rate of 4.550% per year. The 2029 Notes mature on March 1, 2029. The indenture governing this indebtedness includes cross-acceleration provisions. Under certain circumstances, where an event of default under our other instruments results in acceleration of the indebtedness under such instruments, holders of the indebtedness under the indenture are entitled to declare amounts outstanding immediately due and payable.

4.250% Notes due 2048

On December 20, 2017, we closed an offering for \$300.0 million aggregate principal amount of 4.250% Notes due 2048 (the “2048 Notes”). The proceeds from the 2048 Notes were used to repay \$250.0 million in principal amount of unsecured 6.50% senior notes due February 15, 2018, and for general corporate purposes. Interest on the 2048 Notes accrues from December 20, 2017 and is payable semiannually in arrears on January 15th and July 15th of each year, beginning July 15, 2018, at a rate of 4.250% per year. The 2048 Notes mature on January 15, 2048. The indenture governing this indebtedness includes cross-acceleration provisions. Under certain circumstances, where an event of default under our other instruments results in acceleration of the indebtedness under such instruments, holders of the indebtedness under the indenture are entitled 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 paid interest on the Convertible Notes semi-annually on June 15th and December 15th of each year.

We completed the redemption of all \$205.0 million aggregate principal amount of our outstanding Convertible Notes on November 27, 2018 (the “Redemption Date”). The redemption price for the Convertible Notes was equal to 100% of the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest until, but excluding, the Redemption Date. As a result of the issuance of the notice of redemption, the Convertible Notes became convertible at any time prior to the close of business on November 26, 2018. The conversion rate was 19.221062 shares of RPM common stock per \$1,000 original principal amount of the Convertible Notes, which is equivalent to a conversion price of approximately \$52.12 per share (subject to adjustment in accordance with the terms of the Indenture). In accordance with the provisions of the indenture for the Convertible Notes, we elected to settle the Convertible Notes surrendered for conversion through a combination settlement of cash and shares of RPM common stock. In settlement of those conversions, we paid an aggregate of approximately \$204.6 million in cash, including cash in lieu of fractional shares, and issued 598,601 shares of RPM common stock in the aggregate.

NOTE H — INCOME TAXES

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (“Act”). The income tax effects of changes in tax laws are recognized in the period when enacted. Generally, the more significant provisions of the Act that impacted us for the year ended May 31, 2018 included the reduction in the U.S. corporate income tax rate from 35% to 21% and the creation of a territorial tax system (with a one-time mandatory tax on previously unremitted foreign earnings). The corporate tax rate reduction was effective for RPM as of January 1, 2018 and, accordingly, reduced our fiscal year 2018 federal statutory tax rate to a blended rate of 29.2%. The significant provisions of the Act that impact us for fiscal 2019, and

thereafter, include the full federal statutory rate reduction to 21%, the repeal of the domestic production activities deduction and the provisions of the Act that subject us to current U.S. tax on global intangible low-taxed income (“GILTI”) earned by certain foreign subsidiaries and allows a benefit for foreign-derived intangible income (“FDII”).

Subsequent to the enactment of the Act, the SEC issued Staff Accounting Bulletin No. 118 (“SAB 118”), which provides guidance on accounting for the tax effects of the Act. In accordance with SAB 118 and based on the information available as of May 31, 2018, we recorded a net provisional income tax expense of \$7.3 million in accordance with the applicable provisions of the Act. The net provisional income tax expense was comprised of a benefit of \$15.7 million related to the provisional re-measurement of our U.S. deferred tax assets and liabilities at the reduced U.S. corporate tax rates, a provisional expense of \$67.9 million for the transition tax on unremitted earnings from foreign subsidiaries, and a provisional benefit of \$44.9 million for the partial reversal of existing deferred tax liabilities recorded for the estimated tax cost associated with unremitted foreign earnings not considered permanently reinvested.

During fiscal 2019, we completed our assessment of the accounting for the impact of Act. As a result of this assessment, we recorded an income tax benefit of \$8.1 million, which was comprised of a \$6.3 million benefit for the re-measurement of certain U.S. deferred tax assets and liabilities and a \$1.8 million benefit resulting from the reduction of the transition tax on unremitted earnings from foreign subsidiaries.

For the year ended May 31, 2020, the provision for income taxes is calculated in accordance with ASC 740, which requires the recognition of deferred income taxes using the asset and liability method.

Income before income taxes as shown in the Consolidated Statements of Income is summarized below for the periods indicated.

Year Ended May 31, <i>(In thousands)</i>	2020		2019		2018	
United States	\$	317,290	\$	215,201	\$	228,976
Foreign		90,474		124,644		188,072
Income Before Income Taxes	\$	407,764	\$	339,845	\$	417,048

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

Year Ended May 31, <i>(In thousands)</i>	2020		2019		2018	
Current:						
U.S. federal	\$	65,195	\$	20,388	\$	27,206
State and local		17,743		8,623		8,617
Foreign		31,894		37,713		52,658
Total Current		114,832		66,724		88,481
Deferred:						
U.S. federal		(19,212)		15,298		(8,054)
State and local		(3,031)		1,414		4,832
Foreign		10,093		(11,278)		(7,468)
Total Deferred		(12,150)		5,434		(10,690)
Provision for Income Taxes	\$	102,682	\$	72,158	\$	77,791

The significant components of deferred income tax assets and liabilities as of May 31, 2020 and 2019 were as follows:

<i>(In thousands)</i>	2020	2019
Deferred income tax assets related to:		
Inventories	\$ 12,341	\$ 8,970
Allowance for losses	4,294	7,524
Accrued compensation and benefits	14,686	14,364
Accrued other expenses	15,107	17,036
Other long-term liabilities	22,030	15,947
Credit and net operating and capital loss carryforwards	65,994	63,395
Net unrealized loss on securities	16,892	12,391
Pension and other postretirement benefits	76,147	42,991
Total Deferred Income Tax Assets	227,491	182,618
Less: valuation allowances	(66,855)	(55,274)
Net Deferred Income Tax Assets	160,636	127,344
Deferred income tax (liabilities) related to:		
Depreciation	(70,588)	(72,387)
Amortization of intangibles	(109,926)	(116,097)
Unremitted foreign earnings	(8,781)	(18,795)
Total Deferred Income Tax (Liabilities)	(189,295)	(207,279)
Deferred Income Tax Assets (Liabilities), Net	\$ (28,659)	\$ (79,935)

At May 31, 2020, we had U.S. capital loss carryforwards of approximately \$47.0 million, of which \$43.4 million will expire if not used by the end of our fiscal year 2022, with the balance expiring if unused by the end of our fiscal year 2025. Also, as of May 31, 2020, we had foreign tax credit carryforwards of \$23.4 million, which expire through fiscal 2030. Additionally, as of May 31, 2020, we had approximately \$6.1 million of tax benefits associated with state net operating loss carryforwards and state tax credit carryforwards, which expire at various dates beginning in fiscal 2021. Also, as of May 31, 2020, we had foreign net operating loss carryforwards of approximately \$152.5 million, of which approximately \$8.3 million will expire at various dates beginning in fiscal 2021 and approximately \$144.2 million that have an indefinite carryforward period. Additionally, as of May 31, 2020, we had foreign capital loss carryforwards of approximately \$29.0 million that can be carried forward indefinitely.

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.

Total valuation allowances of approximately \$66.9 million and \$55.3 million have been recorded as of May 31, 2020 and 2019, respectively. These recorded valuation allowances relate primarily to U.S. capital losses, state net operating losses and certain foreign net operating losses, net foreign deferred tax assets and foreign tax credit carryforwards. The year-over-year increase in valuation allowances is primarily attributable to foreign tax credit carryforwards.

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,	2020	2019	2018
<i>(In thousands, except percentages)</i>			
Income tax expense at the U.S. statutory federal income tax rate	\$ 85,630	\$ 71,367	\$ 121,812
Impact of foreign operations	3,433	(1,571)	(16,276)
State and local income taxes, net	11,651	7,224	9,520
Impact of GILTI provisions	3,051	5,772	
Domestic manufacturing deduction		-	(4,839)
Nondeductible business expense	2,005	2,259	2,473
Valuation allowance	14,008	7,021	(5,235)
Deferred tax liability for unremitted foreign earnings	(5,527)	-	(77,970)
Changes in unrecognized tax benefits	1,292	(8,480)	
Other	(3,351)	1,195	737
FY19 GILTI impact of issued regulations	(4,348)		
Equity-based compensation	(5,162)	(4,496)	(4,652)
Transition tax liability		(1,868)	67,899
Remeasurement of U.S. deferred income taxes		(6,265)	(15,678)
Provision for Income Tax Expense	\$ 102,682	\$ 72,158	\$ 77,791
Effective Income Tax Rate	25.2%	21.2%	18.7%

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>	2020	2019	2018
Balance at June 1	\$ 8.1	\$ 14.1	\$ 13.2
Additions based on tax positions related to current year	-	0.1	5.1
Additions for tax positions of prior years	2.0	2.0	-
Reductions for tax positions of prior years	(0.9)	(7.9)	(4.5)
Foreign currency translation	(0.2)	(0.2)	0.3
Balance at May 31	\$ 9.0	\$ 8.1	\$ 14.1

The total amount of unrecognized tax benefits that would impact the effective tax rate, if recognized, was \$8.6 million at May 31, 2020, \$7.7 million at May 31, 2019 and \$13.6 million at May 31, 2018.

We recognize interest and penalties related to unrecognized tax benefits in income tax expense. At May 31, 2020, 2019 and 2018, the accrual for interest and penalties was \$2.9 million, \$3.0 million and \$2.8 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 file income tax returns in the U.S. and in various state, local and foreign jurisdictions. The Internal Revenue Service has completed examinations of our 2015 and 2016 federal income tax returns which resulted in an inconsequential reduction to our 2015 federal income tax liability and no changes to our 2016 federal income tax liability. Although not currently under examination, the statutory audit period for our 2014 federal tax return remains open. Further, with limited exceptions, we are generally subject to state and local or non-U.S. income tax examinations by tax authorities for the fiscal years 2013 through 2019.

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.

Our deferred tax liability for unremitted foreign earnings was adjusted to \$18.8 million as of May 31, 2019. The \$18.8 million deferred tax liability represented our estimate of the foreign tax cost associated with the remittance of \$413.3 million of foreign earnings that were not considered to be permanently reinvested. As of May 31, 2020, the amount of these earnings has decreased to approximately \$407.4 million and the related deferred tax liability, which represents the estimated tax cost to repatriate these earnings, was adjusted to \$12.1 million. The reduction to the deferred tax liability is primarily due to the impact of foreign exchange and the elimination of withholding taxes on certain of our foreign earnings not considered permanently reinvested.

We have not provided for U.S. income taxes or foreign withholding taxes on the remaining \$905.1 million of foreign unremitted earnings because such earnings have been retained and reinvested by the foreign subsidiaries as of May 31, 2020. Accordingly, no provision has been made for U.S. income taxes or foreign withholding taxes, which may become payable if the remaining unremitted earnings of foreign subsidiaries were distributed to the U.S. Due to the uncertainties and complexities involved in the various options for repatriation of foreign earnings, it is not practical to calculate the deferred taxes associated with the remaining foreign earnings.

NOTE I — STOCK REPURCHASE PROGRAM

On January 8, 2008, we announced our authorization of a stock repurchase program under which we may repurchase shares of RPM International Inc. common stock at management’s discretion. As announced on November 28, 2018, our goal is to return \$1.0 billion in capital to stockholders by May 31, 2021 through share repurchases. On April 16, 2019, after taking into account share repurchases under our existing stock repurchase program to date, our Board of Directors authorized the repurchase of the remaining \$600.0 million in value of RPM International Inc. common stock by May 31, 2021. As a result, 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 our management deems appropriate, subject to insider trading rules and other securities law restrictions. The timing of our purchases will depend upon prevailing market conditions, alternative uses of capital and other factors. We may limit or terminate the stock repurchase program at any time. During the fiscal year ended May 31, 2020, we repurchased 2,041,847 shares of our common stock at a cost of approximately \$125.0 million, or an average cost of \$61.22 per share, under this program. During the fiscal year ended May 31, 2019, we repurchased 3,286,907 shares of our common stock at a cost of approximately \$200.2 million, or an average cost of \$60.92 per share, under this program. During the fiscal year ended May 31, 2018, we did not repurchase any shares of our common stock under this program. Given recent macroeconomic uncertainty resulting from the Covid-19 pandemic, we have suspended our stock repurchase program.

NOTE J — 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, performance stocks, performance stock units and SARs. We grant stock-based incentive awards to our employees and/or our directors under various share-based compensation plans. The plan that is active or provides for stock option grants or share-based payment awards is the Amended and Restated 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, (In thousands)	2020	2019	2018
Stock-based compensation expense, included in SG&A	\$ 19,789	\$ 31,154	\$ 25,440
Stock-based compensation expense, included in restructuring expense	116	4,283	2,136
Total stock-based compensation cost	19,905	35,437	27,576
Income tax (benefit)	(2,784)	(6,937)	(7,178)
Total stock-based compensation cost, net of tax	\$ 17,121	\$ 28,500	\$ 20,398

SARs

SARs are awards that allow our employees to receive shares of our common stock at a fixed price. We grant SARs 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 SARs grants made during the last three fiscal years:

Year Ended May 31,	2020	2019	2018
Risk-free interest rate	1.9%	2.9%	2.2%
Expected life of option	6.5 yrs	6.5 yrs	7.0 yrs
Expected dividend yield	2.3%	2.1%	2.2%
Expected volatility rate	22.4%	25.2%	26.2%

The 2014 Omnibus Plan was approved by our stockholders on October 9, 2014, and amendments to the 2014 Omnibus Plan were subsequently approved by our stockholders in 2018 and 2019. 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. 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, 2020, there were 2,482,500 SARs outstanding.

The following table summarizes option and share-based payment activity (including SARs) under these plans during the fiscal year ended May 31, 2020:

	2020	
	Weighted Average Exercise Price	Number of Shares Under Option
Share-Based Payments		
<i>(Shares in thousands)</i>		
Balance at June 1, 2019	\$ 46.44	3,097
Options granted	62.17	340
Options exercised	43.10	(955)
Balance at May 31, 2020	49.88	2,482
Exercisable at May 31, 2020	\$ 44.15	1,520

SARs	2020	2019	2018
<i>(In millions, except per share amounts)</i>			
Weighted-average grant-date fair value per SAR	\$ 11.59	\$ 14.08	\$ 12.90
Intrinsic value of options exercised	\$ 9.62	\$ 9.29	\$ 11.10
Tax benefit from options exercised	\$ 5.94	\$ 3.21	\$ 3.40
Fair value of SARS vested	\$ 12.27	\$ 9.30	\$ 6.50

At May 31, 2020, the aggregate intrinsic value and weighted-average remaining contractual life of options outstanding was \$61.8 million and 6.11 years, respectively, while the aggregate intrinsic value and weighted-average remaining contractual life of options exercisable was \$46.6 million and 4.85 years, respectively.

At May 31, 2020, the total unamortized stock-based compensation expense related to SARs that were previously granted was \$7.9 million, which is expected to be recognized over 2.30 years. We anticipate that approximately 2.5 million shares at a weighted-average exercise price of \$49.86 and a weighted-average remaining contractual term of 6.1 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 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. In October 2019, shareholders approved an amendment to the 2014 Omnibus Plan making an additional 5,000,000 shares of common stock subject to awards. After approval, 6,100,427 shares were available for new awards. Of those additional issuable shares, 2,250,000 shares may be subject to “full-value” awards similar to those issued under the 2014 Omnibus Plan.

The following table summarizes the share-based performance-earned restricted stock (“PERS”) and performance stock units (“PSUs”) activity during the fiscal year ended May 31, 2020:

<i>(Shares in thousands)</i>	Weighted-Average Grant-Date Fair Value	2020
Balance at June 1, 2019	\$ 54.90	829
Shares granted	63.52	405
Shares forfeited	55.80	(8)
Shares vested	51.11	(361)
Balance at May 31, 2020	\$ 60.51	865

The weighted-average grant-date fair value was \$63.52, \$60.36 and \$52.26 for the fiscal years ended May 31, 2020, 2019 and 2018, respectively. The restricted stock and performance stock cliff vest after three years. Nonvested restricted shares of common stock under the 2014 Omnibus Plan are eligible for dividend payments, while performance stock units are not eligible for dividend payments. At May 31, 2020, remaining unamortized deferred compensation expense for performance-earned restricted stock totaled \$15.8 million. The remaining amount is being amortized over the applicable vesting period for each participant.

On October 3, 2018, our Compensation Committee granted in the aggregate 192,000 Performance Stock Units (the “2018 PSUs”) to certain executives at a weighted-average grant-date price of \$60.50 per PSU. The awards are contingent upon the level of attainment of performance goals for the three-year performance period from June 1, 2018 ending May 31, 2021. Vesting of 50% of the 2018 PSUs relates to compounded annualized growth rates in adjusted revenue for the period, and the vesting of the remaining 50% relates to an increase in EBIT margin, measured at the end of the three-year performance period. The number of PSUs that may vest with respect to the achievement of the performance goals may range from 0% to 200% of the PSUs granted under this program. Compensation cost for these awards has been 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, 2020, there were 168,000 2018 PSUs outstanding and \$0.6 million unamortized stock-based compensation, which is expected to be recognized over a weighted average period of one year.

On July 18, 2019, our Compensation Committee granted in the aggregate 178,000 Performance Stock Units (the “2019 PSUs”) to certain executives at a weighted-average grant-date price of \$62.17 per PSU. The awards are contingent upon the level of attainment of performance goals for the three-year performance period from June 1, 2019 ending May 31, 2022. Vesting of 50% of the 2019 PSUs relates to compounded annualized growth rates in adjusted revenue for the period, and the vesting of the remaining 50% relates to an increase in EBIT margin, measured at the end of the three-year performance period. The number of PSUs that may vest with respect to the achievement of the performance goals may range from 0% to 200% of the PSUs granted under this program. Compensation cost for these awards has been 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, 2020, there were 178,000 2019 PSUs outstanding and \$3.3 million unamortized stock-based compensation, which is expected to be recognized over a weighted average period of 2.0 years

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 2019:

<i>(Shares in thousands)</i>	Weighted-Average Grant-Date Fair Value	2020
Balance at June 1, 2019	\$ 54.56	55
Shares granted to directors	67.26	23
Shares vested	50.61	(16)
Balance at May 31, 2020	\$ 60.25	62

The weighted-average grant-date fair value was \$67.26, \$60.50 and \$51.63 for the fiscal years ended May 31, 2020, 2019 and 2018, respectively. Unamortized deferred compensation expense relating to restricted stock grants for directors of \$1.9 million at May 31, 2020, 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, 2020, there were 7,200 shares available for future grant. When shares in the 2003 Plan are exhausted in fiscal year 2021, Director rewards will be issued from the 2014 Omnibus Plan on the go forward basis.

During fiscal 2020, a total of 30,185 shares were awarded under the 2014 Omnibus Plan to certain employees as supplemental retirement benefits, 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. The following table sets forth such awards for the year ended May 31, 2020:

<i>(Shares in thousands)</i>	Weighted-Average Grant-Date Fair Value	2020
Balance at June 1, 2019	\$ 31.73	432
Shares granted	62.17	30
Shares forfeited	-	-
Shares exercised	33.96	(16)
Balance at May 31, 2020	\$ 33.82	446

The weighted-average grant-date fair value was \$62.17, \$60.01 and \$55.19 for the fiscal years ended May 31, 2020, 2019 and 2018, respectively. As of May 31, 2020, no shares remain available for future grant under the 2007 Plan, and future issuances of shares as supplemental retirement benefits are made under the 2014 Omnibus Plan. At May 31, 2020, unamortized stock-based compensation expense of \$0.6 million and \$3.5 million relating to the 2007 Plan and the 2014 Omnibus Plan, respectively, 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, 2020:

<i>(Shares in thousands)</i>	Weighted-Average Grant-Date Fair Value	Number of Shares
Balance at June 1, 2019	\$ 52.35	1,091
Granted	63.62	458
Vested	49.42	(421)
Forfeited	55.80	(8)
Balance at May 31, 2020	\$ 58.03	1,120

The remaining weighted-average contractual term of nonvested restricted shares at May 31, 2020 is the same as the period over which the remaining cost of the awards will be recognized, which is approximately 2.18 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, 2020, 2019 and 2018, the weighted-average grant-date fair value for restricted share grants was \$63.62, \$60.34 and \$52.62, respectively. The total fair value of shares that vested during the years ended May 31, 2020, 2019 and 2018 was \$20.8 million, \$37.8 million and \$29.9 million, respectively. We anticipate that approximately 1.12 million shares at a weighted-average grant-date fair value of \$58.03 and a weighted-average remaining contractual term of 2.18 years will ultimately vest, based upon the unique terms and participants of each plan. Approximately 420,571 shares of restricted stock were vested during the year ended May 31, 2020, with 832,717 restricted shares vested during the year ended May 31, 2019. The total intrinsic value of restricted shares converted during the years ended May 31, 2020, 2019 and 2018 was \$26.8 million, \$58.1 million and \$7.6 million, respectively.

Total unrecognized compensation cost related to all nonvested awards of restricted shares of common stock was \$25.7 million as of May 31, 2020. That cost is expected to be recognized over a weighted-average period of 2.18 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, 2020.

NOTE K — 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, 2017	\$ (308,415)	\$ (166,724)	\$ 16	\$ 1,137	\$ (473,986)
Reclassification adjustments for gains included in net income, net of taxes of \$591			-	(1,244)	(1,244)
Other comprehensive income	10,989	11,375	(359)	(2,050)	19,955
Deferred taxes	(2,587)	(2,146)	212	748	(3,773)
Balance at May 31, 2018	(300,013)	(157,495)	(131)	(1,409)	(459,048)
Reclassification adjustments for gains included in net income, net of taxes of \$151				1,777	1,777
Other comprehensive income	(73,660)	(70,785)	4,713	307	(139,425)
Deferred taxes	3,178	16,635	(203)	(542)	19,068
Balance at May 31, 2019	(370,495)	(211,645)	4,379	133	(577,628)
Reclassification adjustments for losses included in net income, net of taxes of \$0				-	-
Other comprehensive income	(71,820)	(86,347)	(6,315)	1,210	(163,272)
Deferred taxes	1,583	20,275	1,865	(320)	23,403
Balance at May 31, 2020	\$ (440,732)	\$ (277,717)	\$ (71)	\$ 1,023	\$ (717,497)

NOTE L — EARNINGS PER SHARE

The following table sets forth the reconciliation of the numerator and denominator of basic and diluted earnings per share for the years ended May 31, 2020, 2019 and 2018:

Year Ended May 31,	2020	2019	2018
<i>(In thousands, except per share amounts)</i>			
Numerator for earnings per share:			
Net income attributable to RPM International Inc. stockholders	\$ 304,385	\$ 266,558	\$ 337,770
Less: Allocation of earnings and dividends to participating securities	(1,956)	(1,514)	(3,858)
Net income available to common shareholders - basic	302,429	265,044	333,912
Reverse: Allocation of earnings and dividends to participating securities	1,956	1,514	3,858
Add: Income effect of contingently issuable shares	-	3,655	5,673
Net income available to common shareholders - diluted	\$ 304,385	\$ 270,213	\$ 343,443
Denominator for basic and diluted earnings per share:			
Basic weighted average common shares	128,468	130,552	131,179
Average diluted options	1,506	1,838	2,064
Net issuable common share equivalents (1)	-	1,943	3,928
Total shares for diluted earnings per share (2)	129,974	134,333	137,171
Earnings Per Share of Common Stock Attributable to RPM International Inc. Stockholders:			
Basic Earnings Per Share of Common Stock	\$ 2.35	\$ 2.03	\$ 2.55
Method used to calculate basic earnings per share	Two-Class	Two-Class	Two-Class
Diluted Earnings Per Share of Common Stock	\$ 2.34	\$ 2.01	\$ 2.50
Method used to calculate diluted earnings per share	Treasury	Treasury	Treasury

- (1) Represents the number of shares that would be issued if our contingently convertible notes had been converted. We included these shares in the calculation of diluted EPS as the conversion of the notes were eligible to be settled, at our election, in cash, shares of our common stock, or a combination of cash and shares of our common stock. On November 27, 2018, we redeemed all of our 2.25% convertible senior notes due 2020, primarily for cash, but also issued 598,601 shares of our common stock in the transaction
- (2) For the years ended May 31, 2020, 2019 and 2018, approximately 340,000, 862,500 and 799,362 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 M — LEASES

We have leases for manufacturing facilities, warehouses, office facilities, equipment, and vehicles, which are primarily classified and accounted for as operating leases. We have a small portfolio of finance leases, which are not material to our Consolidated Financial Statements. Some leases include one or more options to renew, generally at our sole discretion, with renewal terms that can extend the lease term from one to five years or more. In addition, certain leases contain termination options, where the rights to terminate are held by either us, the lessor, or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that we will exercise that option. We have made an accounting policy election not to recognize ROU assets and lease liabilities for leases with a term of twelve months or less, with no purchase option that we are reasonably certain to exercise. ROU assets and lease liabilities are recognized based on the present value of the fixed and in-substance fixed lease payments over the lease term at the commencement date. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by lease incentives. We use our incremental borrowing rate as the discount rate to determine the present value of the lease payments for leases, as our leases do not have readily determinable implicit discount rates. Our incremental borrowing rate is the rate of interest that we would have to borrow on a collateralized basis over a similar term and amount in a similar economic environment. We determine the incremental borrowing rates for our leases by adjusting the local risk-free interest rate with a credit risk premium corresponding to our credit rating.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities using the discount rate discussed above. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Certain vendors have the right to declare that we are in default of our agreements if any such vendor, including the lessors under its vehicle leases, determines that a change in our financial condition poses a substantially increased credit risk. Our lease agreements do not contain any significant residual value guarantees or material restrictive covenants. Income from subleases was not significant for any period presented.

