RPM INTERNATIONAL INC/DE/
Form DEF 14A
August 20, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.   )

Filed by the Registrant þ
Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to Section 240.14a-12

RPM INTERNATIONAL INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Thomas C. Sullivan
Chairman

August 20, 2007

To RPM International Stockholders:

I would like to extend a personal invitation for you to join us at this year s Annual Meeting of RPM Stockholders which will be held at 2:00 p.m., Eastern Daylight Time, Thursday, October 4, 2007, at the Holiday Inn Select located at Interstate 71 and Route 82 East, Strongsville, Ohio.

At this year s Annual Meeting, in addition to voting on the election of four Directors, you will vote on a proposal to approve and adopt the Amended and Restated 1995 Incentive Compensation Plan and a proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending May 31, 2008. We also look forward to giving you a progress report on the first quarter of our current fiscal year, which will end on August 31. As in the past, there will be an informal discussion of the Company s activities, during which time your questions and comments will be welcomed.

We hope that you are planning to attend the Annual Meeting personally, and we look forward to seeing you. Whether or not you expect to attend in person, the return of the enclosed Proxy as soon as possible would be greatly appreciated and will ensure that your shares will be represented at the Annual Meeting. If you do attend the Annual Meeting, you may, of course, withdraw your Proxy should you wish to vote in person.

On behalf of the Directors and management of RPM, I would like to thank you for your continued support and confidence.

Sincerely yours,

Thomas C. Sullivan

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2628 PEARL ROAD P.O. BOX 777
MEDINA, OHIO 44258

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is Hereby Given that the Annual Meeting of Stockholders of RPM International Inc. will be held at the Holiday Inn Select located at Interstate 71 and Route 82 East, Strongsville, Ohio, on Thursday, October 4, 2007, at 2:00 p.m., Eastern Daylight Time, for the following purposes:

(1) To elect four Directors in Class I for a three-year term ending in 2010;

(2) To approve and adopt the RPM International Inc. Amended and Restated 1995 Incentive Compensation Plan;

(3) To ratify the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending May 31, 2008; and

(4) To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Holders of shares of Common Stock of record at the close of business on August 10, 2007 are entitled to receive notice of and to vote at the Annual Meeting.

By Order of the Board of Directors.

Edward W. Moore
Secretary

August 20, 2007

Please fill in and sign the enclosed Proxy and return the Proxy
in the envelope enclosed herewith.

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2628 PEARL ROAD P.O. BOX 777
MEDINA, OHIO 44258

PROXY STATEMENT

Mailed on or about August 20, 2007

Annual Meeting of Stockholders to be held on October 4, 2007

This Proxy Statement is furnished in connection with the solicitation of Proxies by the Board of Directors of RPM International Inc. (the Company) to be used at the Annual Meeting of Stockholders of the Company to be held on October 4, 2007, and any adjournment or postponement thereof. The time, place and purposes of the Annual Meeting are stated in the Notice of Annual Meeting of Stockholders which accompanies this Proxy Statement.

The accompanying Proxy is solicited by the Board of Directors of the Company. All validly executed Proxies received by the Board of Directors of the Company pursuant to this solicitation will be voted at the Annual Meeting, and the directions contained in such Proxies will be followed in each instance. If no directions are given, the Proxy will be voted (i) FOR the election of the four nominees listed on the Proxy; (ii) FOR approving and adopting the RPM International Inc. Amended and Restated 1995 Incentive Compensation Plan; and (iii) FOR ratifying the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending May 31, 2008.

Any person giving a Proxy pursuant to this solicitation may revoke it. A stockholder, without affecting any vote previously taken, may revoke a Proxy by giving notice to the Company in writing, in open meeting or by a duly executed Proxy bearing a later date.

The expense of soliciting Proxies, including the cost of preparing, assembling and mailing the Notice, Proxy Statement and Proxy, will be borne by the Company. The Company may pay persons holding shares for others their expenses for sending proxy materials to their principals. In addition to solicitation of Proxies by mail, the Company s Directors, officers and employees, without additional compensation, may solicit Proxies by telephone, electronic means and personal interview.

VOTING RIGHTS

The record date for determination of stockholders entitled to vote at the Annual Meeting was the close of business on August 10, 2007. On that date, the Company had 121,279,505 shares of Common Stock, par value $0.01 per share (the Common Stock), outstanding and entitled to vote at the Annual Meeting. Each share of Common Stock is entitled to one vote.

At the Annual Meeting, in accordance with the General Corporation Law of the State of Delaware and the Company s Amended and Restated By-Laws, the inspectors of election appointed by the Board of Directors for the Annual Meeting will determine the presence of a quorum and will tabulate the results of stockholder voting. As provided by the General Corporation Law of the State of Delaware and the Company s Amended and Restated By-Laws, holders of shares entitling them to exercise a majority of the voting power of the Company, present in person or by proxy at the Annual Meeting, will constitute a quorum

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for such meeting. Under applicable Delaware law, if a broker returns a Proxy and has not voted on a certain proposal, such broker non-votes will count for purposes of determining a quorum. The shares represented at the Annual Meeting by Proxies, which are marked, with respect to the election of Directors, withheld will be counted as shares present for the purpose of determining whether a quorum is present.

Nominees for election as Directors receiving the greatest number of votes will be elected Directors. Broker non-votes in respect of the election of Directors will not be counted in determining the outcome of the election. The General Corporation Law of the State of Delaware provides that stockholders cannot elect Directors by cumulative voting unless a company s certificate of incorporation so provides. The Company s Amended and Restated Certificate of Incorporation does not provide for cumulative voting.

We recently amended our Corporate Governance Guidelines to include a majority voting policy, which sets forth our procedures if a Director-nominee is elected, but receives a majority of withheld votes. In an uncontested election, the Board expects any nominee for Director who receives a greater number of votes withheld from his or her election than votes for such election to tender his or her resignation following certification of the stockholder vote. The Board shall fill Board vacancies and new Directorships and shall nominate for election or re-election as Director only candidates who agree to tender their resignations in such circumstances. The Governance and Nominating Committee will act on an expedited basis to determine whether to accept a Director s resignation tendered in accordance with the policy and will make recommendations to the Board for its prompt consideration with respect to any such letter of resignation. For the full details of our majority voting policy, which is part of our Corporate Governance Guidelines, please see our Corporate Governance Guidelines which are available on our website at www.rpminc.com.

Pursuant to the Company s Amended and Restated By-Laws, proposals other than the election of Directors and matters brought before the Annual Meeting will be decided, unless otherwise provided by law or by the Amended and Restated Certificate of Incorporation of the Company, by the vote of the holders of a majority of the shares entitled to vote thereon present in person or by proxy at the Annual Meeting. In voting for other proposals, votes may be cast in favor, against or abstained. Abstentions will count as present for purposes of the items on which the abstention is noted and will have the effect of a vote against the proposal. Broker non-votes, however, are not counted as present for purposes of determining whether a proposal has been approved and will have no effect on the outcome of any such proposal.

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STOCK OWNERSHIP OF PRINCIPAL HOLDERS AND MANAGEMENT

The following table sets forth the beneficial ownership of shares of Common Stock as of May 31, 2007, unless otherwise indicated, by (i) each person or group known by the Company to own beneficially more than 5% of the outstanding shares of Common Stock, (ii) each Director and nominee for election as a Director of the Company, (iii) each executive officer named in the Executive Compensation tables below and (iv) all Directors and executive officers as a group. All information with respect to beneficial ownership has been furnished by the respective Director, nominee for election as a Director, or executive officer, as the case may be. Unless otherwise indicated below, each person named below has sole voting and investment power with respect to the number of shares set forth opposite his or her respective name. The address of each Director nominee, Director and executive officer is 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258.

Name of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned(1)	Percentage of Shares of Common Stock(1)
Capital Research and Management Company(2)	12,635,120	10.6 %
Barclays Global Investors, NA(3)	6,260,300	5.3
Edward B. Brandon(4)	33,416	*
Bruce A. Carbonari(5)	8,380	*
David A. Daberko(6)	0	*
Paul G. P. Hoogenboom(7)	170,892	.1
James A. Karman(8)	158,059	.1
Robert L. Matejka(9)	192,549	.2
Donald K. Miller(10)	43,500	*
Frederick R. Nance(11)	0	*
William A. Papenbrock(12)	25,442	*
Charles A. Ratner(13)	4,700	*
Ronald A. Rice(14)	244,758	.2
Frank C. Sullivan(15)	922,320	.8
Thomas C. Sullivan(16)	231,420	.2
William B. Summers, Jr.(17)	16,700	*
Jerry Sue Thornton(18)	8,392	*
P. Kelly Tompkins(19)	260,318	.2
Joseph P. Viviano(20)	18,500	*
All Directors and executive officers as a group (seventeen persons including the directors and executive officers named above)(21)	2,543,225	2.1

* Less than .1%.

(1) In accordance with Securities and Exchange Commission (Commission) rules, each beneficial owner s holdings have been calculated assuming full exercise of outstanding options covering Common Stock, if any, exercisable by such owner within 60 days after May 31, 2007, but no exercise of outstanding options covering Common Stock held by any other person.

(2) According to a Schedule 13G filed with the Commission on March 3, 2007, Capital Research and Management Company, as of February 28, 2007, has sole voting power over 4,300,900 shares of Common Stock, and sole

dispositive power over 12,635,120 shares of Common Stock shown in the table above. Capital Research and Management Company is located at 333 South Hope Street, Los Angeles, California 90071.

(3) According to a Schedule 13G filed with the Commission on January 23, 2007, (i) Barclays Global Investors, NA has sole voting power and sole dispositive power with respect to 2,029,994 and 2,560,895, respectively, and beneficially owns 2,560,895 of these shares, and (ii) Barclays Global Fund Advisors has sole voting power and sole dispositive power with respect to, and beneficially owns, 3,699,405 of these shares. Barclays Global Investors, NA and Barclays Global Fund Advisors are located at 45 Fremont Street, San Francisco, California 94105.

(4) Mr. Brandon is a Director of the Company. Mr. Brandon is retiring from the Board of Directors as of the date of this year s Annual Meeting.

(5) Mr. Carbonari is a Director of the Company.

(6) Mr. Daberko is a Director nominee of the Company. While Mr. Daberko did not beneficially own any shares of Common Stock as of May 31, 2007, he acquired 1,000 shares of Common Stock on August 1, 2007.

(7) Mr. Hoogenboom is an executive officer of the Company. His ownership is comprised of 69,177 shares of Common Stock which he owns directly, 98,750 shares which he has the right to acquire within 60 days of May 31, 2007 through the exercise of stock options, 1,394 shares of Common Stock issuable under stock-settled stock appreciation rights currently exercisable or

exercisable within 60 days of May 31, 2007, and approximately 1,571 shares held by Wachovia Bank, N.A., as trustee of the RPM International Inc. 401(k) Plan which represents Mr. Hoogenboom s approximate percentage ownership of the total shares held in the RPM International Inc. 401(k) Plan as of May 31, 2007.

(8) Mr. Karman is a Director of the Company. Mr. Karman s ownership is comprised of 99,687 shares of Common Stock which he owns directly and 58,372 shares of Common Stock which are held by a family-owned corporation of which Mr. Karman is an officer and director. Ownership of the shares held by the family-owned corporation is attributed to Mr. Karman pursuant to Commission rules.

(9) Mr. Matejka is an executive officer of the Company. Mr. Matejka s ownership is comprised of 77,702 shares of Common Stock which he owns directly, 112,500 shares which he has the right to acquire within 60 days of May 31, 2007 through the exercise of stock options, 1,394 shares of Common Stock issuable under stock-settled stock appreciation rights currently exercisable or exercisable within 60 days of May 31, 2007, and approximately 953 shares held by Wachovia Bank, N.A., as trustee of the RPM International Inc. 401(k) Plan, which represents Mr. Matejka s approximate percentage ownership of the total shares of Common Stock held in the RPM International Inc. 401(k) Plan as of May 31, 2007. Of the shares beneficially owned by Mr. Matejka, 10,000 shares are pledged as security for a brokerage margin account.

(10) Mr. Miller is a Director of the Company. Mr. Miller s ownership is comprised of 18,500 shares of Common Stock which he owns directly and 25,000 shares of Common Stock which are held by a family partnership. Ownership of the shares held by the family partnership is attributed to Mr. Miller pursuant to Commission Rules.

(11) Mr. Nance was appointed to the Board of Directors on January 26, 2007 to fill the vacancy created by the retirement of Dr. Max D. Amstutz.

(12) Mr. Papenbrock is a Director of the Company.

(13) Mr. Ratner is a Director of the Company. Mr. Ratner has elected to receive his Directors fees in the form of stock equivalent units in connection with the Company s Deferred Compensation Program. As of May 31, 2007, Mr. Ratner had approximately 581 stock equivalent units in the Deferred Compensation Program.

(14) Mr. Rice is an executive officer of the Company. His ownership is comprised of 89,121 shares of Common Stock which he owns directly, 150,450 shares which he has the right to acquire within 60 days of May 31, 2007 through the exercise of stock options, 1,673 shares of Common Stock issuable under stock-settled stock appreciation rights currently exercisable or exercisable within 60 days of May 31, 2007, and approximately 3,514 shares held by Wachovia Bank, N.A., as trustee of the RPM International Inc. 401(k) Plan, which represents Mr. Rice s approximate percentage ownership of the total shares held in the RPM International Inc. 401(k) Plan as of May 31, 2007.

(15) Mr. Frank C. Sullivan is a Director and an executive officer of the Company. Mr. Sullivan s ownership is comprised of 404,820 shares of Common Stock which he owns directly, 7,266 shares which he holds as Custodian for his sons, 498,100 shares of Common Stock which he has the right to acquire within 60 days of May 31, 2007 through the exercise of stock options, 6,973 shares of Common Stock issuable under stock-settled stock appreciation rights currently exercisable or exercisable within 60 days of May 31, 2007, 1,920 shares of Common Stock which are held in a trust for the benefit of Mr. Sullivan s sons, and approximately 3,241 shares held by Wachovia Bank, N.A., as trustee of the RPM International Inc. 401(k) Plan, which represents Mr. Sullivan s approximate percentage ownership of the total shares of Common Stock held in the RPM International Inc. 401(k) Plan as of May 31, 2007. Ownership of the shares held as Custodian for his sons and

those held in a trust for the benefit of his sons are attributed to Mr. Sullivan pursuant to Commission rules.

(16) Mr. Thomas C. Sullivan is Chairman of the Board of Directors of the Company. Mr. Sullivan s ownership is comprised of 214,057 shares of Common Stock which he owns directly and 17,363 shares which are owned by his wife. Ownership of the shares of Common Stock held by his wife is attributed to Mr. Sullivan pursuant to Commission rules.

(17) Mr. Summers is a Director of the Company.

(18) Dr. Thornton is a Director of the Company. Dr. Thornton has elected to receive her Directors fees in the form of stock equivalent units in connection with the Company s Deferred Compensation Program. As of May 31, 2007, Dr. Thornton had approximately 20,809 stock equivalent units in the Deferred Compensation Program.

(19) Mr. Tompkins is an executive officer of the Company. Mr. Tompkins s ownership is comprised of 93,268 shares of Common Stock which he owns directly, 162,600 shares which he has the right to acquire within 60 days of May 31, 2007 through the exercise of stock options, 1,673 shares of Common Stock issuable under stock-settled stock appreciation rights currently exercisable or exercisable within 60 days of May 31, 2007, and approximately 2,777 shares held by Wachovia Bank, N.A., as trustee of the RPM International Inc. 401(k) Plan, which represents Mr. Tompkins s approximate percentage ownership of the total shares of Common Stock held in the RPM International Inc. 401(k) Plan as of May 31, 2007.