During the fiscal year ended May 31, 2020, we incurred lease costs of \$84.2 million, which is primarily comprised of operating lease costs of \$73.7 million and other costs of \$10.5 million, which include costs for our finance leases, short-term leases and variable lease payments. Total rental expense for all operating leases amounted to \$64.9 million and \$64.3 million for the fiscal years ended May 31, 2019 and 2018, respectively.

For fiscal year ended May 31, 2020, we paid approximately \$69.4 million for operating lease obligations. These payments are included in operating cash flows. In addition, during the fiscal 2020, we recognized ROU assets for \$61.6 million in exchange for operating lease obligations. At May 31, 2020, the weighted-average remaining lease term under our operating leases was 9.1 years, while the weighted-average discount rate for our operating leases was approximately 3.7%.

The following represents our future undiscounted cash flows for each of the next five years and thereafter and reconciliation to the lease liabilities, as of May 31, 2020:

<i>(In thousands)</i>		
<u>Year ending May 31,</u>	Operating Leases	
2021	\$	61,328
2022		50,452
2023		38,921
2024		31,572
2025		27,771
Thereafter		144,982
Total lease payments	\$	355,026
Less imputed interest		57,746
Total present value of lease liabilities	\$	297,280

As of May 31, 2020, our current lease liability balance was \$52.6 million and recorded within Other Accrued Liabilities on our Consolidated Balance Sheet.

Following is a summary of our future minimum lease commitments, as determined under ASC 840, for all non-cancelable lease agreements, for each of the next five years and in the aggregate, as of May 31, 2019:

<u>May 31,</u>		
<i>(In thousands)</i>		
2020	\$	59,163
2021		49,731
2022		40,339
2023		32,798
2024		27,716
Thereafter		119,607
Total Minimum Lease Commitments	\$	329,354

NOTE N — 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 considers contributions in 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, 2021, we are required to contribute approximately \$8,000 to the retirement plans in the U.S. and approximately \$6.7 million to our foreign plans. During the year, the company will evaluate whether to make additional contributions. During February 2020, we contributed an additional \$51.5 million to the RPM International Inc. Retirement Plan in the U.S. than what had been planned at the beginning of the fiscal year.

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		
	2020	2019	2018	2020	2019	2018
Service cost	\$ 39,425	\$ 37,528	\$ 37,859	\$ 5,400	\$ 4,693	\$ 4,620
Interest cost	20,415	21,987	17,518	4,842	5,420	5,025
Expected return on plan assets	(34,291)	(33,867)	(32,342)	(7,118)	(7,907)	(8,270)
Amortization of:						
Prior service cost	9	118	117	(36)	(30)	(31)
Net actuarial losses recognized	18,516	13,087	14,470	2,029	1,229	1,758
Curtailment/settlement losses	-	-	-	86	89	128
Net Pension Cost	\$ 44,074	\$ 38,853	\$ 37,622	\$ 5,203	\$ 3,494	\$ 3,230

The changes in benefit obligations and plan assets, as well as the funded status of our pension plans at May 31, 2020 and 2019, were as follows:

<i>(In thousands)</i>	U.S. Plans		Non-U.S. Plans	
	2020	2019	2020	2019
Benefit obligation at beginning of year	\$ 660,277	\$ 617,255	\$ 205,967	\$ 194,149
Service cost	39,425	37,528	5,400	4,693
Interest cost	20,415	21,987	4,842	5,420
Benefits paid	(41,186)	(45,917)	(6,269)	(7,488)
Participant contributions	-	-	1,106	1,003
Plan amendments	-	11	(893)	(33)
Plan combination	-	-	922	-
Plan settlements/curtailments	-	-	(288)	(607)
Actuarial losses	83,808	29,413	2,718	17,286
Premiums paid	-	-	(99)	(97)
Currency exchange rate changes	-	-	(3,128)	(8,359)
Benefit Obligation at End of Year	\$ 762,739	\$ 660,277	\$ 210,278	\$ 205,967
Fair value of plan assets at beginning of year	\$ 496,865	\$ 487,233	\$ 187,112	\$ 188,960
Actual return on plan assets	8,689	(2,272)	9,899	6,737
Employer contributions	52,182	57,821	6,331	6,770
Participant contributions	-	-	1,106	1,003
Benefits paid	(41,186)	(45,917)	(6,269)	(7,488)
Plan combination	-	-	182	-
Premiums paid	-	-	(99)	(97)
Plan settlements/curtailments	-	-	(281)	(580)
Currency exchange rate changes	-	-	(3,107)	(8,193)
Fair Value of Plan Assets at End of Year	\$ 516,550	\$ 496,865	\$ 194,874	\$ 187,112
(Deficit) of plan assets versus benefit obligations at end of year	\$ (246,189)	\$ (163,412)	\$ (15,404)	\$ (18,855)
Net Amount Recognized	\$ (246,189)	\$ (163,412)	\$ (15,404)	\$ (18,855)
Accumulated Benefit Obligation	\$ 662,197	\$ 553,392	\$ 197,167	\$ 192,533

The fair value of the assets held by our pension plans has increased at May 31, 2020 since our previous measurement date at May 31, 2019, due to our plan contributions and market returns. Total plan liabilities have increased due to increased benefit accruals and a decrease in the discount rate used to value the liability. We have increased our recorded liability for the net underfunded status of our pension plans. Due to lower discount rates, we expect pension expense in fiscal 2021 to be higher when compared to our fiscal 2020 expense level. Any future declines in the value of our pension plan assets or increases in our plan liabilities could require us to 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, 2020 and 2019 are as follows:

<i>(In thousands)</i>	U.S. Plans		Non-U.S. Plans	
	2020	2019	2020	2019
Noncurrent assets	\$ -	\$ -	\$ 13,395	\$ 9,047
Current liabilities	(8)	(8)	(547)	(435)
Noncurrent liabilities	(246,181)	(163,404)	(28,252)	(27,467)
Net Amount Recognized	\$ (246,189)	\$ (163,412)	\$ (15,404)	\$ (18,855)

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

<i>(In thousands)</i>	U.S. Plans			
	2020		2019	
	Benefit Obligation	Plan Assets	Benefit Obligation	Plan Assets
Plans with projected benefit obligations in excess of plan assets	\$ 762,739	\$ 516,550	\$ 660,277	\$ 496,865
Plans with accumulated benefit obligations in excess of plan assets	662,197	516,550	553,392	496,865
Plans with assets in excess of projected benefit obligations	-	-	-	-
Plans with assets in excess of accumulated benefit obligations	-	-	-	-

<i>(In thousands)</i>	Non-U.S. Plans			
	2020		2019	
	Benefit Obligation	Plan Assets	Benefit Obligation	Plan Assets
Plans with projected benefit obligations in excess of plan assets	\$ 163,589	\$ 134,791	\$ 162,824	\$ 134,921
Plans with accumulated benefit obligations in excess of plan assets	150,478	134,598	149,390	134,921
Plans with assets in excess of projected benefit obligations	46,689	60,083	43,143	52,191
Plans with assets in excess of accumulated benefit obligations	46,689	60,276	43,143	52,191

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

<i>(In thousands)</i>	U.S. Plans		Non-U.S. Plans	
	2020	2019	2020	2019
	Net actuarial loss	\$ (341,179)	\$ (250,286)	\$ (48,090)
Prior service (costs) credits	(20)	(28)	1,098	224
Total recognized in accumulated other comprehensive income not affecting retained earnings	\$ (341,199)	\$ (250,314)	\$ (46,992)	\$ (50,960)

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

<i>(In thousands)</i>	U.S. Plans		Non-U.S. Plans	
	2020	2019	2020	2019
	Changes in plan assets and benefit obligations recognized in other comprehensive income:			
Prior service cost	\$ -	\$ 11	\$ (893)	\$ (33)
Net loss (gain) arising during the year	109,409	65,552	(70)	18,456
Effect of exchange rates on amounts included in AOCI	-	-	(922)	(1,593)
Amounts recognized as a component of net periodic benefit cost:				
Amortization or curtailment recognition of prior service (cost) benefit	(9)	(118)	36	30
Amortization or settlement recognition of net (loss)	(18,516)	(13,087)	(2,115)	(1,345)
Total recognized in other comprehensive loss (income)	\$ 90,884	\$ 52,358	\$ (3,964)	\$ 15,515

The following table presents the amounts in accumulated other comprehensive income (loss) as of May 31, 2020 that have not yet been recognized in net periodic pension cost, but are expected to be recognized in our Consolidated Statements of Income during the fiscal year ending May 31, 2021:

<i>(In thousands)</i>	U.S. Plans	Non-U.S. Plans
Net actuarial loss	\$ (27,457)	\$ (2,106)
Prior service (cost) credit	\$ (8)	\$ 141

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:

<i>Year-End Benefit Obligations</i>	U.S. Plans		Non-U.S. Plans	
	2020	2019	2020	2019
Discount rate	2.77%	3.64%	2.49%	2.61%
Rate of compensation increase	3.19%	3.80%	2.86%	2.86%

<i>Net Periodic Pension Cost</i>	U.S. Plans			Non-U.S. Plans		
	2020	2019	2018	2020	2019	2018
Discount rate	3.65%	4.12%	3.81%	2.61%	3.09%	2.79%
Expected return on plan assets	7.40%	7.40%	7.89%	3.91%	4.30%	4.37%
Rate of compensation increase	3.80%	3.80%	3.80%	2.86%	2.85%	3.00%

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

<i>(Dollars in millions)</i>	U.S. Plans			
	Target Allocation as of May 31, 2020	Actual Asset Allocation		
		2020	2019	
Equity securities	55%	\$ 261.0	\$ 295.1	
Fixed income securities	25%	106.4	83.8	
Multi-class	20%	118.2	78.1	
Cash (1)		30.8	39.7	
Other		0.2	0.2	
Total assets	100%	\$ 516.6	\$ 496.9	

<i>(Dollars in millions)</i>	Non-U.S. Plans			
	Target Allocation as of May 31, 2020	Actual Asset Allocation		
		2020	2019	
Equity securities	33%	\$ 79.3	\$ 79.9	
Fixed income securities	48%	88.2	79.3	
Cash		0.1	0.1	
Property and other	19%	27.3	27.8	
Total assets	100%	\$ 194.9	\$ 187.1	

- (1) The larger than target cash position at May 31, 2020 results from our February 2020 contribution to the RPM International Inc. Retirement Plan because of our plans to invest the February contribution over a period of time, due to dollar cost averaging.

The following tables present our pension plan assets as categorized using the fair value hierarchy at May 31, 2020 and 2019:

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, 2020
U.S. Treasury and other government	\$ -	\$ 12,973	\$ -	\$ 12,973
State and municipal bonds	-	508	-	508
Foreign bonds	-	715	-	715
Mortgage-backed securities	-	23,824	-	23,824
Corporate bonds	-	34,317	-	34,317
Stocks - large cap	19,589	-	-	19,589
Mutual funds - equity	-	241,426	-	241,426
Mutual funds - multi-class	-	118,205	-	118,205
Mutual funds - fixed	-	33,993	-	33,993
Cash and cash equivalents	30,830	-	-	30,830
Limited partnerships	-	-	170	170
Total	\$ 50,419	\$ 465,961	\$ 170	\$ 516,550

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, 2020
Pooled equities	\$ -	\$ 78,472	\$ -	\$ 78,472
Pooled fixed income	-	87,610	-	87,610
Foreign bonds	-	603	-	603
Insurance contracts	-	-	27,267	27,267
Mutual funds	-	855	-	855
Cash and cash equivalents	67	-	-	67
Total	\$ 67	\$ 167,540	\$ 27,267	\$ 194,874

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, 2019
U.S. Treasury and other government	\$ -	\$ 13,854	\$ -	\$ 13,854
State and municipal bonds	-	386	-	386
Foreign bonds	-	1,031	-	1,031
Mortgage-backed securities	-	20,075	-	20,075
Corporate bonds	-	26,204	-	26,204
Stocks - mid cap	13,392	-	-	13,392
Stocks - small cap	15,720	-	-	15,720
Mutual funds - equity	-	265,969	-	265,969
Mutual funds - multi-class	-	78,143	-	78,143
Mutual funds - fixed	-	22,215	-	22,215
Cash and cash equivalents	39,704	-	-	39,704
Limited partnerships	-	-	172	172
Total	\$ 68,816	\$ 427,877	\$ 172	\$ 496,865

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, 2019	
Pooled equities	\$ -	\$ 78,733	\$ -	\$ 78,733	
Pooled fixed income	-	79,061	-	79,061	
Foreign bonds	-	227	-	227	
Insurance contracts	-	-	27,843	27,843	
Mutual funds	-	1,125	-	1,125	
Cash and cash equivalents	123	-	-	123	
Total	\$ 123	\$ 159,146	\$ 27,843	\$ 187,112	

The following table includes the activity that occurred during the years ended May 31, 2020 and 2019 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, 2020	\$ 28,015	(691)	-	113	\$ 27,437
Year ended May 31, 2019	28,448	1,228	-	(1,661)	28,015

(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.

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 MSCI World 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 MSCI World 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 \$21.1 million, \$19.4 million and \$18.7 million for the years ending May 31, 2020, 2019 and 2018, respectively.

We expect to pay the following estimated pension benefit payments in the next five years (in millions): \$71.0 in 2021, \$71.0 in 2022, \$70.6 in 2023, \$70.1 in 2024 and \$67.3 in 2025. In the five years thereafter (2026-2030), we expect to pay \$339.2 million.

NOTE O — POSTRETIREMENT BENEFITS

We sponsor several unfunded-healthcare-benefit plans for certain of our retired employees, as well as postretirement life insurance for certain key former 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, 2020:

<i>(In thousands)</i>	U.S. Plans			Non-U.S. Plans		
	2020	2019	2018	2020	2019	2018
Service cost - benefits earned during the period	\$ -	\$ -	\$ -	\$ 1,661	\$ 1,507	\$ 1,307
Interest cost on the accumulated obligation	149	192	173	1,089	1,122	939
Amortization of:						
Prior service (credit)	(219)	(219)	(220)	-	-	-
Net actuarial (gains) losses	(66)	(26)	24	611	442	332
Net Postretirement Benefit (Income) Cost	\$ (136)	\$ (53)	\$ (23)	\$ 3,361	\$ 3,071	\$ 2,578

The changes in benefit obligations of the plans at May 31, 2020 and 2019 were as follows:

<i>(In thousands)</i>	U.S. Plans		Non-U.S. Plans	
	2020	2019	2020	2019
Accumulated postretirement benefit obligation at beginning of year	\$ 4,990	\$ 5,368	\$ 37,663	\$ 33,281
Service cost	-	-	1,661	1,507
Interest cost	149	192	1,089	1,122
Benefit payments	(1,659)	(287)	(639)	(664)
Actuarial (gains) losses	702	(283)	(683)	3,801
Currency exchange rate changes	-	-	(702)	(1,384)
Accumulated and accrued postretirement benefit obligation at end of year	\$ 4,182	\$ 4,990	\$ 38,389	\$ 37,663

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, 2020 and 2019 are as follows:

<i>(In thousands)</i>	U.S. Plans		Non-U.S. Plans	
	2020	2019	2020	2019
Current liabilities	\$ (385)	\$ (423)	\$ (805)	\$ (741)
Noncurrent liabilities	(3,797)	(4,567)	(37,584)	(36,922)
Net Amount Recognized	\$ (4,182)	\$ (4,990)	\$ (38,389)	\$ (37,663)

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:

<i>(In thousands)</i>	U.S. Plans		Non-U.S. Plans	
	2020	2019	2020	2019
Net actuarial gain (loss)	\$ (386)	\$ 381	\$ (11,331)	\$ (12,891)
Prior service credits	448	667	-	-
Total recognized in accumulated other comprehensive income not affecting retained earnings	\$ 62	\$ 1,048	\$ (11,331)	\$ (12,891)

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

<i>(In thousands)</i>	U.S. Plans		Non-U.S. Plans	
	2020	2019	2020	2019
Changes in plan assets and benefit obligations recognized in other comprehensive income:				
Prior service cost	\$ -	\$ -	\$ -	\$ -
Net loss (gain) arising during the year	702	(283)	(683)	3,801
Effect of exchange rates on amounts included in AOCI	-	-	(266)	(419)
Amounts recognized as a component of net periodic benefit cost:				
Amortization or curtailment recognition of prior service credit	219	219	-	-
Amortization or settlement recognition of net gain (loss)	66	26	(611)	(442)
Total recognized in other comprehensive loss (income)	\$ 987	\$ (38)	\$ (1,560)	\$ 2,940

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

<i>Year-End Benefit Obligations</i>	U.S. Plans		Non-U.S. Plans	
	2020	2019	2020	2019
Discount rate	2.44%	3.44%	3.32%	3.22%
Current healthcare cost trend rate	6.68%	7.29%	5.73%	5.77%
Ultimate healthcare cost trend rate	4.36%	4.36%	3.70%	3.70%
Year ultimate healthcare cost trend rate will be realized	2037	2037	2040	2040

<i>Net Periodic Postretirement Cost</i>	U.S. Plans			Non-U.S. Plans		
	2020	2019	2018	2020	2019	2018
Discount rate	3.44%	4.03%	3.61%	3.22%	3.70%	3.61%
Healthcare cost trend rate	7.29%	7.86%	14.75%	5.77%	6.02%	5.85%
Ultimate healthcare cost trend rate	4.36%	4.36%	4.36%	3.70%	4.20%	4.20%
Year ultimate healthcare cost trend rate will be realized	2037	2037	2037	2040	2032	2030

We utilize a sensitivity analysis to measure the potential impact of changes in our healthcare cost trend rate on our Consolidated Financial Statements. 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, 2020 and 2019:

<i>(In thousands)</i>	U.S. Plans		Non-U.S. Plans	
	2020	2019	2020	2019
1% Increase in Healthcare Cost Trend Rate				
Accumulated benefit obligation	\$ 130	\$ 124	\$ 7,452	\$ 8,300
Postretirement cost	4	7	814	731
1% Decrease in Healthcare Cost Trend Rate				
Accumulated benefit obligation	\$ (117)	\$ (112)	\$ (5,843)	\$ (6,390)
Postretirement cost	(3)	(6)	(595)	(539)

We expect to pay approximately \$1.2 million to \$1.5 million in estimated postretirement benefits in each of the next five years. In the five years thereafter (2026-2030), we expect to pay a cumulative total of \$8.9 million.

NOTE P — CONTINGENCIES AND OTHER ACCRUED LOSSES

Accrued loss reserves consist of the following:

May 31, (In thousands)	2020	2019
Accrued product liability reserves	\$ 10,458	\$ 11,739
Accrued warranty reserves	7,593	7,013
Accrued environmental reserves	1,970	1,147
Total Accrued Loss Reserves - Current	\$ 20,021	\$ 19,899
Accrued product liability reserves - noncurrent	\$ 27,016	\$ 29,942
Accrued warranty liability - noncurrent	3,513	3,401
Accrued environmental reserves - noncurrent	4,125	4,211
Total Accrued Loss Reserves - Noncurrent	\$ 34,654	\$ 37,554

Product Liability Matters

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.

Warranty Matters

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, 2020, 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. Based upon the nature of the expense, product warranty expense is recorded as a component of cost of sales or within SG&A.

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, (In thousands)	2020	2019	2018
Beginning Balance	\$ 10,414	\$ 11,721	\$ 19,149
Deductions (1)	(20,762)	(22,262)	(26,199)
Provision charged to expense	21,454	20,955	17,924
Acquisitions			847
Ending Balance	\$ 11,106	\$ 10,414	\$ 11,721

(1) Primarily claims paid during the year.

Environmental Matters

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. In general, our environmental accruals are undiscounted liabilities, which are exclusive of claims against third parties, and are not material to our financial statements during any of the periods presented.

Other Contingencies

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 U.S. Department Of Justice (the "DOJ") and the U.S. General Services Administration (the "GSA") Office of Inspector General investigation into compliance issues relating to Tremco Roofing Division's GSA contracts. 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 investigation, and determined that it was appropriate to restate our financial results for the first, second and third quarters of fiscal 2013. The restatement shifted accrual amounts among the three quarters, which had the effect of reducing net income by \$7.2 million and \$10.8 million for the quarterly periods ended August 31, 2012 and November 30, 2012, respectively, and increasing net income for the quarterly period ended February 28, 2013 by \$18.0 million. 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.

In connection with the foregoing, on September 9, 2016, the SEC filed an enforcement action against us and our General Counsel. We have cooperated with the SEC's investigation and believe the allegations in the complaint mischaracterize both our and our General Counsel's actions in connection with the matters related to our quarterly results in fiscal 2013 and are without merit. The complaint seeks disgorgement of gains that may have resulted from the conduct alleged in the complaint, and payment of unspecified monetary penalties from us and our General Counsel pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act. Further, the complaint seeks to permanently enjoin us from violations of Sections 17(a)(2) and (a)(3) of the Securities Act, Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, and Exchange Act Rules 12b-20, 13a-1, 13a-11 and 13a-13, and to permanently enjoin our General Counsel from violations of Sections 17(a)(2) and (a)(3) of the Securities Act and Exchange Act Rules 13b2-1 and 13b2-2(a). Both we and our General Counsel filed motions to dismiss the complaint on February 24, 2017. Those motions to dismiss the complaint were denied by the Court on September 29, 2017. We and our General Counsel filed answers to the complaint on October 16, 2017. Formal discovery commenced in January 2018, and closed as of June 3, 2019, other than some remaining, limited discovery requests. The parties engaged in written discovery, and several fact witnesses were deposed. We are currently awaiting further instruction regarding the remaining case schedule. We intend to continue to contest the allegations in the complaint vigorously.

Also in connection with the foregoing, a stockholder derivative action was filed in the United States District Court, Northern District of Ohio, Eastern Division, against certain of our directors and officers. The court has stayed this stockholder derivative action pending the completion of the SEC enforcement action.

The action by the SEC could result in sanctions against us and/or our General Counsel and could impose substantial additional costs and distractions, regardless of its outcome. We have determined that it is probable that we will incur a loss relating to this matter and have estimated a range of potential loss. We have accrued at the low end of the range of loss, as no amount within the range is more likely to occur, and no amount within the estimated range of loss would have a material impact on our consolidated financial condition, results of operations or cash flows.

With respect to a previously disclosed case pending against one of our subsidiaries in which both trade secret and trademark infringement had been alleged, during fiscal 2019, we agreed to settle the case for \$6.5 million.