(20) Mr. Viviano is a Director of the Company. Mr. Viviano has elected to receive his Directors fees in the form of stock equivalent units in connection with the Company s Deferred Compensation Program. As of May 31, 2007, Mr. Viviano had approximately 5,693 stock equivalent units in the Deferred Compensation Program.

(21) The number of shares of Common Stock shown as beneficially owned by the Company s Directors and executive officers as a group on May 31, 2007 includes 1,153,050 shares which the Company s Directors and executive officers as a group have the right to acquire within 60 days of said date through the exercise of stock options, 14,501 shares which the Company s Directors and executive officers as a group have the right to acquire within 60 days of said date through the exercise of stock-settled stock appreciation rights granted to them under the Company s equity and incentive compensation plans, and approximately 14,898 shares of Common Stock held by Wachovia Bank, N.A., as trustee of the RPM International Inc. 401(k) Plan, which represents the group s approximate percentage ownership of the total shares of Common Stock held in the RPM International Inc. 401(k) Plan as of May 31, 2007.

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PROPOSAL ONE

ELECTION OF DIRECTORS

The authorized number of Directors of the Company presently is fixed at twelve, with the Board of Directors divided into three Classes of four Directors each. The term of office of one Class of Directors expires each year, and at each Annual Meeting of Stockholders the successors to the Directors of the Class whose term is expiring at that time are elected to hold office for a term of three years.

The term of office of Class I of the Board of Directors expires at this year s Annual Meeting of Stockholders. The term of office of the persons elected Directors in Class I at this year s Annual Meeting will expire at the time of the Annual Meeting held in 2010. Each Director in Class I will serve until the expiration of that term or until his or her successor shall have been duly elected. The Board of Directors nominees for election as Directors in Class I are David A. Daberko, William A. Papenbrock, Frank C. Sullivan and Thomas C. Sullivan. Each of Messrs. Papenbrock, Frank C. Sullivan and Thomas C. Sullivan currently serves as a Director in Class I. The Company has an informal retirement policy which provides that directors over the age of 75 normally do not stand for reelection. Pursuant to this policy, Edward B. Brandon, a Director in Class I, will retire as a Director effective as of the expiration of his term at the time of this year s Annual Meeting. To fill the vacancy that will be created by the retirement of Mr. Brandon, the Board, upon the recommendation of the Governance and Nominating Committee, has nominated Mr. Daberko to stand for election as a Director in Class I. Mr. Daberko was initially recommended to the Governance and Nominating Committee by a non-management Director.

The Proxy holders named in the accompanying Proxy or their substitutes will vote such Proxy at the Annual Meeting or any adjournment or postponement thereof for the election as Directors of the four nominees unless the stockholder instructs, by marking the appropriate space on the Proxy, that authority to vote is withheld. If any nominee should become unavailable for election (which contingency is not now contemplated or foreseen), it is intended that the shares represented by the Proxy will be voted for such substitute nominee as may be named by the Board of Directors. In no event will the accompanying Proxy be voted for more than four nominees or for persons other than those named below and any such substitute nominee for any of them.

NOMINEES FOR ELECTION

David A. Daberko, age 62

Chairman of the Board, National City Corporation. Mr. Daberko earned a bachelor s degree from Denison University and a master s degree in Business Administration from the Weatherhead School of Management at Case Western Reserve University. He joined National City Bank in 1968. Mr. Daberko was elected Deputy Chairman of National City Corporation and President of National City Bank in Cleveland in 1987. He served as President and Chief Operating Officer of National City Corporation from 1993 until 1995 when he was named Chairman and Chief Executive Officer. Mr. Daberko retired from the position of Chief Executive Officer of National City Corporation as of July 23, 2007.
Mr. Daberko is a director of OMNOVA Solutions Inc. and Marathon Oil Corporation. He is a trustee of Case Western Reserve University, University Hospitals Health System, Hawken School and the Greater Cleveland Partnership.

Shares of Common Stock beneficially owned as of August 20, 2007: 1,000	Nominee to Class I (term expiring in 2010)

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William A. Papenbrock, age 68 Director since 1972

Retired Partner, Calfee, Halter & Griswold LLP, Attorneys-at-law.
Mr. Papenbrock received his B.S. degree in Business Administration from Miami University (Ohio) and his LL.B. degree from Case Western Reserve Law School. After serving one year as the law clerk to Chief Justice Taft of the Ohio Supreme Court, Mr. Papenbrock joined Calfee, Halter & Griswold LLP as an attorney in 1964. He became a partner of the firm in 1969 and is the past Vice Chairman of the firm s Executive Committee. Calfee, Halter & Griswold LLP serves as counsel to the Company.

Shares of Common Stock beneficially owned:	Nominee to Class I
25,442	(term expiring in 2010)

Frank C. Sullivan, age 46 Director since 1995

President and Chief Executive Officer, RPM International Inc. Mr. Frank C. Sullivan entered the University of North Carolina as a Morehead Scholar and received his B.A. degree in 1983. From 1983 to 1987, Mr. Sullivan held various commercial lending and corporate finance positions at Harris Bank and First Union National Bank prior to joining RPM as Regional Sales Manager from 1987 to 1989 at RPM s AGR Company joint venture. In 1989, he became the Company s Director of Corporate Development. He became a Vice President of the Company in 1991, Chief Financial Officer in 1993, Executive Vice President in 1995, President in 1999, Chief Operating Officer in 2001 and was elected Chief Executive Officer in October 2002. Mr. Sullivan serves on the boards of The Timken Company, The Cleveland Foundation, the National Paint and Coatings Association, the Cleveland Rock and Roll Hall of Fame and Museum, the Greater Cleveland Partnership, the Ohio Business Roundtable, the Army War College Foundation, Inc. and the Medina County Bluecoats. Frank C. Sullivan is the son of Thomas C. Sullivan.

Shares of Common Stock beneficially owned:	Nominee to Class I
922,320	(term expiring in 2010)

Thomas C. Sullivan, age 70 Director since 1963

Chairman, RPM International Inc. Mr. Thomas C. Sullivan received his B.S. degree in Business Administration from Miami University (Ohio). He joined RPM as a Divisional Sales Manager in 1961 and was elected Vice President in 1967. He became Executive Vice President in 1969, and in 1971 Mr. Sullivan was elected Chairman of the Board. He also served as President from 1970 to 1978 and Chief Executive Officer from 1971 to 2002. Mr. Sullivan is a Director of Agilysys, Inc. and Kaydon Corporation.

Shares of Common Stock beneficially owned:	Nominee to Class I
231,420	(term expiring in 2010)

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DIRECTORS WHOSE TERMS OF OFFICE WILL CONTINUE AFTER ANNUAL MEETING

Frederick R. Nance, age 53 Director since 2007

Regional Managing Partner of Squire, Sanders & Dempsey L.L.P., Attorneys-at-law, Cleveland, Ohio, since January 2007. Mr. Nance has also served on the firm s worldwide, seven-person Management Committee since January 2007. He received his B.A. degree from Harvard University and his J.D. degree from the University of Michigan. Mr. Nance joined Squire, Sanders & Dempsey L.L.P. directly from law school, became partner in 1987 and served as the Managing Partner of the firm s Cleveland office from March 2002 until January 2007. Mr. Nance serves on the boards of Greater Cleveland Partnership, The Cleveland Foundation, the Cleveland Clinic, BioEnterprise, Inc. and the United Way of Greater Cleveland. Squire, Sanders & Dempsey L.L.P. provides legal services to the Company from time-to-time.

Shares of Common Stock beneficially owned:	Director in Class III
0	(term expiring in 2008)

Charles A. Ratner, age 66 Director since 2005

Chief Executive Officer and President of Forest City Enterprises (FCE), since 1995 and 1993, respectively. Mr. Ratner also serves as a Director of FCE and American Greetings Corporation. Mr. Ratner participates as a trustee of several civic and charitable organizations, including the Mandel Associated Foundations, David and Inez Myers Foundation and University Hospitals of Cleveland. Mr. Ratner is a member of the board of The Musical Arts Association, Greater Cleveland Partnership and the United Way. He serves as a board member and Trustee for the Jewish Community Federation, and is on the Board of Governors for the National Association of Real Estate Investment Trusts.

Shares of Common Stock beneficially owned:	Director in Class III
4,700*	(term expiring in 2008)

William B. Summers, Jr., age 57 Director since 2004

Retired Chairman of McDonald Investments Inc., an investment banking and securities firm and a subsidiary of KeyCorp. Prior to his retirement, Mr. Summers served as Chairman of McDonald Investments Inc. from 2000 to June 2006, and as its Chief Executive Officer from 1994 to 2000. From 1998 until 2000, Mr. Summers served as the Chairman of Key Capital Partners and an Executive Vice President of KeyCorp. Mr. Summers is a Director of Developers Diversified Realty Corporation, Greatbatch, Inc. and Ring 9, Inc. and a member of the Advisory Boards of Molded Fiber Glass Companies and Dix & Eaton Inc.

Shares of Common Stock beneficially owned:	Director in Class III
16,700	(term expiring in 2008)

* Mr. Ratner has elected to participate in the Company s Deferred Compensation Program, and is deferring the payment of his Directors fees in the form of stock equivalent units. As of May 31, 2007, Mr. Ratner had approximately 581 stock equivalent units in the Deferred Compensation Plan.

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Dr. Jerry Sue Thornton, age 60 Director since 1999

President of Cuyahoga Community College since 1992. From 1985 to 1992, Dr. Thornton served as President of Lakewood Community College in White Bear Lake, Minnesota. She received her Ph.D. from the University of Texas at Austin and her M.A. and B.A. from Murray State University. Dr. Thornton is also a Director of National City Corporation, American Greetings Corporation, American Family Insurance and Applied Industrial Technologies, Inc. Dr. Thornton is also a board member of United Way of Cleveland, Greater Cleveland Partnership and the Rock and Roll Hall of Fame and Museum Cleveland and New York.

Shares of Common Stock beneficially owned: 8,392*	Director in Class III (term expiring in 2008)

Bruce A. Carbonari, age 51 Director since 2002

President and Chief Operating Officer, Fortune Brands, Inc., a diversified consumer products company, since January 2007. Previously, he held positions with Fortune Brands business unit, Fortune Brands Home & Hardware LLC, as Chairman and Chief Executive Officer from August 2005 until January 2007 and as President and Chief Executive Officer from January 2001 to August 2005. Prior to joining the Moen business as President and Chief Operating Officer in 1990, Mr. Carbonari was Executive Vice President and Chief Financial Officer of Stanadyne, Inc., Moen s parent company at that time. He began his career at PricewaterhouseCoopers prior to joining Stanadyne in 1981. Mr. Carbonari also serves on the board of the Rock and Roll Hall of Fame and Museum.

Shares of Common Stock beneficially owned: 8,380	Director in Class II (term expiring in 2009)

James A. Karman, age 70 Director since 1963

Retired Vice Chairman, RPM International Inc. Mr. Karman holds a B.S. degree from Miami University (Ohio) and an M.B.A. degree from the University of Wisconsin. Mr. Karman taught corporate finance at the University of Wisconsin and was an Investment Manager at The Union Bank & Trust Company, Grand Rapids, Michigan, prior to joining RPM. From October 1973 through September 1978, Mr. Karman served as our Executive Vice President, Secretary and Treasurer and, prior to that time, as Vice President Finance and Treasurer. From September 1978 to August 1999, he served as our President and Chief Operating Officer. Mr. Karman also served as Chief Financial Officer from October 1982 to October 1993, and again from June 2001 to October 2001. He was Vice Chairman from 1999 to 2002. Mr. Karman is a Director of A. Schulman, Inc.

Shares of Common Stock beneficially owned: 158,059	Director in Class II (term expiring in 2009)

* Dr. Thornton has elected to participate in the Company s Deferred Compensation Program, and is deferring the payment of her Directors fees in the form of stock equivalent units. As of May 31, 2007, Dr. Thornton had approximately 20,809 stock equivalent units in the Deferred Compensation Program.

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Donald K. Miller, age 75 Director since 1972

Chairman of Axiom International Investors LLC, an international equity asset management firm, since 1999. From 1986 to 1996, Mr. Miller was Chairman of Greylock Financial Inc., a venture capital firm. Formerly, Mr. Miller served as Chairman and CEO of Thomson Advisory Group L.P. (Thomson), a money management firm, from November 1990 to March 1993 and Vice Chairman from April 1993 to November 1994 when Thomson became PIMCO Advisors L.P. Mr. Miller served as Director of PIMCO Advisors, L.P. from November 1994 to December 1997. Mr. Miller is a Director of Layne Christensen Company, a successor corporation to Christensen Boyles Corporation, a supplier of mining products and services, where Mr. Miller served as Chairman from January 1987 through December 1995. Mr. Miller received his B.S. degree from Cornell University and his M.B.A. degree from Harvard University Graduate School of Business Administration.

Shares of Common Stock beneficially owned: 43,500	Director in Class II (term expiring in 2009)

Joseph P. Viviano, age 69 Director since 2001

Retired Vice Chairman of Hershey Foods, a manufacturer, distributor and marketer of consumer food products. Prior to his retirement, Mr. Viviano served as the Vice Chairman of Hershey Foods from 1999 to March 2000, and as its President and Chief Operating Officer from 1994 to March 1999. Mr. Viviano is also a Director of Chesapeake Corporation, Harsco Corporation and Reynolds American Inc.

Shares of Common Stock beneficially owned: 18,500*	Director in Class II (term expiring in 2009)

* Effective June 1, 2005, Mr. Viviano has elected to participate in the Company s Deferred Compensation Program, and is deferring the payment of his Directors fees in the form of stock equivalent units. As of May 31, 2007, Mr. Viviano had approximately 5,693 stock equivalent units in the Deferred Compensation Program.

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INFORMATION REGARDING MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has an Executive Committee, an Audit Committee, a Compensation Committee and a Governance and Nominating Committee. The Executive Committee exercises the power and authority of the Board in the interim period between Board meetings. The functions of each of the Audit Committee, the Compensation Committee and the Governance and Nominating Committee are governed by charters that have been adopted by the Board of Directors. The Board of Directors also has adopted Corporate Governance Guidelines to assist the Board of Directors in the exercise of its responsibilities, and a Code of Business Conduct and Ethics that applies to the Company s Directors, officers, and employees.

The charters of the Audit Committee, Compensation Committee and Governance and Nominating Committee and the Corporate Governance Guidelines and Code of Business Conduct and Ethics are available on the Company s 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. The Company intends to disclose any amendments to the Code of Business Conduct and Ethics, and any waiver of the Code of Business Conduct and Ethics granted to any Director or executive officer of the Company, on the Company s website. As of the date of this Proxy Statement, there have been no such waivers.

Board Independence

The Company s Corporate Governance Guidelines and the New York Stock Exchange (the NYSE) listing standards provide that at least a majority of the members of the Board of Directors must be independent, i.e., free of any material relationship with the Company, other than his or her relationship as a Director or Board Committee member. A Director is not independent if he or she fails to satisfy the standards for independence under the NYSE listing standards, the rules of the Commission, and any other applicable laws, rules and regulations. Pursuant to the NYSE listing standards, the Board has adopted categorical standards (the Categorical Standards), which it revised effective April 20, 2005 in light of amendments to the NYSE listing standards, to assist it in making independence determinations. The Categorical Standards specify the criteria by which the independence of the Directors will be determined and meet or exceed the independence requirements set forth in the NYSE listing standards. The Categorical Standards are available on the Company s website at www.rpminc.com.