NOTE Q — REVENUE

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 disaggregate revenues from the sales of our products and services based upon geographical location by each of our reportable segments, which are aligned by similar economic factors, trends and customers, which best depict the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. See Note R, “Segment Information,” for further details regarding our disaggregated revenues, as well as a description of each of the unique revenue streams related to each of our four reportable segments.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. The majority of our revenue is recognized at a point in time. However, we also record revenues generated under construction contracts, mainly in connection with the installation of specialized roofing and flooring systems and related services. For certain polymer flooring installation projects, we account for our revenue using the output method, as we consider square footage of completed flooring to be the best measure of progress toward the complete satisfaction of the performance obligation. In contrast, for certain of our roofing installation projects, we account for our revenue using the input method, as that method was the best measure of performance as it considers costs incurred in relation to total expected project costs, which essentially represents the transfer of control for roofing systems to the customer. In general, for our construction contracts, we record contract revenues and related costs as our contracts progress on an over-time model.

We have elected to apply the practical expedient to recognize revenue net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities. Payment terms and conditions vary by contract type, although our customers’ payment terms generally include a requirement to pay within 30 to 60 days of fulfilling our performance obligations. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined that our contracts generally do not include a significant financing component. We have elected to apply the practical expedient to treat all shipping and handling costs as fulfillment costs, as a significant portion of these costs are incurred prior to control transfer.

Significant Judgments

Our contracts with customers may include promises to transfer multiple products and/or services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. For example, judgment is required to determine whether products sold in connection with the sale of installation services are considered distinct and accounted for separately, or not distinct and accounted for together with installation services and recognized over time.

We provide customer rebate programs and incentive offerings, including special pricing and co-operative advertising arrangements, promotions and other volume-based incentives. These customer programs and incentives are considered variable consideration and recognized as a reduction of net sales. Up-front consideration provided to customers is capitalized as a component of other assets and amortized over the estimated life of the contractual arrangement. We include in revenue variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the variable consideration is resolved. In general, this determination is made based upon known customer program and incentive offerings at the time of sale, and expected sales volume forecasts as it relates to our volume-based incentives. This determination is updated each reporting period. Certain of our contracts include contingent consideration that is receivable only upon the final inspection and acceptance of a project. We include estimates of such variable consideration in our transaction price. Based on historical experience, we consider the probability-based expected value method appropriate to estimate the amount of such variable consideration.

Our products are generally sold with a right of return and we may provide other credits or incentives, which are accounted for as variable consideration when estimating the amount of revenue to recognize. Returns and credits are estimated at contract inception and updated at the end of each reporting period as additional information becomes available. We record a right of return liability to accrue for expected customer returns. Historical actual returns are used to estimate future returns as a percentage of current sales. Obligations for returns and refunds were not material individually or in the aggregate.

We offer assurance type warranties on our products as well as separately sold warranty contracts. Revenue related to warranty contracts that are sold separately is recognized over the life of the warranty term. Warranty liabilities for our assurance type warranties are discussed further in Note P, “Contingencies and Other Accrued Losses.”

Contract Balances

Timing of revenue recognition may differ from the timing of invoicing customers. Our contract assets are recorded for products and services that have been provided to our customer but have not yet been billed, and are included in prepaid expenses and other current assets in our consolidated balance sheets. Our short-term contract liabilities consist of advance payments, or deferred revenue, and are included in other accrued liabilities in our consolidated balance sheets.

Accounts receivable, net of allowances, and net contract assets (liabilities) consisted of the following:

Year Ended May 31, (In thousands, except percents)	2020	2019	\$ Change	% Change
Accounts receivable, less allowance	\$ 1,137,957	\$ 1,232,350	\$ (94,393)	-7.7%
Contract assets	\$ 25,249	\$ 21,628	\$ 3,621	16.7%
Contract liabilities - short-term	(25,288)	(25,896)	608	-2.3%
Net Contract Liabilities	\$ (39)	\$ (4,268)	\$ 4,229	-99.1%

The allowance for doubtful accounts reflects our best estimate of probable losses inherent in the accounts receivable balance. We determine the allowance based on known troubled accounts, historical experience and other currently available evidence. The \$4.2 million change in our net contract liabilities from May 31, 2019 to May 31, 2020, resulted primarily from the timing and volume of construction jobs in progress at May 31, 2020 versus May 31, 2019. During the fourth quarter of fiscal 2020, net sales at our general contracting and roofing services business increased by \$22.1 million as compared to the fourth quarter of fiscal 2019. Despite the Covid-19 pandemic, this growth occurred as many of our customers chose to utilize this time, as fewer people were inside their facilities, to tackle projects that they had previously been putting off. Furthermore, roofing projects are completed outdoors, and contractors do not require entry into customers' facilities. We also record long-term deferred revenue, which amounted to \$66.0 million and \$66.5 million as of May 31, 2020 and 2019, respectively. The long-term portion of deferred revenue is related to assurance type warranty contracts and is included in other long-term liabilities in our consolidated balance sheets.

We have elected to adopt the practical expedient to not disclose the aggregate amount of transaction price allocated to performance obligations that are unsatisfied as of the end of the reporting period for performance obligations that are part of a contract with an original expected duration of one year or less.

We recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. As our contract terms are primarily one year or less in duration, we have elected to apply a practical expedient to expense costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less. These costs include our internal sales force compensation program and certain incentive programs as we have determined annual compensation is commensurate with annual sales activities.

NOTE R — SEGMENT INFORMATION

Effective June 1, 2019, we realigned certain businesses and management structure to recognize how we allocate resources and analyze the operating performance of our businesses. Among other things, the realignment of certain businesses occurred as a result of the 2020 MAP to Growth that was approved and initiated between May and August 2018. As we began to execute on our operating improvement initiatives, we identified ways to realign certain businesses, and concluded that moving to an expanded reporting structure could help us to better manage our assets and improve synergies across the enterprise.

This realignment changed our reportable segments beginning with our first quarter of fiscal 2020. As such we now report under four reportable segments instead of our three previous reportable segments. Our four reporting segments are: the CPG reportable segment, PCG reportable segment, Consumer reportable segment and SPG reportable segment. In connection with the realignment, we shifted our Kirker business out of Consumer into SPG, and also shifted our Dryvit and Nudura businesses out of SPG into CPG. The newly formed CPG also includes our Tremco, Tremco illbruck, Euclid Chemical, Viapol, Vandex and Flowcrete businesses. PCG includes Stonhard, Carboline, USL and Fibergrate businesses, while Consumer comprises the Rust-Oleum and DAP businesses.

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 four reportable segments as outlined above, which also represent our operating segments. Within each operating segment, we manage product lines and businesses which generally address common markets, share similar economic characteristics, utilize similar technologies and can share manufacturing or distribution capabilities. Our four operating segments represent components of our business for which separate financial information is available that is utilized on a regular basis by our chief operating decision maker in determining how to allocate the assets of the company and evaluate performance. These four 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"), and/or adjusted EBIT, as a performance evaluation measure because interest expense is essentially related to acquisitions, as opposed to segment operations.

Our CPG reportable segment products are sold throughout North America and also account for the majority of our international sales. Our construction product lines are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. Products and services within this reportable segment include construction sealants and adhesives, coatings and chemicals, roofing systems, concrete admixture and repair products, building envelope solutions, insulated cladding, flooring systems, and weatherproofing solutions.

Our PCG reportable segment products are sold throughout North America, as well as internationally, and are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. Products and services within this reportable segment include high-performance flooring solutions, corrosion control and fireproofing coatings, infrastructure repair systems, fiberglass reinforced plastic gratings and drainage systems.

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. Our Consumer reportable segment products are primarily sold directly to mass merchandisers, home improvement centers, hardware stores, paint stores, craft shops and through distributors. The Consumer reportable segment offers products that include specialty, hobby and professional paints; caulks; adhesives; silicone sealants and wood stains. Sales to The Home Depot, Inc. represented less than 10% of our consolidated net sales for fiscal 2020, 2019 and 2018, respectively. Furthermore, sales to The Home Depot, Inc. represented 26%, 29% and 28% of our Consumer segment net sales for each of the fiscal years ended May 31, 2020, 2019 and 2018, respectively.

Our SPG reportable segment products are sold throughout North America and a few international locations, primarily in Europe. Our SPG product lines are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. The SPG reportable segment offers products that include industrial cleaners, restoration services equipment, colorants, nail enamels, exterior finishes, edible coatings and specialty glazes for pharmaceutical and food industries, and other specialty original equipment manufacturer ("OEM") coatings.

In addition to our four 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 any 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 and identifiable assets.

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, (In thousands)	2020	2019	2018
Net Sales			
CPG	\$ 1,880,105	\$ 1,899,744	\$ 1,837,280
PCG	1,080,701	1,136,119	1,088,606
Consumer	1,945,220	1,858,453	1,722,220
SPG	600,968	670,235	673,537
Total	\$ 5,506,994	\$ 5,564,551	\$ 5,321,643
Income (Loss) Before Income Taxes			
CPG	\$ 209,663	\$ 178,823	\$ 174,032
PCG	102,345	77,388	112,614
Consumer	198,024	217,448	171,872
SPG	57,933	86,018	107,455
Corporate/Other	(160,201)	(219,832)	(148,925)
Total	\$ 407,764	\$ 339,845	\$ 417,048
Identifiable Assets			
CPG	\$ 1,622,632	\$ 1,573,329	\$ 1,531,485
PCG	925,569	951,644	974,104
Consumer	2,067,017	1,953,279	1,833,372
SPG	728,449	689,133	684,254
Corporate/Other	287,287	273,970	248,607
Total	\$ 5,630,954	\$ 5,441,355	\$ 5,271,822
Capital Expenditures			
CPG	\$ 63,393	\$ 40,119	\$ 39,368
PCG	23,868	22,158	22,102
Consumer	47,331	45,039	38,341
SPG	21,610	28,006	14,213
Corporate/Other	1,077	1,435	595
Total	\$ 157,279	\$ 136,757	\$ 114,619
Depreciation and Amortization			
CPG	\$ 46,491	\$ 44,150	\$ 41,538
PCG	23,850	27,116	21,394
Consumer	56,570	40,231	36,744
SPG	24,111	25,199	23,085
Corporate/Other	5,820	5,046	5,738
Total	\$ 156,842	\$ 141,742	\$ 128,499

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2020, 2019, 2018

Year Ended May 31, 2020	CPG Segment	PCG Segment	Consumer Segment	SPG Segment	Consolidated
<i>(In thousands)</i>					
Net Sales (based on shipping location) (a)					
United States	\$ 1,068,552	\$ 656,162	\$ 1,573,966	\$ 489,543	\$ 3,788,223
Foreign					
Canada	159,986	71,689	116,424	8,354	356,453
Europe	418,249	247,904	195,783	74,162	936,098
Latin America	151,099	32,471	24,909	1,328	209,807
Asia Pacific	73,629	24,622	26,432	27,581	152,264
Other Foreign	8,590	47,853	7,706	-	64,149
Total Foreign	811,553	424,539	371,254	111,425	1,718,771
Total	\$ 1,880,105	\$ 1,080,701	\$ 1,945,220	\$ 600,968	\$ 5,506,994

Year Ended May 31, 2019	CPG Segment	PCG Segment	Consumer Segment	SPG Segment	Consolidated
<i>(In thousands)</i>					
Net Sales (based on shipping location) (a)					
United States	\$ 1,003,227	\$ 667,402	\$ 1,462,446	\$ 543,429	\$ 3,676,504
Foreign					
Canada	181,089	82,897	117,305	8,908	390,199
Europe	477,761	251,600	213,466	86,197	1,029,024
Latin America	155,039	34,588	28,020	1,397	219,044
Asia Pacific	81,895	36,498	29,171	30,304	177,868
Other Foreign	733	63,134	8,045	-	71,912
Total Foreign	896,517	468,717	396,007	126,806	1,888,047
Total	\$ 1,899,744	\$ 1,136,119	\$ 1,858,453	\$ 670,235	\$ 5,564,551

Year Ended May 31, 2018	CPG Segment	PCG Segment	Consumer Segment	SPG Segment	Consolidated
<i>(In thousands)</i>					
Net Sales (based on shipping location) (a)					
United States	\$ 938,062	\$ 628,177	\$ 1,325,509	\$ 540,286	\$ 3,432,034
Foreign					
Canada	166,600	83,607	106,460	8,682	365,349
Europe	485,583	241,639	221,484	91,712	1,040,418
Latin America	160,010	37,849	27,834	1,514	227,207
Asia Pacific	82,856	29,856	32,492	31,343	176,547
Other Foreign	4,169	67,478	8,441	-	80,088
Total Foreign	899,218	460,429	396,711	133,251	1,889,609
Total	\$ 1,837,280	\$ 1,088,606	\$ 1,722,220	\$ 673,537	\$ 5,321,643

Year Ended May 31,	2020	2019	2018
<i>(In thousands)</i>			
Long-Lived Assets (b)			
United States	\$ 2,146,333	\$ 1,859,628	\$ 1,807,046
Foreign			
Canada	224,177	242,582	139,259
Europe	358,511	343,501	361,317
United Kingdom	252,185	217,414	230,071
Other Foreign	195,425	225,230	241,301
Total Foreign	1,030,298	1,028,727	971,948
Total	\$ 3,176,631	\$ 2,888,355	\$ 2,778,994

(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 5 — QUARTERLY INFORMATION (UNAUDITED)

The following is a summary of the quarterly results of operations for the years ended May 31, 2020 and 2019:

<i>(In thousands, except per share amounts)</i>	For Quarter Ended			
	August 31	November 30	February 29	May 31
2020				
Net Sales	\$ 1,472,764	\$ 1,401,292	\$ 1,173,976	\$ 1,458,962
Gross Profit	\$ 574,754	\$ 529,398	\$ 434,747	\$ 553,956
Net Income Attributable to				
RPM International Inc. Stockholders (a)	\$ 106,188	\$ 77,030	\$ 11,853	\$ 109,314
Basic Earnings Per Share	\$ 0.82	\$ 0.60	\$ 0.09	\$ 0.85
Diluted Earnings Per Share	\$ 0.82	\$ 0.59	\$ 0.09	\$ 0.84
Dividends Per Share	\$ 0.350	\$ 0.360	\$ 0.360	\$ 0.360

<i>(In thousands, except per share amounts)</i>	For Quarter Ended			
	August 31	November 30	February 28	May 31
2019				
Net Sales	\$ 1,459,989	\$ 1,362,531	\$ 1,140,630	\$ 1,601,401
Gross Profit	\$ 549,353	\$ 493,731	\$ 409,422	\$ 635,814
Net Income Attributable to				
RPM International Inc. Stockholders (b)	\$ 69,764	\$ 49,224	\$ 14,190	\$ 133,380
Basic Earnings Per Share	\$ 0.52	\$ 0.37	\$ 0.11	\$ 1.03
Diluted Earnings Per Share	\$ 0.52	\$ 0.37	\$ 0.11	\$ 1.02
Dividends Per Share	\$ 0.320	\$ 0.350	\$ 0.350	\$ 0.350

(a) Reflects inventory-related charges of \$28.8 million in our Consumer reportable segment resulting from SKU rationalization, excess and obsolescence, and exiting unprofitable product lines and regions and \$3.2 million in our PCG segment resulting from the exit of unprofitable product lines and regions. Also reflects restructuring charges totaling \$33.1 million that were incurred throughout fiscal 2020, as further described in Note B, "Restructuring".

(b) Reflects inventory-related charges of \$10.5 million in our Consumer reportable segment resulting from more proactive management of inventory and \$9.0 million and \$1.0 million in inventory reductions related to restructuring activities in our PCG and CPG reportable segments, respectively. Also reflects restructuring charges totaling \$42.3 million that were incurred throughout fiscal 2019, as further described in Note B, "Restructuring".

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. In addition, during the first quarter of fiscal 2020, we changed our method of accounting for shipping and handling costs, which we have identified as costs paid to third-party shippers for transporting products to customers. Under the new method of accounting, we include shipping costs in cost of sales, whereas previously, they were included in SG&A expense. This change in accounting principle has been applied retrospectively, and the Consolidated Statements of Income amounts presented in the table above for both fiscal 2020 and fiscal 2019 reflect the effect of this accounting principle change.

Management's Report on Internal Control Over Financials 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 statements preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may be inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of RPM's internal control over financial reporting as of May 31, 2020. In making this assessment, management used 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, 2020, RPM's internal control over financial reporting is effective.

The independent registered public accounting firm Deloitte & Touche LLP, has also audited the Company's internal control over financial reporting as of May 31, 2020, and their report thereon is included below

/s/ Frank C. Sullivan

Frank C. Sullivan

Chairman, President and Chief Executive Officer

/s/ Russell L. Gordon

Russell L. Gordon

Vice President and Chief Financial Officer

July 27, 2020

Reports of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of RPM International, Inc.

Opinion on Internal Control Over Financials Reporting

We have audited the internal control over financial reporting of RPM International Inc. and subsidiaries (the “Company”) as of May 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of May 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended May 31, 2020, of the Company and our report dated July 27, 2020, expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the Company’s change in accounting principle over the classification of shipping and handling costs.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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.

Definition and Limitations of Internal Control over Financial Reporting

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.

/s/ Deloitte & Touche LLP

Cleveland, Ohio

July 27, 2020

Reports of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of RPM International, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of RPM International Inc. and subsidiaries (the "Company") as of May 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, cash flows, and stockholders' equity, for each of the three years in the period ended May 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of May 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended May 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of May 31, 2020, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated July 27, 2020, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Change in Accounting Principle

As discussed in Note A to the financial statements, the Company has elected to change its method of accounting to reclassify shipping costs for transporting products to customers from selling, general and administrative to cost of sales in the fiscal year ended May 31, 2020. This change in accounting principle has been retrospectively applied to the consolidated financial statements for the fiscal years ended May 31, 2019 and 2018.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill – Units – Refer to Note C to the consolidated financial statements

Critical Audit Matter Description

The Company's evaluation of goodwill for impairment involves the comparison of the fair value of each reporting unit to their carrying values. The Company determines the fair value of its reporting units using a combination of the income and the market approaches. The determination of the fair value using the income approach requires management to make significant estimates and assumptions related to forecasts of future revenues, operating margins, and discount rates. The determination of the fair value using the market approach requires management to make significant assumptions related to earnings before interest, taxes, depreciation, and amortization (EBITDA) and EBITDA multiples. Changes in these assumptions could have significant impacts on either the fair value, the amount of any goodwill impairment charge, or both. The goodwill balance was \$1,250 million as of May 31, 2020. The fair value of all reporting units exceeded the carrying values as of the measurement date and, therefore, no impairment was recognized.

We identified goodwill as a critical audit matter because of the significant judgments made by management to estimate the fair value of the reporting units and the difference between its fair value and carrying value. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to selection of the discount rate and forecasts of future revenue and operating margin, and EBITDA multiples.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the forecasts of future revenues, operating margin, discount rate, and the selection of EBITDA multiples for the reporting units included the following, amongst others:

- We tested the effectiveness of controls over management's goodwill impairment evaluation, including those over the determination of the fair value, such as controls related to management's selection of the discount rate and forecasts of future revenue and operating margins, and EBITDA multiples.
- We evaluated management's ability to accurately forecast future revenues, operating margins, and EBITDA by comparing actual results to management's historical forecasts.
- We evaluated the reasonableness of management's revenue and operating margin forecasts by comparing the forecasts to (1) historical revenues, operating margins, and EBITDA (2) internal communications to management and the Board of Directors, and (3) forecasted information included in Company press releases as well as in analyst and industry reports for the Company and certain of its peer companies.
- With the assistance of our internal fair value specialists, we evaluated the reasonableness of the valuation methods and discount rate by (1) testing the source information underlying the determination of the discount rate and the mathematical accuracy of the calculation and (2) developing a range of independent estimates and comparing those to the discount rate selected by management.
- With the assistance of our fair value specialists, we evaluated the EBITDA multiples, including testing the underlying source information and mathematical accuracy of the calculations, and comparing the multiples selected by management to its guideline companies.
- With the assistance of our internal fair value specialists, we evaluated the reasonableness of the weighting management applied to each valuation method and the resulting fair value derived.
- We evaluated the impact of changes in management's forecasts from the March 1, 2020, annual measurement date to May 31, 2020, inclusive of macroeconomic factors.

/s/ Deloitte & Touche LLP

Cleveland, Ohio

July 27, 2020

We have served as the Company's auditor since 2016.

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

None.

Item 9A. Controls and Procedures.

(a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15) as of May 31, 2020 (the “Evaluation Date”), have concluded that as of the Evaluation Date, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports we file or submit under the Exchange Act (1) is recorded, processed, summarized and reported, within the time periods specified in the Commission’s rules and forms, and (2) is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosure.

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

Management’s Report on Internal Control Over Financial Reporting and the attestation report of Deloitte & Touche LLP, our independent registered public accounting firm, are set [above].

(c) Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting that occurred during the fourth fiscal quarter ended May 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information required by this Item 10 as to our Directors appears under the caption “Proposal One - Election of Directors” in our 2020 Proxy Statement, which information is incorporated herein by reference. Information required by Item 405 of Regulation S-K is set forth in the 2020 Proxy Statement under the heading “Section 16(a) Beneficial Ownership Reporting Compliance,” which information is incorporated herein by reference. Information required by Items 406, 407(c)(3), 407(d)(4) and 407(d)(5) of Regulation S-K is set forth in the 2020 Proxy Statement under the heading “Information Regarding Meetings and Committees of the Board of Directors,” which information is incorporated herein by reference.

The Charters of the Audit Committee, Compensation Committee and Governance and Nominating Committee, the Corporate Governance Guidelines and “The Values & Expectations of 168” (our code of business conduct and ethics) are available on our website at www.rpminc.com and in print to any stockholder who requests a copy. Requests for copies should be directed to Manager of Investor Relations, RPM International Inc., P.O. Box 777, Medina, Ohio 44258. We intend to disclose any amendments to our code of business conduct and ethics, and any waiver of our code of business conduct and ethics granted to any of our Directors or Executive Officers on our website.

The name, age and positions of each of our Executive Officers as of July 20, 2020 are as follows:

Name	Age	Position and Offices Held
Frank C. Sullivan	59	Chairman, President and Chief Executive Officer
Russell L. Gordon	54	Vice President and Chief Financial Officer
Edward W. Moore	63	Senior Vice President, General Counsel and Chief Compliance Officer
Janeen B. Kastner	53	Vice President - Corporate Benefits and Risk Management
Matthew T. Ratajczak	52	Vice President - Global Tax and Treasurer
Keith R. Smiley	58	Vice President - Finance and Controller
Michael H. Sullivan	58	Vice President - Operations and Chief Restructuring Officer

Frank C. Sullivan was elected Chairman of the Board in 2008 and Chief Executive Officer in 2002. From 1999 to 2008, Mr. Sullivan served as our President, and again was elected President in 2018, and was Chief Operating Officer from 2001 to 2002. From 1995 to 1999, Mr. Sullivan served as Executive Vice President, and was Chief Financial Officer from 1993 to 1999. Mr. Sullivan served as a Vice President from 1991 to 1995. Prior thereto, he served as our Director of Corporate Development from 1989 to 1991. Mr. Sullivan served as Regional Sales Manager from 1987 to 1989 of AGR Company, an Ohio General Partnership formerly owned by us. Prior thereto, Mr. Sullivan was employed by First Union National Bank from 1985 to 1987 and Harris Bank from 1983 to 1985.

Russell L. Gordon was elected Vice President and Chief Financial Officer in 2012. Prior to that time, Mr. Gordon was the Company’s Vice President – Corporate Planning from 2007 to 2012. Mr. Gordon joined the Company as Director of Corporate Development in 1995. Prior to joining the Company, Mr. Gordon held various financial positions in corporate treasury and control as well as in the Specialty Chemicals Division of Goodrich Corporation. He previously was an industrial engineer at VLSI Technology Inc.

Edward W. Moore was elected Senior Vice President, General Counsel, Chief Compliance Officer and Secretary in 2013. He had been the Company’s Vice President, General Counsel and Secretary since 2007, adding the title of Chief Compliance Officer in 2011. From 1982 to 1989, Mr. Moore was an associate attorney, and from 1990 to 2006, a partner at Calfee, Halter & Griswold LLP. While at Calfee, Mr. Moore served in various capacities, including as a member of the Executive Committee, Chair of the Associates Committee, and Co-Chair of the Securities and Capital Markets Group.

Janeen B. Kastner was elected Vice President — Corporate Benefits and Risk Management in 2007. Ms. Kastner had been our Director of Human Resources and Administration since 2000. Ms. Kastner joined the Company in 1997 as Manager of Benefits and Insurance. Prior to joining the Company, Ms. Kastner was a pension plan consultant with Watson Wyatt & Co.

Matthew T. Ratajczak was elected Vice President – Global Tax and Treasurer in 2012. In addition to the duties of that office, Mr. Ratajczak is also currently leading the Company’s Investor Relations function. Mr. Ratajczak joined the Company as director of taxes in 2004 and was elected Vice President – Global Taxes in 2005. Prior to joining the Company, he was Director of Global Tax for Noveon, Inc., a specialty chemicals company, and began his career with Ernst & Young LLP.

Keith R. Smiley was elected Vice President – Finance and Controller in 2012. Prior to that time, Mr. Smiley was the Company’s Vice President – Treasurer and Assistant Secretary since 1999 and served as Treasurer of the Company since 1997. From 1993 to 1997, Mr. Smiley was the Company’s Controller. Prior to joining the Company, he was associated with Ciulla, Smith and Dale, LLP, an accounting firm.

Michael H. Sullivan was appointed as Vice President – Operations and Chief Restructuring Officer in June 2019. Mr. Sullivan began his career as a consultant with Bain & Company, before joining Temple-Inland Inc. (now International Paper) and, later, Exel Logistics plc in increasing leadership capacities within the areas of manufacturing, operations, supply chain and finance. He has spent the past decade in global management consulting with Axia (now Accenture Strategy), Corven Consulting, Ltd. (now Oliver Wyman) and, most recently, AlixPartners, with a focus on manufacturing and operations.

Item 11. *Executive Compensation.*

The information required by this item is set forth in the 2020 Proxy Statement under the headings “Executive Compensation” and “Director Compensation,” which information is incorporated herein by reference.

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

The information required by this item is set forth in the 2020 Proxy Statement under the headings “Stock Ownership of Principal Holders and Management” and “Equity Compensation Plan Information,” which information is incorporated herein by reference.

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

The information required by this item is set forth in the 2020 Proxy Statement under the headings “Related Person Transactions” and “Information Regarding Meetings and Committees of the Board of Directors,” which information is incorporated herein by reference.

Item 14. *Principal Accountant Fees and Services.*

The information required by this item is set forth in the 2020 Proxy Statement under the heading “Independent Registered Public Accounting Firm Services and Related Fee Arrangements,” which information is incorporated herein by reference.

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this report:

1. Financial Statements. The following financial statements are included in Part II, Item 8:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets —
May 31, 2020 and 2019

Consolidated Statements of Income —
fiscal years ended May 31, 2020, 2019, and 2018

Consolidated Statements of Comprehensive Income —
fiscal years ended May 31, 2020, 2019, and 2018

Consolidated Statements of Cash Flows —
fiscal years ended May 31, 2020, 2019, and 2018

Consolidated Statements of Stockholders' Equity —
fiscal years ended May 31, 2020, 2019, and 2018

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

2. Financial Statement Schedules. Schedule II Valuation and Qualifying Accounts and Reserves for each of the three years in the period ended May 31, 2020

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

3. Exhibits. The Exhibits listed on the accompanying index to exhibits are filed as part of this Annual Report on Form 10-K.

RPM INTERNATIONAL INC.

Exhibit Index

Exhibit Number	Description	Incorporated by reference herein	
		Form	Date
3.1	Amended and Restated Certificate of Incorporation of the Company	Registration Statement on Form S-8 (File No. 333-101501)	November 27, 2002
3.2	Amended and Restated By-Laws of the Company	Current Report on Form 8-K (File No. 001-14187)	April 27, 2009
4.1	Specimen Certificate of Common Stock, par value \$0.01 per share, of the Company	Registration Statement on Form S-8 (File No. 333-101501)	November 27, 2002
4.2	Indenture, dated as of February 14, 2008, between the Company, as issuer, and The Bank of New York Trust Company, as trustee	Registration Statement on Form S-3 (File No. 333-173395)	April 8, 2011
4.3	Officers' Certificate and Authentication Order dated October 23, 2012 for the 3.450% Notes due 2022 (which includes the form of Note) issued pursuant to the Indenture, dated as of February 14, 2008, between the Company and The Bank of New York Mellon Trust Company, N.A.	Current Report on Form 8-K (File No. 001-14187)	October 23, 2012
4.4	Indenture, dated as of April 8, 2014, between the Company and Wells Fargo Bank, National Association	Registration Statement on Form S-3 (File No. 333-195132)	April 8, 2014
4.5	Officers' Certificate and Authentication Order dated May 29, 2015 for the 5.250% Notes due 2045 (which includes the form of Note) issued pursuant to the Indenture dated as of April 8, 2014, between the Company and Wells Fargo Bank, National Association	Current Report on Form 8-K (File No. 001-14187)	May 29, 2015
4.6	Officers' Certificate and Authentication Order dated March 2, 2017 for the 5.250% Notes due 2045 (which includes the form of Note) issued pursuant to the Indenture dated as of April 8, 2014, between the Company and Wells Fargo Bank, National Association	Current Report on Form 8-K (File No. 001-14187)	March 3, 2017
4.7	Officers' Certificate and Authentication Order dated March 2, 2017 for the 3.750% Notes due 2027 (which includes the form of Note) issued pursuant to the Indenture dated as of April 8, 2014, between the Company and Wells Fargo Bank, National Association	Current Report on Form 8-K (File No. 001-14187)	March 3, 2017
4.8	Officers' Certificate and Authentication Order dated December 20, 2017 for the 4.250% Notes due 2048 (which includes the form of Note) issued pursuant to the Indenture dated as of April 8, 2014, between the Company and Wells Fargo Bank, National Association	Current Report on Form 8-K (File No. 001-14187)	December 20, 2017
4.9	Officers' Certificate and Authentication Order dated February 27, 2019 for the 4.550% Notes due 2029 (which includes the form of Note) issued pursuant to the Indenture dated as of April 8, 2014 between the Company and Wells Fargo Bank, National Association.	Current Report on Form 8-K (File No. 001-14187)	February 28, 2019
4.10	Description of Securities	Annual Report on Form 10-K (File No. 01-14187)	July 24, 2019

Exhibit Number	Description	Incorporated by reference herein	
		Form	Date
10.1	Credit Agreement among RPM International Inc., the Borrowers party thereto, the Lenders party thereto and PNC Bank, National Association, as Administrative Agent, dated October 31, 2018	Current Report on Form 8-K (File No. 001-14187)	November 6, 2018
10.1.1	First Amendment to Credit Agreement among RPM International Inc., the Borrowers party thereto, the Lenders party thereto and PNC Bank, National Association, as Administrative Agent, dated October 31, 2018 (x)		
10.2	Credit Agreement among RPM International Inc., RPM New Horizons Netherlands B.V., the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent, dated February 21, 2020	Current Report on Form 8-K (File No. 001-14187)	February 27, 2020
10.2.1	First Amendment to Credit Agreement among RPM International Inc., RPM New Horizons Netherlands B.V., the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent, dated February 21, 2020 (x)		
10.3	Second Amended and Restated Receivables Sales Agreement dated May 9, 2014	Current Report on Form 8-K (File No. 001-14187)	May 15, 2014
10.3.1	Amendment No. 1 to Second Amended and Restated Receivables Sale Agreement, dated as of August 29, 2014	Quarterly Report on Form 10-Q (File No. 001-14187)	January 6, 2016
10.3.2	Amendment No. 2 to Second Amended and Restated Receivables Sale Agreement, dated as of November 3, 2015	Quarterly Report on Form 10-Q (File No. 001-14187)	January 6, 2016
10.3.3	Amendment No. 3 to Second Amended and Restated Receivables Sale Agreement, dated as of December 31, 2016	Quarterly Report on Form 10-Q (File No. 001-14187)	April 6, 2017
10.3.4	Amendment No. 4 to Second Amended and Restated Receivables Sale Agreement, dated as of March 31, 2017 (x)		
10.3.5	Amendment No. 5 to Second Amended and Restated Receivables Sale Agreement, dated as of June 18, 2018 (x)		
10.3.6	Amendment No. 6 to Second Amended and Restated Receivables Sale Agreement, dated as of December 26, 2019	Quarterly Report on Form 10-Q (File No. 001-14187)	April 8, 2020
10.3.7	Amendment No. 7 to Second Amended and Restated Receivables Sale Agreement, dated as of June 5, 2020 (x)		
10.4	Amended and Restated Receivables Purchase Agreement, dated May 9, 2014	Current Report on Form 8-K (File No. 001-14187)	May 15, 2014
10.4.1	Amendment No. 1 to Amended and Restated Receivables Purchase Agreement, dated as of February 25, 2015	Quarterly Report on Form 10-Q (File No. 001-14187)	April 8, 2015
10.4.2	Amendment No. 2 to Amended and Restated Receivables Purchase Agreement, dated as of May 2, 2017	Current Report on Form 8-K (File No. 001-14187)	May 8, 2017
10.4.3	Amendment No. 3 to Amended and Restated Receivables Purchase Agreement, dated as of June 18, 2018 (x)		
10.4.4	Amendment No. 4 to Amended and Restated Receivables Purchase Agreement, dated as of May 8, 2020 (x)		

Exhibit Number	Description	Incorporated by reference herein	
		Form	Date
10.4.5	Amendment No. 5 to Amended and Restated Receivables Purchase Agreement, dated as of May 22, 2020 (x)		
10.5	Amended and Restated Fee Letter, dated May 9, 2014	Current Report on Form 8-K (File No. 001-14187)	May 15, 2014
*10.6	Amended and Restated Employment Agreement, effective December 31, 2008, by and between the Company and Frank C. Sullivan, Chairman and Chief Executive Officer	Quarterly Report on Form 10-Q (File No. 001-14187)	April 9, 2009
*10.7	Amended and Restated Employment Agreement, by and between the Company and Edward W. Moore, Vice President, General Counsel and Chief Compliance Officer	Quarterly Report on Form 10-Q (File No. 001-14187)	October 7, 2011
*10.8	Form of Indemnification Agreement entered into by and between the Company and each of its Directors and Executive Officers	Quarterly Report on Form 10-Q (File No. 001-14187)	January 13, 2003
*10.9	RPM International Inc. Benefit Restoration Plan	Annual Report on Form 10-K (File No. 001-14187)	August 29, 2001
*10.9.1	Amendment No. 1 to the RPM International Inc. Benefit Restoration Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	April 14, 2003
*10.9.2	Amendment No. 2 to RPM International Inc. Benefit Restoration Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	January 13, 2003
*10.10	RPM International Inc. Deferred Compensation Plan, as Amended and Restated Generally, effective January 1, 2005	Quarterly Report on Form 10-Q (File No. 001-14187)	April 9, 2009
*10.10.1	Master Trust Agreement for RPM International Inc. Deferred Compensation Plan	Annual Report on Form 10-K (File No. 001-14187)	August 29, 2002
10.11	Second Amendment and Restated Collection Account Agreement, dated July 29, 2010	Quarterly Report on Form 10-Q (File No. 001-14187)	October 6, 2010
*10.12	RPM, Inc. 1997 Restricted Stock Plan, and Form of Acceptance and Escrow Agreement to be used in connection therewith	Quarterly Report on Form 10-Q (File No. 001-14187)	January 13, 2003
*10.12.1	First Amendment to the RPM, Inc. 1997 Restricted Stock Plan, effective as of October 1, 1998	Annual Report on Form 10-K (File No. 001-14187)	August 29, 2002
*10.12.2	Second Amendment to the RPM, Inc. 1997 Restricted Stock Plan	Annual Report on Form 10-K (File No. 001-14187)	August 29, 2002
*10.12.3	Third Amendment to the RPM, Inc. 1997 Restricted Stock Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	January 13, 2003
*10.12.4	Fourth Amendment to the RPM International Inc. 1997 Restricted Stock Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	April 14, 2003
*10.12.5	Fifth Amendment to the RPM International Inc. 1997 Restricted Stock Plan	Annual Report on Form 10-K (File No. 001-14187)	August 16, 2004
*10.12.6	Sixth Amendment to the RPM International Inc. 1997 Restricted Stock Plan	Annual Report on Form 10-K (File No. 001-14187)	July 30, 2007
*10.12.7	Seventh Amendment to the RPM International Inc. 1997 Restricted Stock Plan, effective December 31, 2008	Quarterly Report on Form 10-Q (File No. 001-14187)	April 9, 2009
*10.13	RPM International Inc. 2003 Restricted Stock Plan for Directors	Quarterly Report on Form 10-Q (File No. 001-14187)	January 14, 2004

Exhibit Number	Description	Incorporated by reference herein	
		Form	Date
*10.13.1	Amendment No. 1 to the RPM International Inc. 2003 Restricted Stock Plan for Directors	Annual Report on Form 10-K (File No. 001-14187)	July 30, 2007
*10.13.2	Amendment No. 2 to the RPM International Inc. 2003 Restricted Stock Plan for Directors, effective December 31, 2008	Quarterly Report on Form 10-Q (File No. 001-14187)	April 9, 2009
*10.14	RPM International Inc. Amended and Restated 2004 Omnibus Equity and Incentive Plan, effective July 21, 2009	Definitive Proxy Statement (File No. 001-14187)	August 27, 2009
*10.14.1	Form of Performance-Earned Restricted Stock (PERS) and Escrow Agreement (for grants prior to October 10, 2008)	Annual Report on Form 10-K (File No. 001-14187)	August 15, 2005
*10.14.2	Form of Stock Appreciation Rights Agreement (for grants prior to October 10, 2008)	Quarterly Report on Form 10-Q (File No. 001-14187)	October 6, 2005
*10.14.3	Form of Performance-Contingent Restricted Stock (PCRS) and Escrow Agreement	Quarterly Report on Form 10-Q (File No. 001-14187)	January 7, 2011
*10.14.4	Form of Performance-Earned Restricted Stock (PERS) and Escrow Agreement	Quarterly Report on Form 10-Q (File No. 001-14187)	January 8, 2009
*10.14.5	Form of Stock Appreciation Rights Agreement	Quarterly Report on Form 10-Q (File No. 001-14187)	January 8, 2009
*10.15	RPM International Inc. 2007 Restricted Stock Plan	Current Report on Form 8-K (File No. 001-14187)	October 12, 2006
*10.15.1	Amendment No. 1 to the RPM International Inc. 2007 Restricted Stock Plan, effective December 31, 2008	Quarterly Report on Form 10-Q (File No. 001-14187)	April 9, 2009
*10.16	RPM International Inc. Amended and Restated Incentive Compensation Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	October 9, 2007
*10.17	Amended and Restated Employment Agreement, effective December 31, 2008, by and between the Company and Russell L. Gordon, Vice President and Chief Financial Officer	Annual Report on Form 10-K (File No. 001-14187)	July 24, 2013
10.18	Settlement Term Sheet, dated July 26, 2014, by and among the Company, Bondex, SPHC, Republic, the Asbestos Claimants' Committee, counsel for each member of the Asbestos Claimant's Committee in its individual capacity and on behalf of such member, and Eric Green, in his capacity as the Future Claimants' Representative	Current Report on Form 8-K (File No. 001-14187)	July 31, 2014
*10.19	RPM International Inc. 2014 Omnibus Equity and Incentive Plan, effective October 10, 2014	Definitive Proxy Statement (File No. 001-14187)	August 26, 2014
*10.19.1	Amended and Restated RPM International Inc. 2014 Omnibus Equity and Incentive Plan, effective October 4, 2018	Definitive Proxy Statement (File No. 001-14187)	August 30, 2018
*10.19.2	Amended and Restated RPM International Inc. 2014 Omnibus Equity and Incentive Plan, effective October 3, 2019	Definitive Proxy Statement (File No. 001-14187)	August 27, 2019
10.20	Plan of Reorganization	Current Report on Form 8-K (File No. 001-14187)	December 23, 2014
*10.21	Amended and Restated Employment Agreement, effective December 31, 2008, by and between the Company and Janeen B. Kastner, Vice President – Corporate Benefits and Risk Management	Quarterly Report on Form 10-Q (File No. 001-14187)	October 7, 2015

Exhibit Number	Description	Incorporated by reference herein	
		Form	Date
10.22	Cooperation Agreement, dated as of June 27, 2018, by and among the Company, Elliott Associates, L.P., Elliott International, L.P., and Elliott International Capital Advisors Inc.	Current Report on Form 8-K (File No. 001-14187)	June 28, 2018
*10.23	Amended and Restated Employment Agreement, effective December 31, 2008, by and between the Company and Keith R. Smiley, Vice President – Finance and Controller	Quarterly Report on Form 10-Q (File No. 001-14187)	October 3, 2019
21.1	Subsidiaries of the Company (x)		
23.1	Consent of Independent Registered Public Accounting Firm (x)		
31.1	Rule 13a-14(a) Certification of the Company’s Chief Executive Officer (x)		
31.2	Rule 13a-14(a) Certification of the Company’s Chief Financial Officer (x)		
32.1	Section 1350 Certification of the Company’s Chief Executive Officer (xx)		
32.2	Section 1350 Certification of the Company Chief Financial Officer (xx)		
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.		
101.SCH	Inline XBRL Taxonomy Extension Schema Document.		
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.		
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.		
101.CAL	Incline XBRL Taxonomy Extension Calculation Linkbase Document.		
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.		
104	Cover page Interactive Data File		

* Management contract or compensatory plan or arrangement.

(x) Filed herewith.

(xx) Furnished herewith.

SIGNATURES

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

RPM INTERNATIONAL INC.

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

Date: July 27, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities indicated this 27th day of July, 2020.

<u>Signature</u>	<u>Title</u>
<u>/s/ Frank C. Sullivan</u> Frank C. Sullivan	Chairman, President, Chief Executive Officer and a Director (Principal Executive Officer)
<u>/s/ Russell L. Gordon</u> Russell L. Gordon	Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/s/ Keith R. Smiley</u> Keith R. Smiley	Vice President-Finance and Controller (Principal Accounting Officer)
<u>/s/ Kirkland B. Andrews</u> Kirkland B. Andrews	Director
<u>/s/ John M. Ballbach</u> John M. Ballbach	Director
<u>/s/ Bruce A. Carbonari</u> Bruce A. Carbonari	Director
<u>/s/ David A. Daberko</u> David A. Daberko	Director
<u>/s/ Jenniffer D. Deckard</u> Jenniffer D. Deckard	Director
<u>/s/ Salvatore D. Fazzolari</u> Salvatore D. Fazzolari	Director
<u>/s/ Thomas S. Gross</u> Thomas S. Gross	Director
<u>/s/ Julie A. Lagacy</u> Julie A. Lagacy	Director
<u>/s/ Robert A. Livingston</u> Robert A. Livingston	Director
<u>/s/ Frederick R. Nance</u> Frederick R. Nance	Director
<u>/s/ William B. Summers, Jr.</u> William B. Summers, Jr.	Director

RPM International Inc. and Subsidiaries

Valuation And Qualifying Accounts and Reserves (Schedule II)

<i>(In thousands)</i>	Balance at Beginning of Period	Additions Charged to Selling, General and Administrative	Acquisitions (Disposals) of Businesses and Reclassifications	(Deductions) Additions	Balance at End of Period
Year Ended May 31, 2020					
Current:					
Allowance for doubtful accounts	\$ 54,748	\$ 16,683	\$ (79)	\$ (15,505) (1)	\$ 55,847
Accrued product liability reserves	\$ 11,739	\$ 5,356	\$ —	\$ (6,637) (2)	\$ 10,458
Accrued environmental reserves	\$ 1,147	\$ 1,168	\$ —	\$ (345) (2)	\$ 1,970
Noncurrent:					
Accrued product liability reserves	\$ 29,942	\$ 15,042	\$ —	(17,968) (2)	\$ 27,016
Accrued environmental reserves	\$ 4,211	\$ 371	\$ —	\$ (457)	\$ 4,125
Year Ended May 31, 2019					
Current:					
Allowance for doubtful accounts	\$ 46,344	\$ 18,646	\$ (131)	\$ (10,111) (1)	\$ 54,748
Accrued product liability reserves	\$ 12,900	\$ 12,696	\$ —	\$ (13,857) (2)	\$ 11,739
Accrued environmental reserves	\$ 1,144	\$ 875	\$ —	\$ (872) (2)	\$ 1,147
Noncurrent:					
Accrued product liability reserves	\$ 29,902	\$ 8,301	\$ —	(8,261) (2)	\$ 29,942
Accrued environmental reserves	\$ 3,571	\$ 895	\$ —	\$ (255)	\$ 4,211
Year Ended May 31, 2018					
Current:					
Allowance for doubtful accounts	\$ 44,138	\$ 4,487	\$ —	\$ (2,281) (1)	\$ 46,344
Accrued product liability reserves	\$ 14,932	\$ 6,169	\$ —	\$ (8,201) (2)	\$ 12,900
Accrued environmental reserves	\$ 1,102	\$ 413	\$ —	\$ (371) (2)	\$ 1,144
Noncurrent:					
Accrued product liability reserves	\$ 28,222	\$ 16,581	\$ —	(14,901) (2)	\$ 29,902
Accrued environmental reserves	\$ 1,747	\$ 5,350 (3)	\$ —	\$ (3,526)	\$ 3,571

(1) Uncollectible accounts written off, net of recoveries

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

(3) Approximately \$1.7 million of the additions are reflected in the line item entitled, "Restructuring Expense," in our Consolidated Statements of Income.

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this “**Amendment**”), dated as of April 30, 2020, is made by and among RPM INTERNATIONAL INC., a Delaware corporation (the “**Company**”), RPM ENTERPRISES, INC., a Delaware corporation (“**Enterprises**”), RPM LUX HOLDCO S.À.R.L., a limited liability company formed under the laws of Luxembourg (“**RPM Lux**”), RPOW UK LIMITED, a limited company incorporated under the laws of England and Wales (“**RPOW-UK**”), RPM EUROPE HOLDCO B.V., a private company with limited liability formed under the laws of the Netherlands (“**RPM-Europe**”), RPM CANADA, a general partnership registered under the laws of the Province of Ontario (“**RPM Canada**”), TREMCO ILLBRUCK LIMITED, a limited company incorporated under the laws of England and Wales (“**Tremco illbruck**”), RPM CANADA COMPANY FINANCE ULC, an unlimited liability company organized under the laws of the Province of British Columbia, (“**RPM Canada Company**”), TREMCO ASIA PACIFIC PTY. LIMITED, a corporation incorporated under the laws of the Commonwealth of Australia (“**Tremco**”), RPM NEW HORIZONS NETHERLANDS B.V., a corporation incorporated under the laws of the Netherlands (“**RPM Netherlands**”), NEW VENTURES (UK) LIMITED, a limited company incorporated under the laws of England and Wales (“**New Ventures (UK)**”), RPM CH, G.P., a partnership organized under the laws of Delaware (“**RPM CH**”) (each of the foregoing referred to herein as a “Borrower” and collectively referred to as the “Borrowers”), the LENDERS (as defined in the Credit Agreement) and PNC BANK, NATIONAL ASSOCIATION, in its capacity as administrative agent for the Lenders (hereinafter referred to in such capacity as the “**Administrative Agent**”).

WITNESSETH:

WHEREAS, the Borrowers, the Lenders and the Administrative Agent are parties to that certain Credit Agreement, dated as of October 31, 2018 (the “**Credit Agreement**”); and

WHEREAS, the Borrowers have requested that the Administrative Agent and the Lenders make certain amendments and grant certain other accommodations all as hereinafter provided, and, subject to the terms and conditions hereof, the Administrative Agent and Lenders are willing to do so.

NOW, THEREFORE, the parties hereto, in consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, covenant and agree as follows:

1. Definitions. Except as set forth in this Amendment, defined terms used herein shall have the meanings given to them in the Credit Agreement and the rules of construction set forth in Section 1.2 [Construction] of the Credit Agreement shall apply to this Amendment.