During the Board of Directors annual review of director independence, the Board of Directors considers transactions, relationships and arrangements between each Director or an immediate family member of the Director and RPM. The Board of Directors also considers transactions, relationships and arrangements between each Director or an immediate family member of the Director and RPM s senior management.

In July 2007, the Board of Directors performed its annual director independence review for 2008. As part of this review, the Board of Directors considered common public, private and charitable board memberships among our executive officers and Directors, including Dr. Thornton and Messrs. Carbonari, Daberko, Nance, Ratner and Summers. The Board does not believe that any of these common board memberships impair the independence of the Directors. In addition, the Board considered that Mr. Nance is the Regional Managing Partner of Squire, Sanders & Dempsey L.L.P., a law firm that provides legal services to the Company. The Board also considered that Mr. Papenbrock is a retired partner of Calfee, Halter & Griswold LLP, a law firm that provides legal services to the Company. The Board does not believe that either of these law firm relationships impair the independence of the Directors.

In determining the independence of Mr. Daberko, the Board of Directors further considered the stock transfer agent and banking services provided by National City Bank. The Board determined that Mr. Daberko had no material interest in any such transactions.

As a result of this review, the Board of Directors determined that 10 of our 12 current Directors and the Director nominee are independent, and all members of the Audit Committee, the Compensation

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Committee and the Governance and Nominating Committee are independent. The Board of Directors determined that Dr. Thornton and Messrs. Brandon, Carbonari, Daberko, Karman, Miller, Nance, Papenbrock, Ratner, Summers and Viviano meet the Categorical Standards and are independent and, in addition, satisfy the independence requirements of the NYSE.

In addition, the Board of Directors determined in early fiscal 2007 that Dr. Max Amstutz (who retired in January 2007) was independent under those standards and requirements.

Mr. Frank C. Sullivan is not considered to be independent because of his position as President and Chief Executive Officer of RPM. Mr. Thomas C. Sullivan is not considered to be independent because he is the father of Mr. Frank C. Sullivan and because he is a party to a consulting agreement with the Company.

Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its oversight of the integrity of the Company s financial statements, the Company s compliance with legal and regulatory requirements, the independent auditor s qualifications and independence, and the performance of the Company s internal audit function and independent auditor, and prepares the report of the Audit Committee. The specific functions and responsibilities of the Audit Committee are set forth in the Audit Committee Charter which is available on the Company s website.

The Board has determined that each member of the Audit Committee is financially literate and satisfies the current independence standards of the NYSE listing standards and Section 10A(m)(3) of the Securities Exchange Act of 1934 (the Exchange Act). The Board has also determined that each member of the Audit Committee other than Mr. Papenbrock qualifies as an audit committee financial expert as that term is defined in Item 407(d) of Regulation S-K. Each audit committee financial expert also satisfies the NYSE accounting and financial management expertise requirements.

Compensation Committee

The Compensation Committee assists the Board of Directors in discharging its oversight responsibilities relating to, among other things, executive compensation, equity and incentive compensation plans, management succession planning and producing the Compensation Committee Report. The Compensation Committee administers the Company s Stock Option Plans, Incentive Compensation Plan, Restricted Stock Plan, the 2002 Performance Accelerated Restricted Stock Plan, the 2003 Restricted Stock Plan for Directors and the 2004 Omnibus Equity and Incentive Plan. The Compensation Committee reviews and determines the salary and bonus compensation of the Chief Executive Officer, as well as reviews and recommends to the Board of Directors for its approval the compensation of the other executive officers of the Company. The Compensation Committee may delegate its authority to a subcommittee or subcommittees. Each member of the Compensation Committee is independent within the meaning of the NYSE listing standards and the Company s Corporate Governance Guidelines.

Our Chief Executive Officer and our Executive Vice President and Chief Operating Officer, together with the Compensation Committee, review assessments of executive compensation practices at least annually against our defined comparative framework. Our Chief Executive Officer makes recommendations to the Compensation Committee with the intent of keeping our executive officer pay practices aligned with our intended pay philosophy. The Compensation Committee must approve any recommended changes before they can be made.

The Compensation Committee has the authority to retain and terminate any compensation and benefits consultant and the authority to approve the related fees and other retention terms of such consultants. In June 2006, the Compensation Committee approved the retention of Mercer Human Resource Consulting, or Mercer, to conduct a compensation benchmark study. For fiscal 2008, the Compensation Committee has approved the engagement of Mercer to review the competitiveness of compensation levels of its key executives and to assist the Company in developing new long-term incentive awards.

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Governance and Nominating Committee

The Governance and Nominating Committee reports to the Board on all matters relating to corporate governance of the Company, including the development and recommendation to the Board of a set of corporate governance principles applicable to the Company, selection, qualification and nomination of the members of the Board and nominees to the Board, and administration of the Board s evaluation process. Each of the members of the Governance and Nominating Committee is independent within the meaning of the NYSE listing standards and the Company s Corporate Governance Guidelines.

In identifying and considering possible candidates for election as a Director, the Governance and Nominating Committee, after consultation with the Board and the Chief Executive Officer, will consider all relevant factors and will be guided by the following principles: (1) each Director should be an individual of the highest character and integrity; (2) each Director shall have demonstrated exceptional ability and judgment and should have substantial experience which is of particular relevance to the Company; (3) each Director should have sufficient time available to devote to the affairs of the Company; and (4) each Director should represent the best interests of the stockholders as a whole rather than special interest groups. This evaluation is performed in light of the Governance and Nominating Committee s views as to the needs of the Board and the Company as well as what skill set and other characteristics would most complement those of the current Directors.

The Governance and Nominating Committee will consider potential candidates recommended by stockholders, current Directors, Company officers, employees and others. The Governance and Nominating Committee will use the above enumerated factors to consider potential candidates regardless of the source of the recommendation. Stockholder recommendations for director nominations may be submitted to the Secretary of the Company at P.O. Box 777, Medina, Ohio 44258, and they will be forwarded to the Governance and Nominating Committee for consideration, provided such recommendations are accompanied by sufficient information to permit the Governance and Nominating Committee to evaluate the qualifications and experience of the nominees. Recommendations should include, at a minimum, the following:

- the name, age, business address and residence address of the proposed nominee;
- the principal occupation or employment of the proposed nominee;
- the number of shares of Common Stock of the Company which are beneficially owned by such candidate;
- a description of all arrangements or understandings between the stockholder(s) making such nomination and each candidate and any other person or persons (naming such person or persons) pursuant to which nominations are to be made by the stockholder;
- detailed biographical data and qualifications and information regarding any relationships between the candidate and the Company within the past three years;
- any other information relating to the proposed nominee that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;
- any other information the stockholder believes is relevant concerning the proposed nominee;
- a written consent of the proposed nominee(s) to being named as a nominee and to serve as a director if elected;

whether the proposed nominee is going to be nominated at the Annual Meeting of Stockholders or is only being provided for consideration by the Governance and Nominating Committee;

the name and record address of the stockholder who is submitting the notice;

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the number of shares of Common Stock which are owned of record or beneficially by the stockholder who is submitting the notice and the date such shares were acquired by the stockholder and if such person is not a stockholder of record or if such shares are owned by an entity, reasonable evidence of such person s ownership of such shares or such person s authority to act on behalf of such entity; and

if the stockholder who is submitting the notice intends to nominate the proposed nominee at the Annual Meeting of Stockholders, a representation that the stockholder intends to appear in person or by proxy at the Annual Meeting to nominate the proposed nominee named in the notice.