2. Amendments to the Credit Agreement.

(a) Schedule 1.1(A) to the Credit Agreement is hereby amended and restated in its entirety in the form attached hereto as Schedule 1.1(A).

(b) Section 1.1. [Certain Definitions] of the Credit Agreement is hereby amended to add the following definitions in their respective appropriate alphabetical positions:

“Affected Financial Institution means (a) any EEA Financial Institution or (b) any UK Financial Institution.”

“Available Currencies shall mean, at any time, Dollars and all Optional Currencies at such time; individually, an “Available Currency”.

“Benchmark Replacement shall mean, with respect to any Available Currency, the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrowers for such Available Currency giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body with respect to such Available Currency or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the Euro Rate for (A) with respect to Dollar Loans under the Euro Rate Option, U.S. dollar-denominated syndicated credit facilities or (B) with respect to Optional Currency Loans, U.S. credit facilities providing for loans in such Optional Currency and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.”

“Benchmark Replacement Adjustment shall mean, with respect to any replacement of the Euro Rate for any Available Currency with an alternate benchmark rate for each applicable Interest Period for such Available Currency, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrowers (a) giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Euro Rate in such Available Currency with the applicable Benchmark Replacement for such Available Currency (excluding such spread adjustment) by the Relevant Governmental Body with respect to such Available Currency or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for such replacement of the Euro Rate for (A) with respect to Dollar Loans under the Euro Rate Option, U.S. dollar-denominated syndicated credit facilities at such time or (B) with respect to Optional Currency Loans, U.S. credit facilities providing for loans in such Optional Currency and (b) which may also reflect adjustments to account for (i) the effects of the transition from the Euro Rate for such Available Currency to the Benchmark Replacement for such Available Currency and (ii) yield- or risk-based differences between the Euro Rate and the Benchmark Replacement for such Available Currency.”

“Benchmark Replacement Conforming Changes shall mean, with respect to any Benchmark Replacement for any Available Currency, any

technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement for such Available Currency and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice in the United States (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).”

“Benchmark Replacement Date shall mean the earlier to occur of the following events with respect to the Euro Rate for any Available Currency:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Euro Rate for such Available Currency permanently or indefinitely ceases to provide the Euro Rate for such Available Currency; or

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.”

“Benchmark Transition Event shall mean the occurrence of one or more of the following events with respect to the Euro Rate for any Available Currency:

(1) a public statement or publication of information by or on behalf of the administrator of the Euro Rate for such Available Currency announcing that such administrator has ceased or will cease to provide the Euro Rate for such Available Currency, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Euro Rate for such Available Currency;

(2) a public statement or publication of information by an Official Body having jurisdiction over the Administrative Agent, the regulatory supervisor for the administrator of the Euro Rate for such Available Currency, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for the Euro Rate for such Available Currency, a resolution authority with jurisdiction over the

administrator for the Euro Rate for such Available Currency or a court or an entity with similar insolvency or resolution authority over the administrator for the Euro Rate for such Available Currency, which states that the administrator of the Euro Rate for such Available Currency has ceased or will cease to provide the Euro Rate for such Available Currency permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Euro Rate for such Available Currency; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the Euro Rate for such Available Currency or an Official Body having jurisdiction over the Administrative Agent announcing that the Euro Rate for such Available Currency is no longer representative.”

“Benchmark Unavailability Period means, with respect to any Available Currency, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Euro Rate for such Available Currency and solely to the extent that the Euro Rate for such Available Currency has not been replaced with a Benchmark Replacement, the period (x) beginning at the time that such Benchmark Replacement Date for such Available Currency has occurred if, at such time, no Benchmark Replacement for such Available Currency has replaced the Euro Rate for such Available Currency for all purposes hereunder in accordance with Section 4.4.4 and (y) ending at the time that a Benchmark Replacement for such Available Currency has replaced the Euro Rate for such Available Currency for all purposes hereunder pursuant to Section 4.4.4.”

“Beneficial Ownership Regulation shall mean 31 C.F.R. § 1010.230.”

“Covered Party shall have the meaning assigned to it in Section 12.19 [Acknowledgement Regarding Any Supported QFCs].”

“Delaware LLC shall mean any limited liability company organized or formed under the laws of the State of Delaware.”

“Delaware Divided LLC shall mean any Delaware LLC which has been formed upon consummation of a Delaware LLC Division.”

“Delaware LLC Division shall mean the statutory division of any Delaware LLC into two or more Delaware LLCs pursuant to Section 18-217 of the Delaware Limited Liability Company Act.”

“Early Opt-in Event shall mean a determination by the Administrative Agent that (a) with respect to Dollar Loans under the Euro Rate Option, U.S. dollar-denominated syndicated credit facilities being

executed at such time, or that include language similar to that contained in Section 4.4.4, are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the Euro Rate for loans in Dollars or (b) with respect to Optional Currency Loans, U.S. credit facilities providing for loans in such Optional Currency being executed at such time, or that include language similar to that contained in Section 4.4.4, are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the Euro Rate for loans in such Optional Currency.”

“Increased Net Leverage Ratio Period shall have the meaning specified in Section 8.2.8 [Maximum Leverage Ratio].”

“Increased Net Leverage Ratio Period Due to Material Acquisition shall have the meaning specified in Section 8.2.8 [Maximum Leverage Ratio].”

“Maximum Leverage Increase Notice shall mean a written notice from the Company to the Administrative Agent that the Company is electing the Increased Net Leverage Ratio Period; provided, however that such notice must be delivered on or before June 30, 2021 and provided further that within three (3) Business Days of delivering such Maximum Leverage Increase Notice, the Company will pay to the Administrative Agent for the account of each Lender according to its Ratable Share, a nonrefundable fee equal to ten (10) basis points multiplied by the Revolving Credit Commitments.”

“QFC Credit Support shall have the meaning assigned to it in Section 12.19 [Acknowledgement Regarding Any Supported QFCs].”

“Relevant Governmental Body shall mean (a) the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto and (b) with respect to Optional Currency Loans, the Persons named in clause (a) of this definition, or the comparable Official Body or other applicable Person for loans in such Optional Currency as determined by the Administrative Agent in its sole discretion.”

“Resolution Authority means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.”

“Supported QFC shall have the meaning assigned to it in Section 12.19 [Acknowledgement Regarding Any Supported QFCs].”

“Term Loan Credit Agreement shall mean that certain Credit Agreement, dated as of February 21, 2020, by and among certain of the Borrowers, certain of the Lenders, and PNC, as administrative agent for

such Lenders, pursuant to which such Lenders made available to certain of the Borrowers term loan credit facilities in the aggregate amount of \$400,000,000, as the same may from time to time be amended, supplemented, restated or otherwise modified from time to time. The Liens (if any) securing the Term Loan Credit Agreement shall be pari passu with the Liens (if any) securing all other Obligations under this Agreement and the other Loan Documents.”

“UK Financial Institution means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.”

“UK Resolution Authority means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.”

“U.S. Special Resolution Regimes shall have the meaning assigned to it in Section 12.19 [Acknowledgement Regarding Any Supported QFCs].”

(c) The following definitions contained in Section 1.1. [Certain Definitions] are hereby amended and restated in their entirety as follows:

“Bail-In Action means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.”

“Bail-In Legislation means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).”

“Certificate of Beneficial Ownership shall mean a certificate in form and substance acceptable to the Administrative Agent (as amended or modified by Administrative Agent from time to time in its sole discretion) regarding beneficial ownership required by the Beneficial Ownership

“Permitted Liens shall mean:

(i) Liens existing on the Closing Date and securing Indebtedness in an aggregate principal amount not exceeding \$25,000,000;

(ii) Liens existing on other assets at the date of acquisition thereof or which attach to such assets concurrently with or within 90 days after the acquisition thereof, securing Indebtedness incurred to finance the acquisition thereof in an aggregate principal amount at any time outstanding not exceeding \$75,000,000;

(iii) any Lien existing on any asset of any corporation at the time such corporation becomes a Consolidated Subsidiary of the Company or is merged or consolidated with or into the Company or one of its Consolidated Subsidiaries and not created in contemplation of such event;

(iv) any Lien arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by any Lien permitted by any of the foregoing clauses of this definition, provided that such Indebtedness is not increased and is not secured by any additional assets;

(v) other Liens arising in the ordinary course of the business of the Company or such Consolidated Subsidiary which are not incurred in connection with the borrowing of money or the obtaining of advances or credit, do not secure any obligation in an amount exceeding, individually or in the aggregate, the greater of (a) \$75,000,000 or (b) 10% of the Net Worth of the Company and do not materially detract from the value of its property or assets or materially impair the use thereof in the operation of its business, including in relation to a Netherlands Borrower, any Lien which arises under the general banking conditions of a bank in the Netherlands with which such Netherlands Borrower holds an account;

(vi) Liens not otherwise permitted by the foregoing clauses of this definition securing Indebtedness in an aggregate principal or face amount, together with Liens securing obligations made under item (v) above, at any date not to exceed the greater of (a) \$150,000,000 or (b) 10% of the Net Worth of the Company;

(vii) Liens incurred pursuant to receivables securitizations and related assignments and sales of any income or revenues (including Receivables), including Liens on the assets of any Receivables Subsidiary created pursuant to any receivables securitization and Liens granted by the Company and its other Consolidated Subsidiaries on Receivables in connection with the transfer thereof, or to secure obligations owing by them, in respect of any such receivables securitization; provided that the aggregate

principal amount of the investments and claims held at any time by all purchasers, assignees or other transferees of (or of interests in) Receivables from any Receivables Subsidiary, and other rights to payment held by such Persons, in all receivables securitizations shall not exceed \$500,000,000;

(viii) Liens imposed by any Official Body for Taxes (a) not yet due and delinquent or (b) which are being contested in good faith and by appropriate proceedings and, during such period during which amounts are being so contested, such Liens shall not be executed on or enforced against any of the assets of any Borrower, provided that such Borrower shall have set aside on its books reserves deemed adequate therefor and not resulting in qualification by auditors;

(ix) carrier's, warehousemen's, mechanics', materialmen's, repairmen's, construction and other like Liens arising by operation of applicable Law, arising in the ordinary course of business and securing amounts: (a) which are not overdue for a period of more than 30 days, or (b) which are being contested in good faith and by appropriate proceedings and, during such period during which amounts are being so contested, such Liens shall not be executed on or enforced against any of the assets of any Borrower, provided that such Borrower shall have set aside on its books reserves deemed adequate therefor and not resulting in qualification by auditors;

(x) statutory Liens incurred, or pledges or deposits made, under worker's compensation, employment insurance and other social security legislation;

(xi) undetermined or inchoate Liens and charges arising or potentially arising under statutory provisions which have not at the time been filed or registered in accordance with applicable Law or of which written notice has not been duly given in accordance with applicable Law or which although filed or registered, relate to obligations not due or delinquent;

(xii) investments made under the Cash Management Agreements or under cash management agreements with any other Lenders; and

(xiii) Liens (if any) in favor of PNC in its capacity as administrative agent, in connection with the Term Loan Credit Agreement."

"Write-Down and Conversion Powers means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution

Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.”

(d) The following new Section 1.4 is hereby added to the Credit Agreement immediately following Section 1.3:

“1.4 Euro Rate Notification. Section 4.4.4 [Administrative Agent’s and Lenders’ Rights] of this Agreement provides a mechanism for determining an alternative rate of interest in the event that one or more Relevant Interbank Market offered rates is no longer available or in certain other circumstances. The Administrative Agent does not warrant or accept any responsibility for and shall not have any liability with respect to, the administration, submission or any other matter related to any Relevant Interbank Market offered rate or other rates in the definition of “Euro Rate” or with respect to any alternative or successor rate thereto, or replacement rate therefor.”

(e) Section 4.9 [Successor Euro Rate Index] of the Credit Agreement is hereby amended and restated in its entirety as follows:

“4.9 Successor Euro Rate Index.

(i) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document, if the Administrative Agent determines that a Benchmark Transition Event or an Early Opt-in Event has occurred with respect to the Euro-Rate for any Available Currency, the Administrative Agent and the Borrowers may amend this Agreement to replace the Euro-Rate for such Available Currency with a Benchmark Replacement for such Available Currency; and any such amendment will become effective at 5:00 p.m. New York City time on the fifth (5th) Business Day after the Administrative Agent has provided such proposed amendment to all Lenders, so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders. Until the Benchmark Replacement with respect to the Euro-Rate for any Available Currency is effective, each advance, conversion and renewal of a Loan in such Available Currency under the Euro-Rate Option will continue to bear interest with reference to the Euro-Rate for such Available Currency; provided however, during a Benchmark Unavailability Period with respect to any Available Currency (i) any pending selection of, conversion to or renewal of a Loan in such Available Currency bearing interest under the Euro-Rate Option that

has not yet gone into effect shall be deemed to be a selection of, conversion to or renewal of the Base Rate Option with respect to such Loan in the Dollar Equivalent amount of such Loan, (ii) all outstanding Loans in such Available Currency bearing interest under the Euro-Rate Option shall automatically be (A) if in Dollars, converted to the Base Rate Option at the expiration of the existing Interest Period (or sooner, if Administrative Agent cannot continue to lawfully maintain such affected Loan under the Euro-Rate Option) (B) if in an Optional Currency, converted to a Loan in Dollars under the Base Rate Option in the Dollar Equivalent amount of such Loan at the expiration of the existing Interest Period (or sooner, if the Administrative Agent cannot continue to lawfully maintain such affected Loan under the Euro-Rate Option in such Optional Currency) and (iii) the component of the Base Rate based upon the Euro-Rate will not be used in any determination of the Base Rate.

(ii) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(iii) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrowers and the Lenders of (i) the implementation of any Benchmark Replacement, (ii) the effectiveness of any Benchmark Replacement Conforming Changes and (iii) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or the Lenders pursuant to this Section 4.9 including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 4.9.”

follows: (f) Section 6.1.4 [No Breach] of the Credit Agreement is hereby amended and restated in its entirety to read as

“6.1.4 No Breach. Neither the execution and delivery of this Agreement or the other Loan Documents by any Borrower nor the consummation of the transactions herein or therein contemplated or compliance with the terms and provisions hereof or thereof by any of them will conflict with, constitute a breach of, or require any consent under, the Organizational Documents of the Company or any of its Consolidated Subsidiaries, or any applicable law or regulation, or any order, writ, injunction or decree of any court or

governmental authority or agency, or any Loan Document or other material agreement or instrument (including the Term Loan Credit Agreement) to which the Company or any of its Consolidated Subsidiaries is a party or by which it is bound or to which it is subject, or constitute a default under any such material agreement or instrument (including the Term Loan Credit Agreement), or result in the creation or imposition of any Lien upon any of the revenues or assets of the Company or any of its Consolidated Subsidiaries pursuant to the terms of any such agreement or instrument.”

(g) All references to “EEA Financial Institutions” contained in Section 6.1.11 of the Credit Agreement are hereby deleted in their entirety and replaced with references to “Affected Financial Institutions”.

(h) Clause (i) contained in Section 8.2.3 [Liquidations, Mergers, Consolidations] of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(i) consolidate or merge with or into another Person or consummate any Delaware LLC Division, except that any Borrower may consolidate or merge with another Person if (A) such Borrower is the entity surviving such merger and (B) immediately after giving effect to such consolidation or merger, no Event of Default or Potential Default shall have occurred and be continuing, or”

(i) Clause (ii) contained in Section 8.2.4 [Affiliate Transactions] of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(ii) transfer, sell, lease, assign or otherwise dispose of (including any disposition to a Delaware Divided LLC pursuant to a Delaware LLC Division) any assets to an Affiliate of the Company (other than a Consolidated Subsidiary of the Company)”

(j) Section 8.2.8 [Maximum Leverage Ratio] of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“8.2.8 Maximum Leverage Ratio. The Company will not permit the Net Leverage Ratio, as calculated at the end of each fiscal quarter ending after the Closing Date, to be greater than 3.75 to 1.00; provided, however, that (1) if the Company has delivered the Maximum Leverage Increase Notice, so long as no Event of Default or Potential Default exists at such time the maximum permitted Net Leverage Ratio shall increase to 4.25 to 1.00 as calculated at the end of the four fiscal quarters following delivery of the Maximum Leverage Increase Notice (such period of time being the “**Increased Net Leverage Ratio Period**”) and (2) with respect to any acquisition for which the aggregate consideration is \$100,000,000 or greater (a “**Material Acquisition**”), and upon written request by the Company delivered to the Administrative Agent no later than 30 days following the consummation of such Material Acquisition, the maximum permitted Net

Leverage Ratio shall increase to 4.25 to 1.00 as calculated at the end of the four fiscal quarters following such Material Acquisition (each such period of time being an “**Increased Net Leverage Ratio Period Due to Material Acquisition**”); provided, further, that (i) there shall be no more than eight consecutive fiscal quarters in which the maximum permitted Net Leverage Ratio is 4.25 to 1.00, and (ii) there shall be at least four fiscal quarters in which the Net Leverage Ratio does not exceed 3.75 to 1.00 between any two Increased Net Leverage Ratio Periods Due to Material Acquisition.”

(k) Section 9.1.5 [Defaults in Other Material Indebtedness] of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“9.1.5 Defaults in Other Material Indebtedness. An “event of default” shall occur at any time under the Term Loan Credit Agreement and remain unwaived or uncured. A default or event of default shall occur at any time if the Company or any of its Consolidated Subsidiaries shall default in the payment when due of any principal of or interest on Indebtedness having an aggregate outstanding principal amount of at least \$150,000,000 (other than the Loans); or any event or condition shall occur which results in the acceleration of the maturity of any such Indebtedness or enables (or, with the giving of notice or lapse of time or both, would enable) the holder of any such Indebtedness or any Person acting on such holder’s behalf to accelerate the maturity thereof;”

(l) Section 12.18 [Acknowledgement and Consent to Bail-in of EEA Financial Institution] of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“12.18 Acknowledgement and Consent to Bail-in of Affected Financial Institution. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and (b) the effects of any Bail-in Action on any such liability, including, if applicable, (i) a reduction in full or in part or cancellation of any such liability; (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or (iii) the variation of the

terms of such liability in connection with the exercise of the Write-Down and Conversion powers of the applicable Resolution Authority.”

(m) The following new Section 12.19 is hereby added to the Credit Agreement immediately following Section 12.18:

“12.19 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for hedge agreements or any other agreement or instrument that is a QFC (such support, “**QFC Credit Support**” and each such QFC a “**Supported QFC**”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “**U.S. Special Resolution Regimes**”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “**Covered Party**”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 12.19, the following terms have the following meanings:

“**BHC Act Affiliate**” of a party means an “affiliate” (as such term is defined under and interpreted in accordance with 12 U.S.C. 1841(k)) of such party.

“**Covered Entity**” means any of the following:

- a) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- b) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- c) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“**Default Right**” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“**QFC**” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).”

3. **Conditions Precedent.** The Borrowers, the Administrative Agent and the Lenders acknowledge and agree that the amendments set forth herein shall only be effective upon the occurrence of all the following conditions precedent:

(a) **Amendment.** The Borrowers, the Administrative Agent and the Required Lenders shall have executed and delivered to the Administrative Agent this Amendment.

(b) **Officer’s Certificate.** A certificate of the Company signed by an Authorized Officer of the Company, dated the date hereof stating that (A) all representations and warranties of the Borrowers set forth in the Credit Agreement are true and correct in all material respects (unless any such representation or warranty is qualified to materiality, in which case such representation or warranty is true and correct in all respects), except for representations and warranties made as of a specified date (which were true and correct in all material respects, as applicable, as of such date), (B) the Borrowers are in compliance with each of the covenants and conditions hereunder, and (C) no Event of Default or Potential Default exists.

(c) **Fees.** The Borrowers shall have paid: (i) to the Administrative Agent all fees due and owing the Administrative Agent and all reasonable, documented costs and expenses of the Administrative Agent, including without limitation, reasonable, documented fees of the Administrative Agent’s counsel in connection with this Amendment and (ii) to the Administrative Agent for the benefit of the approving Lenders, an amendment fee equal to five (5) basis points of the aggregate Revolving Credit Commitments of the approving Lenders that have delivered an executed counterpart signature page to this Amendment as of the date hereof.

(d) **Miscellaneous.** Such other documents, agreements, instruments, deliverables and items deemed reasonably necessary by the Administrative Agent.

4. Representations and Warranties. Each Borrower covenants and agrees with and represents and warrants to the Administrative Agent and the Lenders as follows:

(a) Each Borrower possesses all of the powers requisite for it to enter into and carry out the transactions referred to herein and to execute, enter into and perform the terms and conditions of this Amendment, the Credit Agreement and the other Loan Documents and any other documents contemplated herein that are to be performed by such Borrower; and that any and all actions required or necessary pursuant to such Borrower's organizational documents or otherwise have been taken to authorize the due execution, delivery and performance by such Borrower of the terms and conditions of this Amendment; the officer of such Borrower executing this Amendment are the duly elected, qualified, acting and incumbent officers of such Borrower and hold the title set forth below his/her name on the signature lines of this Amendment; and such execution, delivery and performance will not conflict with, constitute a default under or result in a breach of any applicable law or any material agreement or instrument, order, writ, judgment, injunction or decree to which such Borrower is a party or by which such Borrower or any of its properties are bound, and that all consents, authorizations and/or approvals required or necessary from any third parties in connection with the entry into, delivery and performance by such Borrower of the terms and conditions of this Amendment, the Credit Agreement, the other Loan Documents and the transactions contemplated hereby have been obtained by such Borrower and are full force and effect;

(b) this Amendment, the Credit Agreement and the other Loan Documents constitute the valid and legally binding obligations of each Borrower, enforceable against such Borrower in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws and by general equitable principles, whether enforcement is sought by proceedings at law or in equity;

(c) all representations and warranties made by each Borrower in the Credit Agreement and the other Loan Documents are true and correct in all respects (in the case of any representation or warranty containing a materiality modification) or in all material respects (in the case of any representation or warranty not containing a materiality modification) (except representations and warranties which expressly relate to an earlier date or time, which representations or warranties are true and correct on and as of the specific dates or times referred to therein);

(d) this Amendment is not a substitution, novation, discharge or release of any Borrower's obligations under the Credit Agreement or any of the other Loan Documents, all of which shall and are intended to remain in full force and effect; and

(e) no Event of Default or Potential Default has occurred and is continuing under the Credit Agreement or the other Loan Documents.

5. Ratification. Except as expressly modified herein and hereby, the Credit Agreement and the other Loan Documents are hereby ratified and confirmed and shall be and remain in full force and effect in accordance with their respective terms, and this Amendment shall not be construed to waive or impair any rights, powers or remedies of Administrative Agent or any Lender under the Credit Agreement or the other Loan Documents. In the event of any

inconsistency between the terms of this Amendment and the Credit Agreement or the other Loan Documents, this Amendment shall govern. This Amendment shall be construed without regard to any presumption or rule requiring that it be construed against the party causing this Amendment or any part hereof to be drafted.

6. Governing Law. This Amendment shall be deemed to be a contract under the Laws of the State of Ohio without regard to its conflict of laws principles.

7. Counterparts; Effective Date; Electronic Signatures. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment shall be effective as of the date first set forth above. The Borrowers, the Administrative Agent and Lenders hereby (i) agree that, for all purposes of this Amendment, electronic images of this Amendment or any other Loan Documents (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (ii) waive any argument, defense or right to contest the validity or enforceability of the Amendment or any other Loan Documents based solely on the lack of paper original copies of such Amendment and Loan Documents, including with respect to any signature pages thereto.

8. Severability. The provisions of this Amendment are intended to be severable. If any provision of this Amendment shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or enforceability without in any manner affecting the validity or enforceability of such provision in any other jurisdiction or the remaining provisions of this Amendment in any jurisdiction.

9. Notices. Any notices with respect to this Amendment shall be given in the manner provided for in Section 12.5 [Notices; Effectiveness; Electronic Communication] of the Credit Agreement.

10. Survival. All representations and warranties contained herein shall survive Payment In Full. All covenants, agreements, undertakings, waivers and releases of the Borrowers contained herein shall continue in full force and effect from and after the date hereof and until Payment In Full.

11. Amendment. No amendment, modification, rescission, waiver or release of any provision of this Amendment shall be effective unless the same shall be in writing and signed by the parties hereto.

12. Entire Agreement. THIS AMENDMENT, THE CREDIT AGREEMENT AND THE LOAN DOCUMENTS EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR

SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

13. Amendment as Loan Document; Incorporation into Loan Documents. The parties hereto acknowledge and agree that this Amendment constitutes a Loan Document. This Amendment shall be incorporated into the Credit Agreement by this reference and each reference to the Credit Agreement that is made in the Credit Agreement or any other document executed or to be executed in connection therewith shall hereafter be construed as a reference to the Credit Agreement as amended hereby.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
[SIGNATURE PAGES FOLLOW]**

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed this Amendment as of the day and year first above written.

BORROWERS:

RPM INTERNATIONAL INC.

By: /s/ Russell L. Gordon

Name: Russell L. Gordon

Title: Vice President and Chief Financial Officer

RPM ENTERPRISES, INC.

By: /s/ Edward W. Moore

Name: Edward W. Moore

Title: President and Secretary

RPM LUX HOLDCO S.ÀR.L.

By: /s/ Luc Leroi

Name: Luc Leroi

Title: Manager A

By: /s/ Hilde De Backer

Name: Hilde De Backer

Title: Manager B

RPOW UK LIMITED

By: /s/ Hilde De Backer
Name: Hilde De Backer
Title: Director

RPM EUROPE HOLDCO B.V.

By: /s/ Hilde De Backer
Name: Hilde De Backer
Title: Director

RPM CANADA

By: /s/ Edward W. Moore
Name: Edward W. Moore
Title: Manager, President and Secretary

TREMCO ILLBRUCK LIMITED

By: /s/ Daniel M. Johnson
Name: Daniel M. Johnson
Title: Director

RPM CANADA COMPANY FINANCE ULC

By: /s/ Edward W. Moore
Name: Edward W. Moore
Title: Director, President and Secretary

TREMCO ASIA PACIFIC PTY. LIMITED

By: /s/ Paul G. P. Hoogenboom
Name: Paul G. P. Hoogenboom
Title: Director

**RPM NEW HORIZONS NETHERLANDS
B.V.**

By: /s/ Hilde De Backer
Name: Hilde De Backer
Title: Director

NEW VENTURES (UK) LIMITED

By: /s/ Hilde De Backer
Name: Hilde De Backer
Title: Director

RPM CH, G.P.

By: /s/ Edward W. Moore
Name: Edward W. Moore
Title: Manager, President and Secretary

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

PNC BANK, NATIONAL ASSOCIATION,
individually and as Administrative Agent

By: /s/ Scott Nolan

Name: Scott Nolan

Title: Senior Vice President

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

KEYBANK NATIONAL ASSOCIATION

By: /s/ Eric W. Domin

Name: Eric W. Domin

Title: VP

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**

By: /s/ Jonathan D. Beck

Name: Jonathan D. Beck

Title: Director

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

**CITIZENS BANK, NATIONAL
ASSOCIATION**

By: /s/ Matthew Kuchta

Name: Matthew Kuchta

Title: SVP

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

BANK OF AMERICA MERRILL LYNCH

By: /s/ Mukesh Singh

Name: Mukesh Singh

Title: Director

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

MUFG BANK, LTD.

By: /s/ Mark Maloney

Name: Mark Maloney

Title: Authorized Signatory

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

**FIFTH THIRD BANK, NATIONAL
ASSOCIATION**

By: /s/ Rachel Hermanson

Name: Rachel Hermanson

Title: Vice President

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

THE BANK OF NOVA SCOTIA

By: /s/ Sangeeta Shah

Name: Sangeeta Shah

Title: Director

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

SANTANDER BANK, N.A.

By: /s/ Nuno Dias Andrade

Name: Nuno Dias Andrade

Title: Managing Director

By: /s/ Andres Barbosa

Name: Andres Barbosa

Title: Executive Director

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

BMO HARRIS BANK, NA

By: /s/ Austin Ahrens

Name: Austin Ahrens

Title: Relationship Manager

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

KBC BANK, NV

By: /s/ Nicholas Fiore

Name: Nicholas Fiore

Title: Director

By: /s/ Francis Payne

Name: Francis Payne

Title: Managing Director

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

**COMMERZBANK AG, NEW YORK
BRANCH**

By: /s/ Matthew Ward

Name: Matthew Ward

Title: Director

By: /s/ Robert Sullivan

Name: Robert Sullivan

Title: Vice President

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

**GOLDMAN SACHS LENDING PARTNERS
LLC**

By: /s/ Jamie Minieri

Name: Jamie Minieri

Title: Authorized Signatory

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this “**Amendment**”), dated as of April 30, 2020, is made by and among RPM INTERNATIONAL INC., a Delaware corporation (the “**Company**”), RPM NEW HORIZONS NETHERLANDS B.V., a corporation incorporated under the laws of the Netherlands (“**RPM Netherlands**”) (each of the foregoing referred to herein as a “Borrower” and collectively referred to as the “Borrowers”), the LENDERS (as defined in the Credit Agreement) and PNC BANK, NATIONAL ASSOCIATION, in its capacity as administrative agent for the Lenders (hereinafter referred to in such capacity as the “**Administrative Agent**”).

W I T N E S S E T H:

WHEREAS, the Borrowers, the Lenders and the Administrative Agent are parties to that certain Credit Agreement, dated as of February 21, 2020 (the “**Credit Agreement**”); and

WHEREAS, the Borrowers have requested that the Administrative Agent and the Lenders make certain amendments and grant certain other accommodations all as hereinafter provided, and, subject to the terms and conditions hereof, the Administrative Agent and Lenders are willing to do so.

NOW, THEREFORE, the parties hereto, in consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, covenant and agree as follows:

1. Definitions. Except as set forth in this Amendment, defined terms used herein shall have the meanings given to them in the Credit Agreement and the rules of construction set forth in Section 1.2 [Construction] of the Credit Agreement shall apply to this Amendment.

2. Amendments to the Credit Agreement.

(a) Schedule 1.1(A) to the Credit Agreement is hereby amended and restated in its entirety in the form attached hereto as Schedule 1.1(A).

(b) Section 1.1. [Certain Definitions] of the Credit Agreement is hereby amended to add the following definitions in their respective appropriate alphabetical positions:

“Increased Net Leverage Ratio Period shall have the meaning specified in Section 8.2.8 [Maximum Leverage Ratio].”

“Increased Net Leverage Ratio Period Due to Material Acquisition shall have the meaning specified in Section 8.2.8 [Maximum Leverage Ratio].”

“Maximum Leverage Increase Notice shall mean a written notice from the Company to the Administrative Agent that the Company is electing the Increased Net Leverage Ratio Period; provided, however that such notice must be delivered on or before June 30, 2021 and provided

further that within three (3) Business Days of delivering such Maximum Leverage Increase Notice, the Company will pay to the Administrative Agent for the account of each Lender according to its Ratable Share, a nonrefundable fee equal to ten (10) basis points multiplied by the outstanding principal amount of the Term Loans.”

(c) Section 8.2.8 [Maximum Leverage Ratio] of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“8.2.8 Maximum Leverage Ratio. The Company will not permit the Net Leverage Ratio, as calculated at the end of each fiscal quarter ending after the Closing Date, to be greater than 3.75 to 1.00; provided, however, that (1) if the Company has delivered the Maximum Leverage Increase Notice, so long as no Event of Default or Potential Default exists at such time the maximum permitted Net Leverage Ratio shall increase to 4.25 to 1.00 as calculated at the end of the four fiscal quarters following delivery of the Maximum Leverage Increase Notice (such period of time being the “**Increased Net Leverage Ratio Period**”) and (2) with respect to any acquisition for which the aggregate consideration is \$100,000,000 or greater (a “**Material Acquisition**”), and upon written request by the Company delivered to the Administrative Agent no later than 30 days following the consummation of such Material Acquisition, the maximum permitted Net Leverage Ratio shall increase to 4.25 to 1.00 as calculated at the end of the four fiscal quarters following such Material Acquisition (each such period of time being an “**Increased Net Leverage Ratio Period Due to Material Acquisition**”); provided, further, that (i) there shall be no more than eight consecutive fiscal quarters in which the maximum permitted Net Leverage Ratio is 4.25 to 1.00, and (ii) there shall be at least four fiscal quarters in which the Net Leverage Ratio does not exceed 3.75 to 1.00 between any two Increased Net Leverage Ratio Periods Due to Material Acquisition.

3. Conditions Precedent. The Borrowers, the Administrative Agent and the Lenders acknowledge and agree that the amendments set forth herein shall only be effective upon the occurrence of all the following conditions precedent:

(a) Amendment. The Borrowers, the Administrative Agent and the Required Lenders shall have executed and delivered to the Administrative Agent this Amendment.

(b) Officer’s Certificate. A certificate of the Company signed by an Authorized Officer of the Company, dated the date hereof stating that (A) all representations and warranties of the Borrowers set forth in the Credit Agreement are true and correct in all material respects (unless any such representation or warranty is qualified to materiality, in which case such representation or warranty is true and correct in all respects), except for representations and warranties made as of a specified date (which were true and correct in all material respects, as applicable, as of such date), (B) the Borrowers are in compliance with each of the covenants and conditions hereunder, and (C) no Event of Default or Potential Default exists.

(c) Fees. The Borrowers shall have paid: (i) to the Administrative Agent all fees due and owing the Administrative Agent and all reasonable, documented costs and expenses of the Administrative Agent, including without limitation, reasonable, documented fees of the Administrative Agent's counsel in connection with this Amendment and (ii) to the Administrative Agent for the benefit of the approving Lenders, an amendment fee equal to five (5) basis points of the aggregate Term Loan Commitments of the approving Lenders that have delivered an executed counterpart signature page to this Amendment as of the date hereof.

(d) Miscellaneous. Such other documents, agreements, instruments, deliverables and items deemed reasonably necessary by the Administrative Agent.

4. Representations and Warranties. Each Borrower covenants and agrees with and represents and warrants to the Administrative Agent and the Lenders as follows:

(a) Each Borrower possesses all of the powers requisite for it to enter into and carry out the transactions referred to herein and to execute, enter into and perform the terms and conditions of this Amendment, the Credit Agreement and the other Loan Documents and any other documents contemplated herein that are to be performed by such Borrower; and that any and all actions required or necessary pursuant to such Borrower's organizational documents or otherwise have been taken to authorize the due execution, delivery and performance by such Borrower of the terms and conditions of this Amendment; the officer of such Borrower executing this Amendment are the duly elected, qualified, acting and incumbent officers of such Borrower and hold the title set forth below his/her name on the signature lines of this Amendment; and such execution, delivery and performance will not conflict with, constitute a default under or result in a breach of any applicable law or any material agreement or instrument, order, writ, judgment, injunction or decree to which such Borrower is a party or by which such Borrower or any of its properties are bound, and that all consents, authorizations and/or approvals required or necessary from any third parties in connection with the entry into, delivery and performance by such Borrower of the terms and conditions of this Amendment, the Credit Agreement, the other Loan Documents and the transactions contemplated hereby have been obtained by such Borrower and are full force and effect;

(b) this Amendment, the Credit Agreement and the other Loan Documents constitute the valid and legally binding obligations of each Borrower, enforceable against such Borrower in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws and by general equitable principles, whether enforcement is sought by proceedings at law or in equity;

(c) all representations and warranties made by each Borrower in the Credit Agreement and the other Loan Documents are true and correct in all respects (in the case of any representation or warranty containing a materiality modification) or in all material respects (in the case of any representation or warranty not containing a materiality modification) (except representations and warranties which expressly relate to an earlier date or time, which representations or warranties are true and correct on and as of the specific dates or times referred to therein);

(d) this Amendment is not a substitution, novation, discharge or release of any Borrower's obligations under the Credit Agreement or any of the other Loan Documents, all of which shall and are intended to remain in full force and effect; and

(e) no Event of Default or Potential Default has occurred and is continuing under the Credit Agreement or the other Loan Documents.

5. Ratification. Except as expressly modified herein and hereby, the Credit Agreement and the other Loan Documents are hereby ratified and confirmed and shall be and remain in full force and effect in accordance with their respective terms, and this Amendment shall not be construed to waive or impair any rights, powers or remedies of Administrative Agent or any Lender under the Credit Agreement or the other Loan Documents. In the event of any inconsistency between the terms of this Amendment and the Credit Agreement or the other Loan Documents, this Amendment shall govern. This Amendment shall be construed without regard to any presumption or rule requiring that it be construed against the party causing this Amendment or any part hereof to be drafted.

6. Governing Law. This Amendment shall be deemed to be a contract under the Laws of the State of Ohio without regard to its conflict of laws principles.

7. Counterparts; Effective Date; Electronic Signatures. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment shall be effective as of the date first set forth above. The Borrowers, the Administrative Agent and Lenders hereby (i) agree that, for all purposes of this Amendment, electronic images of this Amendment or any other Loan Documents (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (ii) waive any argument, defense or right to contest the validity or enforceability of the Amendment or any other Loan Documents based solely on the lack of paper original copies of such Amendment and Loan Documents, including with respect to any signature pages thereto.

8. Severability. The provisions of this Amendment are intended to be severable. If any provision of this Amendment shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or enforceability without in any manner affecting the validity or enforceability of such provision in any other jurisdiction or the remaining provisions of this Amendment in any jurisdiction.

9. Notices. Any notices with respect to this Amendment shall be given in the manner provided for in Section 12.5 [Notices; Effectiveness; Electronic Communication] of the Credit Agreement.

10. Survival. All representations and warranties contained herein shall survive Payment In Full. All covenants, agreements, undertakings, waivers and releases of the Borrowers contained herein shall continue in full force and effect from and after the date hereof and until Payment In Full.

11. Amendment. No amendment, modification, rescission, waiver or release of any provision of this Amendment shall be effective unless the same shall be in writing and signed by the parties hereto.

12. Entire Agreement. THIS AMENDMENT, THE CREDIT AGREEMENT AND THE LOAN DOCUMENTS EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

13. Amendment as Loan Document; Incorporation into Loan Documents. The parties hereto acknowledge and agree that this Amendment constitutes a Loan Document. This Amendment shall be incorporated into the Credit Agreement by this reference and each reference to the Credit Agreement that is made in the Credit Agreement or any other document executed or to be executed in connection therewith shall hereafter be construed as a reference to the Credit Agreement as amended hereby.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
[SIGNATURE PAGES FOLLOW]**

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed this Amendment as of the day and year first above written.

BORROWERS:

RPM INTERNATIONAL INC.

By: /s/ Russell L. Gordon

Name: Russell L. Gordon

Title: Vice President and Chief Financial Officer

RPM NEW HORIZONS NETHERLANDS B.V.

By: /s/ Hilde De Backer

Name: Hilde De Backer

Title: Director

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

PNC BANK, NATIONAL ASSOCIATION,
individually and as Administrative Agent

By: /s/ Scott Nolan

Name: Scott Nolan

Title: Senior Vice President

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

BANK OF AMERICA, N.A.

By: /s/ Mukesh Singh

Name: Mukesh Singh

Title: Director

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

FIFTH THIRD BANK, NATIONAL ASSOCIATION

By: /s/ Rachel Hermansen

Name: Rachel Hermansen

Title: Vice President

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

MUFG BANK, LTD.

By: /s/ Mark Maloney

Name: Mark Maloney

Title: Authorized Signatory

[SIGNATURE PAGE TO FIRST AMENDMENT TO
CREDIT AGREEMENT]

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**

By: /s/ Jonathan D. Beck

Name: Jonathan D. Beck

Title: Director

EXECUTION COPY

AMENDMENT NO. 4 TO SECOND AMENDED AND RESTATED RECEIVABLES SALE AGREEMENT

This AMENDMENT NO. 4 TO SECOND AMENDED AND RESTATED RECEIVABLES SALE AGREEMENT (this "Amendment"), dated as of March 31, 2017, is among RPM FUNDING CORPORATION, a Delaware corporation ("Buyer"), and each of the entities listed on the signature pages hereto as an "Originator" (each, an "Originator"; and collectively, the "Originators").

RECITALS

1. Buyer and the Originators are parties to that certain Second Amended and Restated Receivables Sale Agreement, dated as of May 9, 2014 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Agreement").

2. Effective as of the date hereof, (i) Rust-Oleum Corporation, a Delaware corporation ("Rust-Oleum Corporation"), converted from a Delaware corporation to a Delaware limited liability company and in connection therewith, changed its name from "Rust-Oleum Corporation" to "Rust-Oleum LLC" ("Rust-Oleum LLC") (such conversion and name change, collectively, the "First Rust-Oleum Conversion") and (ii) immediately after giving effect to the First Rust-Oleum Conversion, Rust-Oleum LLC converted back from a Delaware limited liability company to a Delaware corporation and in connection therewith, changed its name back from "Rust-Oleum LLC" to "Rust-Oleum Corporation" (such conversion and name change, collectively, the "Second Rust-Oleum Conversion" and, together with the First Rust-Oleum Conversion, collectively, the "Rust-Oleum Conversions").

3. In connection with the Rust-Oleum Conversions, Buyer and the Originators desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. Notice; Consent.

1.1 Notice of the Rust-Oleum Conversions. RPM International Inc. hereby provides notice of the intent of Rust-Oleum Corporation to perform the Rust-Oleum Conversions on the date hereof and requests that each party hereto acknowledge and consent to the Rust-Oleum Conversions effective as of the date hereof.

1.2 Consent to the Rust-Oleum Conversions. Subject to terms and conditions set forth in this Amendment, each of the parties hereto hereby: (i) acknowledges such notice set forth in Section 1.1 above, (ii) consents to the Rust-Oleum Conversions on the date hereof and (iii) waives any notice requirement with respect to the Rust-Oleum Conversions set forth in the Agreement or any other Transaction Document.

SECTION 2. Definition. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings assigned thereto in, or by reference in, the Agreement.

SECTION 3. Amendment to the Agreement. Exhibit II of the Agreement is hereby replaced in its entirety with Exhibit II attached hereto.

SECTION 4. Assumption of Rust-Oleum Corporation's Obligations. Rust-Oleum Corporation hereby covenants and agrees that in connection with the Rust-Oleum Conversions (i) it is unconditionally assuming all of the rights, duties, obligations and liabilities of Rust-Oleum Corporation immediately prior to the Rust-Oleum Conversions under the Agreement and each of the other Transaction Documents and (ii) it will continue to be a party to the Agreement and each of the other Transaction Document to which it was a party immediately prior to the Rust-Oleum Conversions and shall have the rights, duties, obligations and liabilities of an Originator under the Agreement and each of the other Transaction Document.

SECTION 5. Representations and Warranties. Each of the Originators and Buyer hereby represents and warrants to each other, the Purchasers and the Administrative Agent as follows:

(a) Representations and Warranties. The representations and warranties made by it in the Transaction Documents (including the Agreement, as amended hereby) are true and correct as of the date hereof (unless stated to relate solely to an earlier date, in which case such representations or warranties were true and correct as of such earlier date).

(b) Enforceability. The execution and delivery by such Person of this Amendment, and the performance of each of its obligations under this Amendment and the Agreement, as amended hereby, are within its corporate or limited liability company powers, as applicable, and have been duly authorized by all necessary action on its part. This Amendment and the Agreement, as amended hereby, are such Person's valid and legally binding obligations, enforceable in accordance with their terms.

(c) No Default. Both before and immediately after giving effect to this Amendment and the transactions contemplated hereby, no Amortization Event, Potential Amortization Event, Termination Event or Potential Termination Event exists or shall exist.

(d) Rust-Oleum Conversions. Each of the Rust-Oleum Conversions have become effective as of the date hereof under applicable law.

SECTION 6. Conditions to Effectiveness. This Amendment shall become effective as of the date hereof subject to the satisfaction of each of the following conditions precedent:

(a) Each of the Rust-Oleum Conversions shall have become effective under applicable law;

(b) receipt by the Administrative Agent of counterparts of this Amendment (whether by facsimile or otherwise) executed by each of the parties hereto; and

(c) receipt by the Administrative Agent of such other documents, instruments and opinions as the Administrative Agent may reasonably request prior to the date hereof.

SECTION 7. Effect of Amendment; Ratification. Except as specifically amended hereby, the Agreement is hereby ratified and confirmed in all respects, and all of its provisions shall remain in full force and effect. After this Amendment becomes effective, all references in the Agreement (or in any other Transaction Document) to “the Receivables Sale Agreement”, “the Second Amended and Restated Receivables Sale Agreement”, “this Agreement”, “hereof”, “herein”, or words of similar effect, in each case referring to the Agreement, shall be deemed to be references to the Agreement as amended hereby. This Amendment shall not be deemed to expressly or impliedly waive, amend, or supplement any provision of the Agreement other than as specifically set forth herein.

SECTION 8. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, and each counterpart shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

SECTION 9. CHOICE OF LAW. THIS AMENDMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW WHICH SHALL APPLY HERETO).

SECTION 10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AMENDMENT, ANY DOCUMENT EXECUTED BY THE ORIGINATORS PURSUANT TO THE AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

SECTION 11. Section Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or the Agreement or any provision hereof or thereof.

SECTION 12. Transaction Document. This Amendment shall constitute a Transaction Document.

SECTION 13. Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 14. Further Assurances. Each of Buyer and Rust-Oleum Corporation hereby agrees to do, at Rust-Oleum Corporation’s expense, all such things and execute all such documents and instruments and authorize and file all such financing statements and financing statement amendments, in each case, as the Buyer or Administrative Agent may reasonably consider necessary or desirable to give full effect to the transaction contemplated by this Amendment and the documents, instruments and agreements executed in connection herewith and therewith.

SECTION 15. Ratification.

(a) After giving effect to this Amendment and the transactions contemplated hereby, all of the provisions of the Performance Undertaking shall remain in full force and effect and the Performance Guarantor hereby ratifies and affirms the Performance Undertaking and acknowledges that the Performance Undertaking has continued and shall continue in full force and effect in accordance with its terms.

(b) Notwithstanding anything to the contrary set forth herein or in any other Transaction Document, the Performance Guarantor hereby acknowledges and agrees that each of the covenants, agreements, terms, conditions and indemnities to be performed and observed by Rust-Oleum Corporation under and pursuant to the Agreement, each of the other Transaction Documents and this Amendment, shall in each case constitute a “Guaranteed Obligation” for purposes of the Performance Undertaking.

SECTION 16. Certain Covenants Regarding Post-Closing Conditions.

(a) Secretary Certificate. On or within ten (10) Business Days following the date hereof, Servicer shall deliver (or cause to be delivered) to the Administrative Agent a certificate of the Secretary or Assistant Secretary of Rust-Oleum Corporation certifying the names and true signatures of the officers authorized on such Person’s behalf to sign the Transaction Documents to be executed and delivered by it on and after the date hereof.

(b) Organic Documents. On or within ten (10) Business Days following the date hereof, Servicer shall deliver (or cause to be delivered) to the Administrative Agent the articles of incorporation or other organizational document of Rust-Oleum Corporation (including all amendments and modifications thereto) duly certified by the Secretary of State of the State of Delaware as of a recent date and after giving effect to the Rust-Oleum Conversions, together with a copy of the by-laws of Rust-Oleum Corporation, duly certified by the Secretary or an Assistant Secretary of such Person and after giving effect to the Rust-Oleum Conversions.

(c) Good Standing. On or within ten (10) Business Days following the date hereof, Servicer shall deliver (or cause to be delivered) to the Administrative Agent a good standing certificate for Rust-Oleum Corporation duly certified by the Secretary of State (or similar official) of the State of Delaware.

(d) Lien Searches. On or within ten (10) Business Days following the date hereof, Servicer shall deliver (or cause to be delivered) to the Administrative Agent a written search report from a Person satisfactory to the Administrative Agent listing all effective financing statements that name either “Rust-Oleum Corporation” or “Rust-Oleum LLC” as debtors or sellers and that are filed in all jurisdictions in which filings may be made against such Person pursuant to the applicable UCC, together with copies of such financing statements (none of which, except for those filed in connection with the Transaction Documents, shall cover any Receivable or any Related Security).