Committee Membership

Set forth below is the current membership of each of the above-described Committees, with the number of meetings held during the fiscal year ended May 31, 2007 in parentheses:

Executive Committee (0)	Audit Committee (4)	Compensation Committee (4)	Governance and Nominating Committee (2)
Frank C. Sullivan (Chairman)	Donald K. Miller (Chairman)	Edward B. Brandon (Chairman)	Joseph P. Viviano (Chairman)
Edward B. Brandon	James A. Karman	Charles A. Ratner	Bruce A. Carbonari
Charles A. Ratner	William A. Papenbrock	Dr. Jerry Sue Thornton	Frederick R. Nance
Thomas C. Sullivan	William B. Summers, Jr.		William A. Papenbrock
Dr. Jerry Sue Thornton			

Under the Company s Amended and Restated By-Laws, the Board may designate one or more independent directors as alternate members of any Committee, in order to replace any absent or disqualified member at any meetings. The Board has designated Mr. Papenbrock as an alternate member of the Compensation Committee and Dr. Thornton as an alternate member of the Governance and Nominating Committee. Each alternate member also meets the applicable independence, composition and related requirements of the Commission and the NYSE with respect to his or her respective Committees.

Board Meetings

The Board of Directors held five meetings during the fiscal year ended May 31, 2007. Other than Mr. Carbonari and Dr. Thornton, no Director, during the fiscal year ended May 31, 2007, attended fewer than 75% of the aggregate of (i) the total number of meetings of the Board of Directors held during the period he or she served as a Director and (ii) the total number of meetings held by Committees of the Board on which the Director served, during the periods that the Director served.

Independent Directors Meetings

Each of the Directors, other than Frank C. Sullivan, is a non-management Director. Each of the non-management Directors, other than Thomas C. Sullivan and James A. Karman, were independent within the meaning of the NYSE listing standards and the Company s Corporate Governance Guidelines during fiscal 2007. In July 2007, the Company determined that James A. Karman is independent within the meaning of the NYSE listing standards and the

Company s Corporate Governance Guidelines, in addition to the other non-management Directors (other than Thomas C. Sullivan). The Company s independent Directors meet in executive sessions each year in January, April and July. For the coming year, the presiding Director for the January, April and July meetings will be Joseph P. Viviano, Charles A. Ratner, and Donald K. Miller, respectively.

Communications with the Board

Stockholders and other interested persons may communicate with the non-management Directors as a group or any chair of a Board Committee. Such communications may be confidential or anonymous, if so designated, and may be submitted in writing to Board of Directors Communications c/o General Counsel, RPM International Inc., P.O. Box 777, Medina, Ohio 44258 or by email to directors@rpminc.com. Unless

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specifically directed to one of the Committee chairs, communications will be forwarded to the presiding Director for the next scheduled meeting of independent Directors.

All communications received in accordance with these procedures will be reviewed initially by the RPM legal department, who will relay all such communications (or a summary thereof) to the appropriate Director or Directors unless he or she determines that such communication:

- Does not relate to the business or affairs of the Company or the functioning or constitution of the Board of Directors or any of its Committees; or

- Relates to routine or insignificant matters that do not warrant the attention of the Board of Directors.

In the alternative to the procedures outlined above, any stockholder or interested party may report any suspected accounting or financial misconduct confidentially through our compliance hotline. Information regarding our compliance hotline is available on our website, www.rpminc.com.

Attendance at Annual Meetings of Stockholders

It is a policy of the Board that all its members attend the Annual Meeting of Stockholders absent exceptional cause. All of the Directors who were at that time members of the Board were present at the October 2006 Annual Meeting.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

RPM s compensation programs are designed to support our founder s philosophy:

Hire the best people you can find.

Create an atmosphere that will keep them.

Then let them do their jobs.

Our general compensation philosophy is that our executive officers should be well compensated for achieving strong operating results. We seek to compensate our executive officers at a fair level of compensation which reflects RPM s positive operating financial results, the relative skills and experience of the individuals involved, peer group compensation levels and other similar benchmarks.

The Compensation Committee has designed compensation policies and programs for our executive officers which are intended to compensate the executive officers at about the market median for a relevant group of similarly-sized companies and competitors within RPM s industry, with the potential for higher than average compensation when we exceed our annual business plan. Our primary compensation goals are to retain key leaders, reward past performance, incentivize strong future performance and align executives long-term interests with those of our stockholders.

Role of the Compensation Committee

The Compensation Committee Charter provides for the Compensation Committee to oversee RPM s compensation programs and, in consultation with the Chief Executive Officer, develop and recommend to the Board an appropriate compensation and benefits philosophy and strategy for RPM. The Compensation Committee consists of three independent Directors (and one alternate member) who are appointed to the Compensation Committee by and report to the entire Board of Directors. Each member of the Compensation Committee, as well as the alternate member, qualifies as a non-employee director within the definition of Rule 16b-3 under the Exchange Act, as an outside director within the meaning of Section 162(m) of the Internal Revenue Code, and as an independent director under the rules of the NYSE. The Compensation Committee Charter is available on our website at www.rpminc.com.

Comparative Framework

We evaluate annually the competitiveness of our executive compensation programs. In June 2006, the Compensation Committee retained a professional compensation consulting firm, Mercer Human Resource Consulting, or Mercer, to conduct a compensation benchmark study. Mercer reviewed and evaluated our compensation packages for our key officers in light of the levels of compensation being offered by companies in the diversified chemicals and specialty chemicals segments of the Company s industry which fall within a reasonable size range (in terms of sales) and operate businesses similar to that of the Company. These companies included:

PPG Industries, Inc.	Imperial Chemical Industries PLC	Rohm and Haas Company
The Sherwin-Williams Company	The Lubrizol Corporation	The Valspar Corporation

PolyOne Corporation	Ferro Corporation	H.B. Fuller Company
Nalco Holding Company	Cytec Industries Inc.	Rockwood Holdings, Inc.
Albemarle Corporation	FMC Corporation	

Mercer reviewed compensation surveys for durable goods manufacturers, industry data and peer group proxy disclosure to determine competitive pay levels for each officer position in each of the following categories: base salary, annual bonus, total cash compensation (current base salary plus annual bonus), long-term incentives and total direct compensation (base salary plus annual bonus plus long-term incentives). Based on its analysis and findings, Mercer concluded that the Company s current total cash

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compensation is above the market, but long-term equity incentive levels lag the competitive market, and therefore recommended that the Company consider increasing long-term equity incentive opportunities for its Chief Executive Officer and other key officers.

For fiscal 2008, the Compensation Committee has engaged Mercer to review the competitiveness of compensation levels of its key executives and to assist the Company in developing a new long-term incentive plan.

Elements of Compensation

Our named executive officer compensation program for fiscal 2007 included three main elements:

- Base salary;
- Annual cash incentive compensation; and
- Equity-based incentives, including restricted stock and stock appreciation rights.

Pay Mix

We use these particular elements of compensation because we believe that they provide a balanced mix of fixed compensation and at-risk compensation that produces short-term and long-term performance incentives and rewards. With this balanced portfolio, we provide the executive with a competitive base salary while motivating the executive to focus on the business metrics that will produce a high level of performance for the Company and provide the executive with additional compensation through short- and long-term incentives.

The mix of compensation for our named executive officers is weighted toward at-risk pay (consisting of cash and equity compensation). In July 2007, our Compensation Committee granted new long-term incentive awards in order to more heavily weight the mix of compensation for our named executive officers toward at-risk pay. Maintaining this pay mix will result in a pay-for-performance orientation, which aligns to our compensation philosophy of paying total direct compensation that is competitive with peer group levels based on relative company performance.

Role of Executives in Determining Compensation

Our Chief Executive Officer and our Executive Vice President and Chief Operating Officer, together with the Compensation Committee, review assessments of executive compensation practices at least annually against our defined comparative framework. Our Chief Executive Officer makes recommendations to the Compensation Committee with the intent of keeping our executive officer pay practices aligned with our intended pay philosophy. The Compensation Committee must approve any recommended changes before they can be made.

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Base Salary

Base salary represents amounts paid during the fiscal year to named executive officers as direct compensation for their services to us. Base salary and increases to base salary recognize the overall experience, position and responsibilities within RPM and expected contributions to RPM of each named executive officer. Adjustments to salaries are used to reward superior individual performance of our named executive officers on a day-to-day basis during the year and to encourage them to perform at their highest levels. We also use our base salary to retain top quality executives and attract management employees from other companies. Consistent with this philosophy, in July 2006 our Chief Executive Officer recommended to the Compensation Committee increases in base salary for each of the named executive officers for fiscal 2007. These increases were based upon an analysis of:

RPM s fiscal 2006 operating results (excluding asbestos costs);

A comparison of the Five-Year Cumulative Total Returns among RPM, the S&P 500 Index and proxy statement peer group of companies; and

Base salary and bonus compensation information for 2005 and 2006 and proposed amounts for 2007.

Also, in October 2006, each of Mr. Rice, Mr. Tompkins and Mr. Hoogenboom received promotions that involved a change in titles and job responsibilities in recognition of their contributions to RPM s success over the last decade. In connection with these promotions, we increased the base salaries of these executives to reflect the broadening of their management responsibilities and our interest in retaining their future services.

In July 2007, our Chief Executive Officer recommended to the Compensation Committee increases in base salary for each of the named executive officers for fiscal 2008. As in the past, these increases were based upon an analysis of:

RPM s fiscal 2007 operating results;

A comparison of the Five-Year Cumulative Total Returns among RPM, the S&P 500 Index and proxy statement peer group of companies; and

Base salary and bonus compensation information for 2006 and 2007 and proposed amounts for 2008.

The increased base salary amounts for fiscal 2008, which were effective as of June 1, 2007, are: Mr. Sullivan, $795,000; Mr. Rice, $450,000; Mr. Tompkins, $450,000; Mr. Hoogenboom, $335,000; and Mr. Matejka, $290,000.

Annual Cash Incentive Compensation

For fiscal 2007, we provided an annual cash incentive designed to motivate participants to achieve our financial objectives and reward executives for their achievements when those objectives are met. All of our named executive officers participated in the fiscal 2007 incentives. The amount of cash incentive compensation earned by our named executive officers in fiscal 2007 is set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for Fiscal 2007. We paid these amounts in July 2007.

In July 2006, the Compensation Committee determined on a percentage basis the portion of the aggregate cash incentive award pool under the Incentive Compensation Plan, or the Incentive Plan, to be awarded to each of the named executive officers in respect of the Company s performance for the fiscal year ending May 31, 2007 as follows: Frank C. Sullivan, 40%; Ronald A. Rice, 15%; P. Kelly Tompkins, 15%; Paul G. Hoogenboom, 15%; and Robert L. Matejka, 15%. The Compensation Committee also determined that for fiscal 2007 the cash incentives paid would range from zero to 133% of salary with a target of 100% of salary, which is the range currently applicable to other key management employees of the Company under their comparable cash bonus plans. The Compensation Committee may reduce or

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eliminate the amount of a named executive officer s annual cash incentive award, at the Compensation Committee s sole discretion, based solely on individual performance.

The Incentive Plan in place for fiscal 2007 provided for an aggregate cash incentive award pool of 1.5% of our pre-tax income for fiscal 2007. In July 2007, the Compensation Committee calculated the aggregate non-equity compensation award pool based on our audited pre-tax income and each individual s cash incentive payout amount. For fiscal 2007, the Company s reported pre-tax income was $307.5 million, providing a cash incentive award pool under the Incentive Plan for the Covered Employees of approximately $4.6 million. Upon the recommendation of Frank C. Sullivan, and after a review of a variety of factors including an analysis of the Company s net sales, gross profit, operating income and net income for 2007 as compared to the Company s business plan and fiscal 2006 results, the Committee awarded cash incentives totaling $3.0 million to the Covered Employees. While each of the top five paid executive officers received the individual maximum 133% award for fiscal year 2007, the total of the awards made to the named executive officers was significantly below the aggregate amount authorized to be paid pursuant to the award pool formula.

In August 2007, the Compensation Committee determined on a percentage basis the portion of the aggregate cash incentive award pool under the Incentive Plan to be awarded to each of the anticipated named executive officers who are also subject to Section 162(m) of the Internal Revenue Code in respect of the Company s performance for the fiscal year ending May 31, 2008 as follows: Frank C. Sullivan, 40%; Ronald A. Rice, 20%; P. Kelly Tompkins, 20%; and Paul G. Hoogenboom, 20%. The Compensation Committee also determined that for fiscal 2008 the cash incentives paid would range from zero to 133% of salary with a target of 100% of salary, which is the range currently applicable to other key management employees of the Company under their comparable cash bonus plans.

At the Annual Meeting, the stockholders will vote on an amended and restated Incentive Plan, which will generally update the Incentive Plan and make the changes described below under the heading Proposal Two Approval and Adoption of RPM International Inc. Amended and Restated 1995 Incentive Compensation Plan.

Equity Compensation

We use equity compensation to align our named executive officers interests with those of our stockholders and to attract and retain high-caliber executives through recognition of anticipated future performance. Under our 2004 Omnibus Equity and Incentive Plan, or Omnibus Plan, we can grant a variety of stock-based awards, including awards of restricted stock and stock appreciation rights. Our Chief Executive Officer makes annual recommendations to the Compensation Committee of the type and amount of equity awards for the Chief Executive Officer and other executive officers. In determining the equity incentive compensation component of Chief Executive Officer compensation, the Compensation Committee considers, in addition to the factors used to determine salary and cash incentive compensation:

- the value of similar incentive awards to chief executive officers at peer group and other companies, and
- awards given to the Chief Executive Officer in past years.

In determining the equity incentive compensation of the other executive officers, the Compensation Committee reviews and approves a mix of business plan goals, with a significant amount of emphasis placed on the compensation recommendations of the Chief Executive Officer.

The Compensation Committee uses the various equity incentive awards available to it under the Omnibus Plan to retain executives and other key employees and achieve the following additional goals:

to reward past performance,

to incentivize future performance (both short-term and long-term),

to align executives long-term interest with that of the stockholders, and

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to enhance the longer-term performance and profitability of the Company.

The Compensation Committee s current intention is to achieve these goals by making annual awards to the Company s executive officers and other key employees, using a combination of performance-based restricted stock and stock settled stock appreciation rights.

PERS. The Compensation Committee awards performance earned restricted stock, or PERS, under the Omnibus Plan. The threshold and maximum number of and performance goals for the award of PERS for a given fiscal year are set in July of that year. The determination of whether and to what extent the PERS have been achieved for a fiscal year is made at the October meeting of the Compensation Committee following the close of that fiscal year. Based on that determination, the actual grants, if any, with respect to a fiscal year are made at that same meeting. For example, with respect to fiscal 2006, the maximum number and performance goals were set in July 2005 and the Compensation Committee determined whether and to what extent the PERS were achieved at its meeting in October 2006. The actual grants were made by the Compensation Committee at that meeting.

The percentage of shares with respect to which the performance goal has been achieved is determined by reference to the percentage of planned earnings before interest and taxes increase which is attained. In making the determination of whether the planned increase has been attained, the actual fiscal year results are adjusted for the exclusion of restructuring, asbestos and other similar charges or credits that are not central to the Company s operations as shown on the Company s financial statements as certified by the Company s independent registered public accountant. If less than 75% of the planned increase is attained, then the performance goal will not be achieved with respect to any shares. If 75% to 100% of the planned increase is attained, then the performance goal will be achieved with respect to an equivalent percentage of shares. For example, if 91% of the planned increase is attained, then the performance goal will be achieved with respect to a maximum amount of 91% of the shares. The percentage of the planned increase attained will be rounded down to the closest whole number (*e.g.*, 85.5% would be rounded down to 85%). If more than 100% of the planned increase is attained, then the performance goal will be achieved with respect to 100% of the shares.