(e) Notwithstanding anything to the contrary set forth in this Amendment, the Agreement or any other Transaction Document, the failure to timely perform or cause to

be performed any of the covenants under this Section 16 shall constitute a Termination Event with no grace period and revoke the consent provided for under Section 1 hereof.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

ORIGINATORS

**DAP PRODUCTS INC.
DRI-EAZ PRODUCTS, INC.
KIRKER ENTERPRISES, INC.
RUST-OLEUM CORPORATION
SAPPHIRE SCIENTIFIC INC.
TREMCO INCORPORATED
THE EUCLID CHEMICAL COMPANY
WEATHERPROOFING
TECHNOLOGIES, INC.
TREMCO BARRIER SOLUTIONS, INC.**

By: /s/ Edward W. Moore

Name: Edward W. Moore

Title: Secretary

723422037 14448925

S-1

Fourth Amendment to 2nd A&R RSA (RPM)

RPM FUNDING CORPORATION

By: /s/ Edward W. Moore

Name: Edward W. Moore

Title: Secretary

723422037 14448925

S-2

Fourth Amendment to 2nd A&R RSA (RPM)

Consented and Agreed:

RPM INTERNATIONAL INC.,
as Servicer and as Performance Guarantor

By: /s/ Edward W. Moore
Name: Edward W. Moore
Title: Secretary

723422037 14448925

S-3

Fourth Amendment to 2nd A&R RSA (RPM)

FIFTH THIRD BANK,
as a Purchaser

By: /s/ Patrick Berning
Name: Patrick Berning
Title: Officer

723422037 14448925

S-4

Fourth Amendment to 2nd A&R RSA (RPM)

PNC BANK, NATIONAL ASSOCIATION,
as a Purchaser and as Administrative Agent

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

723422037 14448925

S-5

Fourth Amendment to 2nd A&R RSA (RPM)

AMENDMENT NO. 5 TO SECOND AMENDED AND RESTATED RECEIVABLES SALE AGREEMENT

This AMENDMENT NO. 5 TO SECOND AMENDED AND RESTATED RECEIVABLES SALE AGREEMENT (this “Amendment”), dated as of June 18, 2018, is among RPM FUNDING CORPORATION, a Delaware corporation (“Buyer”), and each of the entities listed on the signature pages hereto as an “Originator” (each, an “Originator”; and collectively, the “Originators”).

RECITALS

1. Buyer and the Originators are parties to that certain Second Amended and Restated Receivables Sale Agreement, dated as of May 9, 2014 (as amended, restated, supplemented or otherwise modified through the date hereof, the “Agreement”).

2. Concurrently herewith, Buyer, RPM International Inc., Wells Fargo National Association, PNC Bank, National Association and PNC Capital Markets LLC are entering into that certain Amendment No. 3 to Amended and Restated Receivables Purchase Agreement, dated as of the date hereof (the “RPA Amendment”).

3. Buyer and the Originators desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. Amendment to the Agreement. The definition of “*Excluded Receivable*” set forth in Exhibit I to the Agreement is hereby amended and restated as follows:

“*Excluded Receivable*” means any account or other right to payment arising from the sale of goods or the rendering of services by Rust-Oleum Corporation and the Obligor of which is either (i) Lowe’s Companies, Inc. or its Subsidiaries or (ii) Advance Stores Company, Incorporated or its Subsidiaries.

SECTION 2. Representations and Warranties. Each of the Originators and Buyer hereby represents and warrants to each other, the Purchasers and the Administrative Agent as follows:

(a) Representations and Warranties. The representations and warranties made by it in the Transaction Documents (including the Agreement, as amended hereby) are true and correct as of the date hereof (unless stated to relate solely to an earlier date, in which case such representations or warranties were true and correct as of such earlier date).

(b) Enforceability. The execution and delivery by such Person of this Amendment, and the performance of each of its obligations under this Amendment and the Agreement, as amended hereby, are within its corporate or limited liability company powers, as applicable, and have been duly authorized by all necessary action on its part.

This Amendment and the Agreement, as amended hereby, are such Person's valid and legally binding obligations, enforceable in accordance with their terms.

(c) No Default. Both before and immediately after giving effect to this Amendment and the transactions contemplated hereby, no Amortization Event, Potential Amortization Event, Termination Event or Potential Termination Event exists or shall exist.

SECTION 3. Conditions to Effectiveness. This Amendment shall become effective as of the date hereof subject to the satisfaction of each of the following conditions precedent:

(a) receipt by the Administrative Agent of counterparts of this Amendment (whether by facsimile or otherwise) executed by each of the parties hereto; and

(b) receipt by the Administrative Agent of such other documents and instruments as the Administrative Agent may reasonably request prior to the date hereof.

SECTION 4. Authorization to File Financing Statements. Upon the date hereof, the Originators and the Buyer hereby authorize the Administrative Agent to file (at the expense of the Buyer) one or more UCC-3 amendments in the form of Exhibit A hereto amending the UCC-1 financing statements identified on Exhibit B hereto.

SECTION 5. Effect of Amendment; Ratification. Except as specifically amended hereby, the Agreement is hereby ratified and confirmed in all respects, and all of its provisions shall remain in full force and effect. After this Amendment becomes effective, all references in the Agreement (or in any other Transaction Document) to "the Receivables Sale Agreement", "the Second Amended and Restated Receivables Sale Agreement", "this Agreement", "hereof", "herein", or words of similar effect, in each case referring to the Agreement, shall be deemed to be references to the Agreement as amended hereby. This Amendment shall not be deemed to expressly or impliedly waive, amend, or supplement any provision of the Agreement other than as specifically set forth herein.

SECTION 6. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, and each counterpart shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

SECTION 7. CHOICE OF LAW. THIS AMENDMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW WHICH SHALL APPLY HERETO).

SECTION 8. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AMENDMENT, ANY DOCUMENT EXECUTED BY THE ORIGINATORS

PURSUANT TO THE AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

SECTION 9. Section Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or the Agreement or any provision hereof or thereof.

SECTION 10. Transaction Document. This Amendment shall constitute a Transaction Document.

SECTION 11. Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 12. Ratification. After giving effect to this Amendment and the transactions contemplated hereby, all of the provisions of the Performance Undertaking shall remain in full force and effect and the Performance Guarantor hereby ratifies and affirms the Performance Undertaking and acknowledges that the Performance Undertaking has continued and shall continue in full force and effect in accordance with its terms.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

ORIGINATORS

**DAP PRODUCTS INC.
DRI-EAZ PRODUCTS, INC.
KIRKER ENTERPRISES, INC.
RUST-OLEUM CORPORATION
SAPPHIRE SCIENTIFIC INC.
TREMCO INCORPORATED
THE EUCLID CHEMICAL COMPANY
WEATHERPROOFING
TECHNOLOGIES, INC.
TREMCO BARRIER SOLUTIONS, INC.**

By: /s/ Edward W. Moore
Name: Edward W. Moore
Title: Secretary

728495310 14448925

S-1

Fifth Amendment to 2nd A&R RSA (RPM)

RPM FUNDING CORPORATION

By: /s/ Edward W. Moore

Name: Edward W. Moore

Title: Secretary

728495310 14448925

S-2

Fifth Amendment to 2nd A&R RSA (RPM)

Consented and Agreed:

RPM INTERNATIONAL INC.,
as Servicer and as Performance Guarantor

By: /s/ Edward W. Moore
Name: Edward W. Moore
Title: Senior Vice President and General Counsel

728495310 14448925

**WELLS FARGO BANK, NATIONAL
ASSOCIATION,**
as a Purchaser

By: /s/ Eero Maki
Name: Eero Maki
Title: Managing Director

728495310 14448925

PNC BANK, NATIONAL ASSOCIATION,
as a Purchaser and as Administrative Agent

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

728495310 14448925

**AMENDMENT NO. 7 TO SECOND AMENDED AND RESTATED
RECEIVABLES SALE AGREEMENT**

This AMENDMENT NO. 7 TO SECOND AMENDED AND RESTATED RECEIVABLES SALE AGREEMENT (this "Amendment"), dated as of June 5, 2020, is among RPM FUNDING CORPORATION, a Delaware corporation ("Buyer"), and each of the entities listed on the signature pages hereto as an "Originator" (each, an "Originator"; and collectively, the "Originators").

RECITALS

1. Buyer and the Originators are parties to that certain Second Amended and Restated Receivables Sale Agreement, dated as of May 9, 2014 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Agreement").

2. Tremco Barrier Solutions, Inc., a Delaware corporation ("Tremco Barrier"), converted from a Delaware corporation to a Delaware limited liability company and in connection therewith, changed its name from "Tremco Barrier Solutions, Inc." to "Tremco Barrier Solutions, LLC" ("Tremco Barrier LLC") (such conversion and name change, collectively, the "Tremco Conversion") on May 31, 2020 (such date, the "Waiver Effective Date") and, contrary to Section 4.2(a) of the Agreement, Tremco Barrier did not notify the Buyer and the Administrative Agent in advance of such name change or such change in corporate structure. As a result, the Tremco Conversion resulted in a Termination Event with respect to Tremco Barrier under the Agreement and certain Potential Amortization Events under the Receivables Purchase Agreement (collectively, the "Subject Events").

3. The Buyer, Tremco Barrier and RPM International Inc., as servicer (in such capacity, the "Servicer"), have requested a consent to the Tremco Conversion and a limited waiver of the Subject Events, and the Administrative Agent and each Purchaser (collectively, the "Waiving Parties") are willing to grant such consent and limited waiver (subject to the terms and conditions hereof).

4. Further, in connection with the Tremco Conversion, the Buyer and the Originators desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. Consent and Limited Waiver.

(a) Consent and Limited Waiver. Subject to the terms and conditions set forth herein, as of the Waiver Effective Date, each of the Waiving Parties hereby consents to the Tremco Conversion and waives the occurrence of the Subject Events.

(b) General Limitations. Notwithstanding anything to the contrary herein or in the Transaction Documents, by executing this Amendment, no Waiving Party is now waiving, nor has it agreed to waive in the future (i) the breach of any provision of the

Transaction Documents (whether presently or subsequently existing or arising), other than as expressly set forth in Section 1(a) above, (ii) any Potential Termination Event, any Termination Event, any Potential Amortization Event or any Amortization Event under the Agreement, the Receivables Purchase Agreement or the other Transaction Documents (whether presently or subsequently existing or arising), other than as expressly set forth in Section 1(a) above or (iii) any rights, powers or remedies presently or subsequently available to any of the Waiving Parties or any other Person against the Buyer, the Servicer, any Originator or any other Person under the Agreement, the Receivables Purchase Agreement, any of the other Transaction Documents, applicable law or otherwise, relating to any matter other than solely to the extent expressly waived herein, each of which rights, powers or remedies is hereby specifically and expressly reserved and continue.

(c) No Waiver of Indemnification, Etc. Without limiting the generality of the foregoing and for the avoidance of doubt, the Waiving Parties are not hereby waiving or releasing, nor have they agreed to waive or release in the future, any right or claim to indemnification or reimbursement by, or damages from, the Buyer, the Servicer, any Originator or any other Person under any Transaction Document, including without limitation, for any liability, obligation, loss, damage, penalty, judgment, settlement, cost, expense or disbursement resulting or arising directly or indirectly from the Subject Events or otherwise.

SECTION 2. Amendments to the Agreement. The Agreement is hereby amended as follows:

2.1 The Agreement is hereby amended by replacing all references to “Tremco Barrier Solutions, Inc.” where it appears therein with “Tremco Barrier Solutions, LLC”.

2.2 Exhibit II of the Agreement is hereby replaced in its entirety with Exhibit II attached hereto.

SECTION 3. Assumption of Tremco Barrier’s Obligations. Tremco Barrier LLC hereby covenants and agrees that in connection with the Tremco Conversion (i) it is unconditionally assuming all of the rights, duties, obligations and liabilities of Tremco Barrier immediately prior to the Tremco Conversion under the Agreement and each of the other Transaction Documents and (ii) it will continue to be a party to the Agreement and each of the other Transaction Document to which it was a party immediately prior to the Tremco Conversion and shall have the rights, duties, obligations and liabilities of an Originator under the Agreement and each of the other Transaction Document.

SECTION 4. Representations and Warranties. Each of the Originators and Buyer hereby represents and warrants to each other, the Purchasers and the Administrative Agent as follows:

(a) Representations and Warranties. The representations and warranties made by it in the Transaction Documents (including the Agreement, as amended hereby) are true and correct as of the date hereof (unless stated to relate solely to an earlier date, in

which case such representations or warranties were true and correct as of such earlier date).

(b) Enforceability. The execution and delivery by such Person of this Amendment, and the performance of each of its obligations under this Amendment and the Agreement, as amended hereby, are within its corporate or limited liability company powers, as applicable, and have been duly authorized by all necessary action on its part. This Amendment and the Agreement, as amended hereby, are such Person's valid and legally binding obligations, enforceable in accordance with their terms.

(c) No Default. After giving effect to this Amendment and the transactions contemplated hereby, no Amortization Event, Potential Amortization Event, Termination Event or Potential Termination Event exists or shall exist.

SECTION 5. Conditions to Effectiveness. This Amendment shall become effective as of the date hereof subject to the satisfaction of each of the following conditions precedent:

(a) receipt by the Administrative Agent of counterparts of this Amendment (whether by facsimile or otherwise) executed by each of the parties hereto; and

(b) receipt by the Administrative Agent of such other documents, instruments and opinions as the Administrative Agent may reasonably request prior to the date hereof.

SECTION 6. Authorization to File Financing Statement. Upon the date hereof, the Originators and the Buyer hereby authorize the Administrative Agent to file (at the expense of the Buyer) one or more UCC-3 amendments in the form of Exhibit B hereto.

SECTION 7. Effect of Amendment; Ratification. Except as specifically amended hereby, the Agreement is hereby ratified and confirmed in all respects, and all of its provisions shall remain in full force and effect. After this Amendment becomes effective, all references in the Agreement (or in any other Transaction Document) to "the Receivables Sale Agreement", "the Second Amended and Restated Receivables Sale Agreement", "this Agreement", "hereof", "herein", or words of similar effect, in each case referring to the Agreement, shall be deemed to be references to the Agreement as amended hereby. This Amendment shall not be deemed to expressly or impliedly waive, amend, or supplement any provision of the Agreement other than as specifically set forth herein.

SECTION 8. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, and each counterpart shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

SECTION 9. CHOICE OF LAW. THIS AMENDMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW WHICH SHALL APPLY HERETO).

SECTION 10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AMENDMENT, ANY DOCUMENT EXECUTED BY THE ORIGINATORS PURSUANT TO THE AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

SECTION 11. Section Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or the Agreement or any provision hereof or thereof.

SECTION 12. Transaction Document. This Amendment shall constitute a Transaction Document.

SECTION 13. Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 14. Further Assurances. Each of Buyer and Tremco Barrier LLC hereby agrees to do, at Tremco Barrier LLC's expense, all such things and execute all such documents and instruments and authorize and file all such financing statements and financing statement amendments, in each case, as the Buyer or the Administrative Agent may reasonably consider necessary or desirable to give full effect to the transaction contemplated by this Amendment and the documents, instruments and agreements executed in connection herewith and therewith.

SECTION 15. Ratification.

(a) After giving effect to this Amendment and the transactions contemplated hereby, all of the provisions of the Performance Undertaking shall remain in full force and effect and the Performance Guarantor hereby ratifies and affirms the Performance Undertaking and acknowledges that the Performance Undertaking has continued and shall continue in full force and effect in accordance with its terms.

(b) Notwithstanding anything to the contrary set forth herein or in any other Transaction Document, the Performance Guarantor hereby acknowledges and agrees that each of the covenants, agreements, terms, conditions and indemnities to be performed and observed by Tremco Barrier LLC under and pursuant to the Agreement, each of the other Transaction Documents and this Amendment, shall in each case constitute a "Guaranteed Obligation" for purposes of the Performance Undertaking.

SECTION 16. Certain Covenants Regarding Post-Closing Conditions.

(a) Secretary Certificate. On or within ten (10) Business Days following the date hereof, Servicer shall deliver (or cause to be delivered) to the Administrative Agent a certificate of the Secretary or Assistant Secretary of Tremco Barrier LLC certifying the names and true signatures of the officers authorized on such Person's behalf to sign the Transaction Documents to be executed and delivered by it on and after the date hereof.

(b) Organic Documents. On or within ten (10) Business Days following the date hereof, Servicer shall deliver (or cause to be delivered) to the Administrative Agent the certificate of formation or other organizational document of Tremco Barrier LLC (including all amendments and modifications thereto) duly certified by the Secretary of State of the State of Delaware as of a recent date and after giving effect to the Tremco Conversion, together with a copy of the limited liability company agreement of Tremco Barrier LLC duly certified by the Secretary or an Assistant Secretary of such Person and after giving effect to the Tremco Conversion.

(c) Good Standing. On or within ten (10) Business Days following the date hereof, Servicer shall deliver (or cause to be delivered) to the Administrative Agent a good standing certificate for Tremco Barrier LLC duly certified by the Secretary of State (or similar official) of the State of Delaware.

(d) Lien Searches. On or within ten (10) Business Days following the date hereof, Servicer shall deliver (or cause to be delivered) to the Administrative Agent a written search report from a Person satisfactory to the Administrative Agent listing all effective financing statements that name either “Tremco Barrier Solutions, Inc.” or “Tremco Barrier Solutions, LLC” as debtors or sellers and that are filed in all jurisdictions in which filings may be made against such Person pursuant to the applicable UCC, together with copies of such financing statements (none of which, except for those filed in connection with the Transaction Documents, shall cover any Receivable or any Related Security).

(e) Opinions. On or within ten (10) Business Days following the date hereof, Servicer shall deliver (or cause to be delivered) to the Administrative Agent favorable opinions regarding corporate, enforceability and security interest matters addressed to the Administrative Agent and each Purchaser, in form and substance satisfactory to the Administrative Agent.

(f) Notwithstanding anything to the contrary set forth in this Amendment, the Agreement or any other Transaction Document, the failure to timely perform or cause to be performed any of the covenants under this Section 16 shall constitute a Termination Event with no grace period and revoke the consent provided for under Section 1 hereof.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

ORIGINATORS:

DAP PRODUCTS INC.
TREMCO INCORPORATED
RUST-OLEUM CORPORATION
THE EUCLID CHEMICAL COMPANY
WEATHERPROOFING TECHNOLOGIES,
INC.
TREMCO BARRIER SOLUTIONS, LLC

By: /s/ Edward W. Moore
Name: Edward W. Moore
Title: Secretary

RPM FUNDING CORPORATION,
as Buyer

By: /s/ Edward W. Moore
Name: Edward W. Moore
Title: President and Secretary

S-2

Seventh Amendment to 2nd A&R RSA (RPM)

Consented and Agreed:

RPM INTERNATIONAL INC.,
as Servicer

By: /s/ Edward W. Moore

Name: Edward W. Moore

Title: Senior Vice President, General Counsel,
Chief Compliance Officer, and Secretary

S-3

Seventh Amendment to 2nd A&R RSA (RPM)

SANTANDER BANK, N.A.,
as a Purchaser

By: /s/ Xavier Ruiz Sena
Name: Xavier Ruiz Sena
Title: Managing Director

S-4

Seventh Amendment to 2nd A&R RSA (RPM)

PNC BANK, NATIONAL ASSOCIATION,
as a Purchaser and as Administrative Agent

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

S-5

Seventh Amendment to 2nd A&R RSA (RPM)

With respect to Section 15:

RPM INTERNATIONAL INC.,
as Performance Guarantor

By: /s/ Edward W. Moore

Name: Edward W. Moore

Title: Senior Vice President, General Counsel,
Chief Compliance Officer, and Secretary

S-6

Seventh Amendment to 2nd A&R RSA (RPM)

EXECUTION COPY

AMENDMENT NO. 3 TO AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

This AMENDMENT NO. 3 TO AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT (this "Amendment"), dated as of June 18, 2018, is among RPM FUNDING CORPORATION, a Delaware corporation ("Seller"), RPM INTERNATIONAL INC., a Delaware corporation ("RPM-Delaware"), as Servicer, WELLS FARGO BANK, NATIONAL ASSOCIATION ("Wells Fargo"), as a Purchaser, PNC BANK, NATIONAL ASSOCIATION ("PNC"), as a Purchaser and as administrative agent for the Purchasers (in such capacity, the "Administrative Agent") and PNC CAPITAL MARKETS LLC, as structuring agent (in such capacity, the "Structuring Agent").

RECITALS

1. Seller, RPM-Delaware, Wells Fargo, PNC and Administrative Agent are parties to that certain Amended and Restated Receivables Purchase Agreement, dated as of May 9, 2014 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Agreement").

2. Concurrently herewith, Seller and each of the entities listed on the signature pages thereto as an originator are entering into that certain Amendment No. 5 to Second Amended and Restated Receivables Sale Agreement, dated as of the date hereof (the "RSA Amendment").

3. Seller, RPM-Delaware, Wells Fargo, PNC, Administrative Agent and Structuring Agent desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. Definitions. Capitalized terms used in this Amendment and not otherwise defined herein shall have the respective meanings ascribed thereto in, or by reference in, the Agreement.

SECTION 2. Amendments to the Agreement. The Agreement is hereby amended as follows:

(a) The following new defined term and definition thereof is hereby added to Exhibit I to the Agreement in appropriate alphabetical order:

"Excluded Receivable" has the meaning set forth in the Receivables Sale Agreement.

(b) Clause (iii) of the definition of "**Eligible Receivable**" set forth in Exhibit I to the Agreement is hereby replaced in its entirety with the following:

(iii) which is not a Charged-Off Receivable, an Excluded Receivable, a Delinquent Receivable or a Defaulted Receivable,

SECTION 3. Representations and Warranties. Each of the Seller and RPM-Delaware hereby represents and warrants to the Purchasers and the Administrative Agent as of the date hereof as follows:

(a) Representations and Warranties. The representations and warranties made by it in the Transaction Documents (including the Agreement, as amended hereby) are true and correct as of the date hereof (unless stated to relate solely to an earlier date, in which case such representations or warranties were true and correct as of such earlier date).

(b) Enforceability. The execution and delivery by such Person of this Amendment, and the performance of each of its obligations under this Amendment and the Agreement, as amended hereby, are within its corporate powers and have been duly authorized by all necessary action on its part. This Amendment and the Agreement, as amended hereby, are such Person's valid and legally binding obligations, enforceable in accordance with their terms.

(c) No Default. Both before and immediately after giving effect to this Amendment and the transactions contemplated hereby, no Amortization Event or Potential Amortization Event exists or shall exist.

SECTION 4. Conditions to Effectiveness. This Amendment shall become effective as of the date hereof and concurrently with the effectiveness of the RSA Amendment, subject to the satisfaction of each of the following conditions precedent:

(a) receipt by the Administrative Agent of counterparts of this Amendment (whether by facsimile or otherwise) executed by each of the parties hereto;

(b) receipt by the Administrative Agent of counterparts of the RSA Amendment (whether by facsimile or otherwise) executed by each of the parties hereto;

(c) receipt by the Administrative Agent of a pro-forma Receivables Report after giving effect to this Amendment and the RSA Amendment; and

(d) receipt by the Administrative Agent of such other documents and instruments as the Administrative Agent may reasonably request prior to the date hereof.

SECTION 5. Effect of Amendment; Ratification. Except as specifically amended hereby, the Agreement is hereby ratified and confirmed in all respects, and all of its provisions shall remain in full force and effect. After this Amendment becomes effective, all references in the Agreement (or in any other Transaction Document) to "the Receivables Purchase Agreement", "the Amended and Restated Receivables Purchase Agreement", "this Agreement", "hereof", "herein", or words of similar effect, in each case referring to the Agreement, shall be deemed to be references to the Agreement as amended hereby. This Amendment shall not be deemed to expressly or impliedly waive, amend, or supplement any provision of the Agreement other than as specifically set forth herein.

SECTION 6. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, and each counterpart shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

SECTION 7. CHOICE OF LAW. THIS AMENDMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW WHICH SHALL APPLY HERETO).

SECTION 8. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AMENDMENT, ANY DOCUMENT EXECUTED BY THE SELLER PARTIES PURSUANT TO THE AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

SECTION 9. Section Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or the Agreement or any provision hereof or thereof.

SECTION 10. Transaction Document. This Amendment shall constitute a Transaction Document.

SECTION 11. Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

RPM FUNDING CORPORATION,
as Seller

By: /s/ Edward W. Moore
Name: Edward W. Moore
Title: Secretary

728510400 14448925

S-1

Amendment No. 3 to A&R RPA (RPM)

RPM INTERNATIONAL INC.,
as Servicer

By: /s/ Edward W. Moore

Name: Edward W. Moore

Title: Senior Vice President, General Counsel,
Chief Compliance Officer and Secretary

728510400 14448925

S-2

Amendment No. 3 to A&R RPA (RPM)

**WELLS FARGO BANK, NATIONAL
ASSOCIATION,**
as a Purchaser

By: /s/ Eero Maki
Name: Eero Maki
Title: Managing Director

728510400 14448925

S-3

Amendment No. 3 to A&R RPA (RPM)

PNC BANK, NATIONAL ASSOCIATION,
as a Purchaser and as Administrative Agent

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

PNC CAPITAL MARKETS LLC,
as Structuring Agent

By: /s/ Michael Brown
Name: Michael Brown
Title: Managing Director

AMENDMENT NO. 4 TO AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

This AMENDMENT NO. 4 TO AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT (this "Amendment"), dated as of May 8, 2020, is among RPM FUNDING CORPORATION, a Delaware corporation ("Seller"), RPM INTERNATIONAL INC., a Delaware corporation ("RPM-Delaware"), as Servicer, WELLS FARGO BANK, NATIONAL ASSOCIATION ("Wells Fargo"), as a Purchaser, PNC BANK, NATIONAL ASSOCIATION ("PNC"), as a Purchaser and as administrative agent for the Purchasers (in such capacity, the "Administrative Agent"), and PNC CAPITAL MARKETS LLC, as structuring agent (in such capacity, the "Structuring Agent").

RECITALS

1. Seller, RPM-Delaware, Wells Fargo, PNC and Administrative Agent are parties to that certain Amended and Restated Receivables Purchase Agreement, dated as of May 9, 2014 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Agreement").

2. Seller, RPM-Delaware, Wells Fargo, PNC, Administrative Agent and Structuring Agent desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. Definitions. Capitalized terms used in this Amendment and not otherwise defined herein shall have the respective meanings ascribed thereto in, or by reference in, the Agreement.

SECTION 2. Amendment to the Agreement. The definition of "Facility Termination Date" set forth in Exhibit I of the Agreement is hereby amended by replacing the date "May 8, 2020" where it appears therein with the date "May 22, 2020".

SECTION 3. Representations and Warranties. Each of the Seller and RPM-Delaware hereby represents and warrants to the Purchasers and the Administrative Agent as of the date hereof as follows:

(a) Representations and Warranties. The representations and warranties made by it in the Transaction Documents (including the Agreement, as amended hereby) are true and correct as of the date hereof (unless stated to relate solely to an earlier date, in which case such representations or warranties were true and correct as of such earlier date).

(b) Enforceability. The execution and delivery by such Person of this Amendment, and the performance of each of its obligations under this Amendment and the Agreement, as amended hereby, are within its corporate powers and have been duly authorized by all necessary action on its part. This Amendment and the Agreement, as

amended hereby, are such Person's valid and legally binding obligations, enforceable in accordance with their terms.

(c) No Default. Both before and immediately after giving effect to this Amendment and the transactions contemplated hereby, no Amortization Event or Potential Amortization Event exists or shall exist.

SECTION 4. Conditions to Effectiveness. This Amendment shall become effective as of the date hereof, subject to the satisfaction of each of the following conditions precedent:

(a) receipt by the Administrative Agent of counterparts of this Amendment (whether by facsimile or otherwise) executed by each of the parties hereto; and

(b) receipt by the Administrative Agent of such other documents and instruments as the Administrative Agent may reasonably request prior to the date hereof.

SECTION 5. Effect of Amendment; Ratification. Except as specifically amended hereby, the Agreement is hereby ratified and confirmed in all respects, and all of its provisions shall remain in full force and effect. After this Amendment becomes effective, all references in the Agreement (or in any other Transaction Document) to "the Receivables Purchase Agreement", "the Amended and Restated Receivables Purchase Agreement", "this Agreement", "hereof", "herein", or words of similar effect, in each case referring to the Agreement, shall be deemed to be references to the Agreement as amended hereby. This Amendment shall not be deemed to expressly or impliedly waive, amend, or supplement any provision of the Agreement other than as specifically set forth herein.

SECTION 6. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, and each counterpart shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

SECTION 7. CHOICE OF LAW. THIS AMENDMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW WHICH SHALL APPLY HERETO).

SECTION 8. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AMENDMENT, ANY DOCUMENT EXECUTED BY THE SELLER PARTIES PURSUANT TO THE AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

SECTION 9. Section Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or the Agreement or any provision hereof or thereof.

SECTION 10. Transaction Document. This Amendment shall constitute a Transaction Document.

SECTION 11. Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

RPM FUNDING CORPORATION,
as Seller

By: /s/ Edward W. Moore
Name: Edward W. Moore
Title: Secretary

736730775 14448925

S-1

Amendment No. 4 to A&R RPA (RPM)

RPM INTERNATIONAL INC.,
as Servicer

By: /s/ Edward W. Moore
Name: Edward W. Moore
Title: Senior Vice President, General Counsel,
Chief Compliance Officer, and Secretary

736730775 14448925

S-2

Amendment No. 4 to A&R RPA (RPM)

**WELLS FARGO BANK, NATIONAL
ASSOCIATION,**
as a Purchaser

By: /s/ Jonathan Davis
Name: Jonathan Davis
Title: Asst Vice President

736730775 14448925

S-3

Amendment No. 4 to A&R RPA (RPM)

PNC BANK, NATIONAL ASSOCIATION,
as a Purchaser and as Administrative Agent

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

PNC CAPITAL MARKETS LLC,
as Structuring Agent

By: /s/ Michael Brown
Name: Michael Brown
Title: Managing Director

EXECUTION VERSION

AMENDMENT NO. 5 TO AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

This AMENDMENT NO. 5 TO AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT (this "Amendment"), dated as of May 22, 2020, is among RPM FUNDING CORPORATION, a Delaware corporation ("Seller"), RPM INTERNATIONAL INC., a Delaware corporation ("RPM-Delaware"), as servicer and as performance guarantor (in such capacity, the "Performance Guarantor"), SANTANDER BANK, N.A. ("Santander"), as a Purchaser, PNC BANK, NATIONAL ASSOCIATION ("PNC"), as a Purchaser and as administrative agent for the Purchasers (in such capacity, the "Administrative Agent") and PNC CAPITAL MARKETS LLC, as structuring agent (in such capacity, the "Structuring Agent").

RECITALS

1. Seller, RPM-Delaware, Wells Fargo Bank, National Association ("Wells Fargo"), PNC, Administrative Agent and Structuring Agent are parties to that certain Amended and Restated Receivables Purchase Agreement, dated as of May 9, 2014 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Agreement").

2. Concurrently herewith, Seller, RPM-Delaware, Wells Fargo and PNC are entering into that certain Payoff Letter, dated as of the date hereof (the "Payoff Letter"), pursuant to which, among other things, Wells Fargo is being removed as a party to the Agreement.

3. Concurrently herewith, Seller, RPM-Delaware, Santander, PNC, Administrative Agent and Structuring Agent are entering into that certain Amended and Restated Fee Letter, dated as of the date hereof (the "Fee Letter").

4. Concurrently herewith, Seller, RPM-Delaware, DAP Products Inc., Tremco Incorporated, Rust-Oleum Corporation, The Euclid Chemical Company, Weatherproofing Technologies, Inc. and Tremco Barrier Solutions, Inc. are entering into that certain EU Risk Retention Agreement dated as of the date hereof (the "EU Risk Retention Agreement").

5. Santander desires to join the Agreement, and Seller, RPM-Delaware, Santander, PNC, Administrative Agent and Structuring Agent desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. Definitions. Capitalized terms used in this Amendment and not otherwise defined herein shall have the respective meanings ascribed thereto in, or by reference in, the Agreement.

SECTION 2. Joinder of Santander.

(a) Santander as a Purchaser. Effective as of the date hereof, Santander shall be a Purchaser party to the Agreement for all purposes thereof and of the other

Amendment No. 5 to A&R RPA (RPM)

Transaction Documents as if Santander were an original party to the Agreement in such capacity, and effective as of the date hereof, Santander assumes all related rights and agrees to be bound by all of the terms and provisions applicable to Purchasers contained in the Agreement and the other Transaction Documents.

(b) Credit Decision. Santander (i) confirms to the Administrative Agent and each of the Purchasers that it has received a copy of the Agreement, the other Transaction Documents, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Amendment and (ii) agrees that it will, independently and without reliance upon the Administrative Agent or any Purchaser or any of their respective Affiliates, based on such documents and information as Santander shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Agreement and any other Transaction Document. The Administrative Agent and the Purchasers make no representation or warranty and assume no responsibility with respect to (x) any statements, warranties or representations made in or in connection with the Agreement, any other Transaction Document or any other instrument or document furnished pursuant thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Agreement or the Receivables, any other Transaction Document or any other instrument or document furnished pursuant thereto or (y) the financial condition of any of the Seller, the Servicer, the Performance Guarantor or the Originators or the performance or observance by any of the Seller, the Servicer, the Performance Guarantor or the Originators of any of their respective obligations under the Agreement, any other Transaction Document, or any instrument or document furnished pursuant thereto.

(c) Consent to Joinder. Each of the Seller and the Administrative Agent consent to the foregoing joinder of Santander in the capacity as a Purchaser to the Agreement, and any otherwise applicable conditions precedent thereto under the Agreement and the other Transactions Documents (other than as set forth herein) are hereby waived.

SECTION 3. Non-Ratable Purchase; Consent.

(a) Non-Ratable Purchase. Notwithstanding the requirements set forth in Sections 1.1 and 1.2 of the Agreement that on the terms and subject to the conditions set forth in the Agreement, each applicable Purchaser makes purchases from the Seller ratably in accordance with its applicable Percentage, the Seller hereby requests on a one-time basis that in connection with the removal of Wells Fargo as a Purchaser party to the Agreement and the joinder of Santander as a Purchaser party to the Agreement, in each case, effective as of the date hereof, that otherwise on the terms and subject to the conditions set forth in the Agreement, Santander make a non-ratable purchase on the date hereof in the applicable amount set forth on Exhibit B hereto. For administrative convenience, the Seller hereby requests that Santander fund the purchase requested hereto to the applicable account set forth on Exhibit B hereto which is the account of Wells Fargo. Each of the Seller and Santander hereby acknowledge and agree that the Discount Rate with respect to such purchase shall initially be LMIR.

(b) Capital. After giving effect to the foregoing purchase by Santander and the payments of each of the applicable amounts set forth in the Payoff Letter, the aggregate outstanding Capital funded by PNC will be \$ 82,500,000 and the aggregate outstanding Capital funded by Santander will be \$67,500,000.

(c) Conditions of Purchase. Notwithstanding the foregoing, and for the avoidance of doubt, Santander shall not be required to make or fund the purchase set forth above unless all the conditions precedent thereto set forth in the Agreement (including, without limitation, those set forth in Article VI of the Agreement) have been satisfied; provided, however, that the provision of Section 1.2 of the Agreement requiring the delivery of a Purchase Notice in connection with each purchase is hereby waived solely with respect to the Santander purchase to occur on the date hereof.

(d) Consent. Each of the parties hereto consents to the foregoing non-ratable purchase to be funded by Santander on a one-time basis, on the terms set forth in this Section 3.

SECTION 4. Amendments to the Agreement. The Agreement is hereby amended as follows:

(a) The Agreement is hereby amended to incorporate the changes shown on the marked pages of the Agreement attached hereto as Exhibit A.

(b) Exhibit X to the Agreement is deleted and replaced in its entirety with Exhibit X hereto.

SECTION 5. Representations and Warranties. Each of the Seller and RPM-Delaware hereby represents and warrants to the Purchasers and the Administrative Agent as of the date hereof as follows:

(a) Representations and Warranties. The representations and warranties made by it in the Transaction Documents (including the Agreement, as amended hereby) are true and correct as of the date hereof (unless stated to relate solely to an earlier date, in which case such representations or warranties were true and correct as of such earlier date).

(b) Enforceability. The execution and delivery by such Person of this Amendment, and the performance of each of its obligations under this Amendment and the Agreement, as amended hereby, are within its corporate powers and have been duly authorized by all necessary action on its part. This Amendment and the Agreement, as amended hereby, are such Person's valid and legally binding obligations, enforceable in accordance with their terms.

(c) No Default. Both before and immediately after giving effect to this Amendment and the transactions contemplated hereby, no Amortization Event or Potential Amortization Event exists or shall exist.

SECTION 6. Conditions to Effectiveness. This Amendment shall become effective as of the date hereof and concurrently with the effectiveness of the Payoff Letter, subject to the satisfaction of each of the following conditions precedent:

(a) receipt by the Administrative Agent of counterparts of this Amendment (whether by facsimile or otherwise) executed by each of the parties hereto;

(b) receipt by the Administrative Agent of counterparts of the Fee Letter (whether by facsimile or otherwise) executed by each of the parties hereto;

(c) receipt by the Administrative Agent of counterparts of the Payoff Letter (whether by facsimile or otherwise) executed by each of the parties hereto;

(d) receipt by the Administrative Agent of counterparts of the EU Risk Retention Agreement (whether by facsimile or otherwise) executed by each of the parties hereto;

(e) receipt by the Administrative Agent of good standing certificates of the Seller and RPM-Delaware duly certified by the applicable Secretary of State (or similar official) of the state of organization;

(f) receipt by the Administrative Agent of certificates of the Secretary or Assistant Secretary of the Seller and RPM-Delaware certifying the names and true signatures of the officers authorized on such Person's behalf to sign the Transaction Documents to be executed and delivered by it on and after the date hereof;

(g) receipt by the Administrative Agent, of a favorable opinion regarding corporate and enforceability matters addressed to the Administrative Agent and the Purchasers, in form and substance reasonably satisfactory to the Administrative Agent;

(h) receipt by the Administrative Agent of reliance letters addressed to Santander making them addressees of, with the right to rely on, the various opinions of counsel to the Seller Parties previously delivered to the Purchasers in connection with the Transaction Documents, in each case, in form and substance satisfactory to Santander and the Administrative Agent;

(i) evidence received by the Administrative Agent that (i) the "Amendment Fee" under and as defined in the Fee Letter and (ii) each other fee or other amount owing by the Seller under any Transaction Document or in connection with this Amendment or the transactions contemplated hereby, in each case, have been paid in fully in accordance with the terms of the Fee Letter or such other document to which such fee or amount is payable; and

(j) receipt by the Administrative Agent of such other documents and instruments as the Administrative Agent may reasonably request prior to the date hereof.

SECTION 7. Effect of Amendment; Ratification. Except as specifically amended hereby, the Agreement is hereby ratified and confirmed in all respects, and all of its provisions

shall remain in full force and effect. After this Amendment becomes effective, all references in the Agreement (or in any other Transaction Document) to “the Receivables Purchase Agreement”, “the Amended and Restated Receivables Purchase Agreement”, “this Agreement”, “hereof”, “herein”, or words of similar effect, in each case referring to the Agreement, shall be deemed to be references to the Agreement as amended hereby. This Amendment shall not be deemed to expressly or impliedly waive, amend, or supplement any provision of the Agreement other than as specifically set forth herein.

SECTION 8. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, and each counterpart shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

SECTION 9. CHOICE OF LAW. THIS AMENDMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW WHICH SHALL APPLY HERETO).

SECTION 10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AMENDMENT, ANY DOCUMENT EXECUTED BY THE SELLER PARTIES PURSUANT TO THE AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

SECTION 11. Section Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or the Agreement or any provision hereof or thereof.

SECTION 12. Transaction Document. This Amendment shall constitute a Transaction Document.

SECTION 13. Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 14. Reaffirmation of Performance Guaranty. After giving effect to this Amendment and each of the other transactions contemplated hereby, all of the provisions of the Performance Guaranty shall remain in full force and effect and the Performance Guarantor hereby ratifies and affirms the Performance Guaranty and acknowledges that the Performance Guaranty has continued and shall continue in full force and effect in accordance with its terms.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

RPM FUNDING CORPORATION,
as Seller

By: /s/ Edward W. Moore
Name: Edward W. Moore
Title: Secretary

Amendment No. 5 to A&R RPA (RPM)

RPM INTERNATIONAL INC.,
as Servicer and Performance Guarantor

By: /s/ Edward W. Moore
Name: Edward W. Moore
Title: Senior Vice President, General Counsel,
Chief Compliance Officer, and Secretary

Amendment No. 5 to A&R RPA (RPM)

SANTANDER BANK, N.A.,
as a Purchaser

By: /s/ Xavier Ruiz Sena
Name: Xavier Ruiz Sena
Title: Managing Director

Amendment No. 5 to A&R RPA (RPM)

PNC BANK, NATIONAL ASSOCIATION,
as a Purchaser and as Administrative Agent

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

PNC CAPITAL MARKETS LLC,
as Structuring Agent

By: /s/ Michael Brown
Name: Michael Brown
Title: Managing Director

Amendment No. 5 to A&R RPA (RPM)



(5-31-2020)

Company Name	Place of Incorporation
Agpro (N.Z.) Limited	New Zealand
Alteco Technik GmbH	Germany
API S.p.A.	Italy
Arnette Polymers, LLC (80% JV)	Massachusetts (USA)
Carboline (Dalian) Paint Company Ltd.	China
Carboline Company	Delaware (USA)
Carboline International Corporation	Delaware (USA)
Carboline Italia S.p.A.	Italy
Carboline Norge AS	Norway
DAP Products Inc.	Delaware (USA)
Day-Glo Color Corp.	Ohio (USA)
Dryvit Holdings, Inc.	Delaware (USA)
Dryvit Systems Inc. w/Branches	Rhode Island (USA)
Ekspan Limited	England & Wales
Euclid Admixture Canada Inc.	Canada
F T Morrell and Company Limited	England & Wales
Fibergrate Composite Structures Incorporated	Delaware (USA)
First Continental Services Co.	Vermont (USA)
Flowcrete Europe Limited	England & Wales
Flowcrete Group Limited	England & Wales
Flowcrete International Ltd.	England & Wales
Flowcrete Polska Sp. zo. o.	Poland
Flowcrete Sweden AB	Sweden
Flowcrete UK Ltd.	England & Wales
GJP Holdings Limited	England & Wales
Guardian Protection Products, Inc.	Delaware (USA)
Key Resin Company	Ohio (USA)
Kirker Enterprises, Inc.	Delaware (USA)
Kirker Europe Limited	Scotland
Kop-Coat New Zealand Limited	New Zealand
Kop-Coat, Inc.	Ohio (USA)
LBG Holdings, Inc.	Delaware (USA)
Legend Brands, Inc.	Delaware (USA)
Mantrose-Haeuser Co., Inc.	Massachusetts (USA)
Martin Mathys NV	Belgium
Morrells Woodfinishes Limited	England & Wales
New Ventures (UK) Limited	England & Wales
New Ventures II (UK) Limited	England & Wales
Nudura Inc.	Canada
Profile Food Ingredients, LLC	Illinois (USA)
Radiant Color NV	Belgium
RPM Canada Company	Canada

<u>Company Name</u>	<u>Place of Incorporation</u>
RPM Canada Ventures ULC	Canada
RPM Canada, a General Partnership	Canada
RPM CH, G.P.	Delaware (USA)
RPM Consumer Group, Inc.	Delaware (USA)
RPM Europe Finance Designated Activity Company	Ireland
RPM Europe Holdco B.V.	Netherlands
RPM Funding Corporation	Delaware (USA)
RPM Holdco Corp.	Delaware (USA)
RPM Industrial Holding Company	Delaware (USA)
RPM International Inc.	Delaware (USA)
RPM Lux Enterprises S.ar.l.	Luxembourg
RPM Lux Holdco S.ar.l.	Luxembourg
RPM New Horizons C.V.	Netherlands
RPM New Horizons Italy S.r.l.	Italy
RPM New Horizons Netherlands B.V.	Netherlands
RPM Performance Coatings Group, Inc.	Delaware (USA)
RPM Ventures Netherlands B.V.	Netherlands
RPM Wood Finishes Group, Inc.	Nevada (USA)
RPOW France S.A.S.	France
RPOW UK Limited	England & Wales
RSIF International dac.	Ireland
Rust-Oleum Australia & New Zealand Pty. Ltd.	Australia
Rust-Oleum Corporation	Delaware (USA)
Rust-Oleum International, LLC	Delaware (USA)
Rust-Oleum Netherlands BV	Netherlands
Schul International	New Hampshire (USA)
Specialty Products Holding Corp.	Ohio (USA)
SPS B.V.	Netherlands
StonCor Africa (Proprietary) Ltd.	South Africa
StonCor Group Inc. w/Branches	Delaware (USA)
TCI, Inc.	Georgia (USA)
Tevco Enterprises, Inc.	New Jersey (USA)
The Euclid Chemical Company	Ohio (USA)
Tor Coatings Limited	England & Wales
Toxement, S.A.	Colombia
Tremco Barrier Solutions, Inc.	Delaware (USA)
Tremco Construction Products Group, Inc.	Delaware (USA)
Tremco CPG Netherlands B.V.	Netherlands
Tremco CPG UK Limited	England & Wales
Tremco illbruck Dis, Ticaret A.S.	Turkey
Tremco illbruck GmbH	Germany
Tremco illbruck Group GmbH	Germany
Tremco Incorporated	Ohio (USA)
Universal Sealants (U.K.) Limited	England & Wales
Viapol Ltda.	Brazil
Watco UK Limited	England & Wales
Weatherproofing Technologies, Inc.	Delaware (USA)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND REPORT ON SCHEDULE

We consent to the incorporation by reference in:

- Registration Statement No. 333-101512 on Form S-8 pertaining to the Deferred Compensation Plan;
- Registration Statement No. 333-101501 on Form S-8 pertaining to the 401(k) Trust and Plan and the Union 401(k) Retirement Savings Trust and Plan;
- Registration Statement No. 333-117581 on Form S-8 pertaining to the 2003 Restricted Stock Plan for Directors;
- Registration Statement No. 333-120067 on Form S-8 pertaining to the Amended and Restated 2004 Omnibus Equity and Incentive Plan;
- Registration Statement No. 333-168437 on Form S-8 pertaining to the Amended and Restated 2004 Omnibus Equity and Incentive Plan;
- Registration Statement No. 333-139906 on Form S-8 pertaining to the 2007 Restricted Stock Plan;
- Registration Statement No. 333-203406 on Form S-8 pertaining to the 2014 Omnibus Equity and Incentive Plan;

and of our reports dated July 27, 2020, relating to the consolidated financial statements of RPM International Inc. and subsidiaries, and the effectiveness of RPM International Inc. and subsidiaries' internal control over financial reporting appearing in this Annual Report on Form 10-K of RPM International Inc. for the year ended May 31, 2020.

Our audits of the consolidated financial statements referred to in our aforementioned report also included the financial statement schedule of RPM International Inc. and subsidiaries listed in Item 15 in Form 10-K in each of the three years in the period ended May 31, 2020. This financial statement schedule is the responsibility of RPM International Inc. and subsidiaries' management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP

Cleveland, Ohio
July 27, 2020

RULE 13a-14(a) CERTIFICATION

I, Frank C. Sullivan, certify that:

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

/s/ Frank C. Sullivan

Frank C. Sullivan

Chairman, President and Chief Executive Officer

Dated: July 27, 2020

RULE 13a-14(a) CERTIFICATION

I, Russell L. Gordon, certify that:

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

/s/ Russell L. Gordon

Russell L. Gordon

Vice President and Chief Financial Officer

Dated: July 27, 2020

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

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

- (1) The Annual Report on Form 10-K for the period ended May 31, 2020 (the “Form 10-K”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-K.

Date: July 27, 2020

/s/ Frank C. Sullivan

Frank C. Sullivan

Chairman, President and Chief Executive Officer

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

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

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

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

- (1) The Annual Report on Form 10-K for the period ended May 31, 2020 (the “Form 10-K”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-K.

Date: July 27, 2020

/s/ Russell L. Gordon

Russell L. Gordon

Vice President and Chief Financial Officer

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

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