In October 2006, based on the Company s attainment of performance goals for fiscal 2006 that were set in July 2005, the Compensation Committee awarded PERS totaling 378,600 shares to executive officers and other key employees of the Company. PERS awards granted to the named executive officers in October 2006 are set forth below in the Grants of Plan-Based Awards for Fiscal 2007 table.

In July 2006, pursuant to the Omnibus Plan, the Compensation Committee approved a contingent award of PERS to the named executive officers of up to 150,000 shares (including 70,000 shares for the Chief Executive Officer) to be based on the level of attainment of fiscal 2007 performance goals related to planned earnings before interest and taxes increase. The Compensation Committee set the performance goals related to planned earnings before interest and taxes increase at a level it believed to be achievable, but which would require the Company to meaningfully grow earnings. In October 2007, the Compensation Committee will determine whether the 2007 planned earnings before interest and taxes increase has been achieved and the number of PERS to be granted. The maximum number of PERS that may be granted for each of the named executive officers is set forth below in the Grants of Plan-Based Awards for Fiscal 2007.

Stock Appreciation Rights. In October 2006, pursuant to the Omnibus Plan, the Compensation Committee awarded stock appreciation rights, or SARs, totaling 380,000 shares to executive officers and other key employees of the Company and its subsidiaries. The SARs awards granted to the named executive officers in October 2006 are set forth below in the Grants of Plan-Based Awards for Fiscal 2007 table. In response to the change in accounting treatment for stock options and other forms of stock compensation as set forth in FAS 123 (which was adopted by the Company in fiscal 2005) these grants were made by the Company in lieu of granting stock options, as the Company had done previously.

SERP Restricted Stock. In July 2006, the Compensation Committee awarded 38,149 shares of restricted stock to executive officers and other participating key employees approved by the Compensation Committee under the RPM International Inc. 1997 Restricted Stock Plan. These grants were made solely

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for the purpose of replacing, in an equal amount, unfunded cash benefits owed to participants under the Benefit Restoration Plan established by the Company in 1991.

The Benefit Restoration Plan was established to provide for the cash payment of supplemental retirement and death benefits to officers and other key employees of the Company designated by the Board of Directors whose retirement plan benefits may be limited under applicable law and the Internal Revenue Code. Shares granted under the 1997 Restricted Stock Plan directly reduce dollar-for-dollar and replace the cash amount of supplemental benefits owed to participants under the Benefit Restoration Plan. The Benefit Restoration Plan was frozen on June 1, 1997. No further supplemental benefits accrued after that date. All prior accruals of supplemental benefits under the Benefit Restoration Plan have been replaced by prior grants of shares under the 1997 Restricted Stock Plan.

At the 2006 Annual Meeting, the stockholders approved the adoption of the 2007 Restricted Stock Plan. The purpose of the 2007 Restricted Stock Plan, which became effective as of June 1, 2007, is to replace the 1997 Restricted Stock Plan which expired by its terms on May 31, 2007. In July 2007, the Compensation Committee awarded 48,009 shares of restricted stock to executive officers and other participating key employees approved by the Compensation Committee under the 2007 Restricted Stock Plan.

PARS Plan. The 2002 PARS Plan was adopted by the Board and approved by the Company s stockholders in 2002. As described below, the shares granted under the PARS Plan vested on July 16, 2007. Consequently, the PARS Plan was terminated on July 17, 2007. The purpose of the PARS Plan was to provide an added incentive to key officers to improve the long-term performance of the Company. Restrictions on the shares granted under the PARS Plan would lapse if all performance goals were attained during any fiscal year beginning prior to June 1, 2011 and, alternatively, restrictions on shares would lapse on May 31, 2012 for any participant who had been continually employed with the Company or a subsidiary from June 1, 2002 to May 31, 2012. The performance goals for the Company in any fiscal year beginning prior to June 1, 2011 were as follows: (a) Company earnings of at least $200 million and (b) earnings per share of at least $1.75, both calculated in accordance with U.S. generally accepted accounting principles. The PARS Plan was not considered a performance-based compensation plan satisfying the requirements of Section 162(m) of the Internal Revenue Code and, therefore, payments made by the Company under the plan may not be entirely tax deductible.

As fiscal year 2007 earnings were approximately $208 million and earnings per share for fiscal 2007 were $1.76, the Compensation Committee determined that the outstanding PARS shares vested on July 16, 2007. As the PARS awards were unvested at May 31, 2007, the PARS awards are shown in the Outstanding Equity Awards at Fiscal Year-End for 2007 table below.

Performance Contingent Restricted Stock (PCRS). In July 2007, the Compensation Committee approved contingent awards of Performance Contingent Restricted Stock, or PCRS, to the named executive officers of up to 194,000 shares (including 90,000 shares for the Chief Executive Officer). The purpose of the PCRS awards is to provide an added incentive to key officers to improve the long-term performance of the Company. The PCRS awards were made pursuant to the Omnibus Plan and are contingent upon the level of attainment of performance goals for the three-year period from June 1, 2007 ending May 31, 2010. The determination of whether and to what extent the PCRS awards are achieved will be made following the close of fiscal year 2010.

In making the determination of whether and to what extent the PCRS goals have been achieved, the actual fiscal year 2010 results will be adjusted for the exclusion of restructuring, asbestos and other similar charges or credits that are not central to the Company s operations as shown on the Company s financial statements as audited by the Company s independent registered public accounting firm, as well as major acquisitions and divestitures. The percentage of PCRS with respect to which the performance goals have been achieved will be determined by reference to the net income level and the return on invested capital during the performance period. The Compensation Committee set the performance goals related to the PCRS awards at levels it believed to be achievable but would require the Company to meaningfully grow earnings.

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Timing of Equity Grants

Equity grants are made in July and October at regularly scheduled meetings of the Compensation Committee. Board and Compensation Committee meetings are generally scheduled at least a year in advance. Scheduling decisions are made without regard to anticipated earnings or other major announcements by the Company.

Employment Agreements

We are a party to the following employment agreements with each of our named executive officers:

Frank C. Sullivan. On August 16, 2006, we amended and restated our October 11, 2002 employment agreement with Mr. Sullivan, effective as of June 1, 2006, pursuant to which Mr. Sullivan serves as our President and Chief Executive Officer and is entitled to an annual base salary of not less than $775,000.

Robert L. Matejka. On August 16, 2006, we amended and restated our February 1, 2001 employment agreement, as amended on October 14, 2002, with Mr. Matejka, effective as of June 1, 2006, pursuant to which Mr. Matejka serves as our Vice President Chief Financial Officer and Controller and is entitled to an annual base salary of not less than $280,000.

Ronald A. Rice. On October 5, 2006, we amended and restated our June 1, 2006 employment agreement with Mr. Rice, pursuant to which Mr. Rice serves as our Executive Vice President and Chief Operating Officer and is entitled to an annual base salary of not less than $435,000.

P. Kelly Tompkins. On October 5, 2006, we amended and restated our June 1, 2006 employment agreement with Mr. Tompkins, pursuant to which Mr. Tompkins serves as our Executive Vice President and Chief Administrative Officer and is entitled to an annual base salary of not less than $435,000.

Paul G. Hoogenboom. On October 5, 2006, we amended and restated our June 1, 2006 employment agreement with Mr. Hoogenboom, pursuant to which Mr. Hoogenboom serves as our Senior Vice President Manufacturing and Operations and Chief Information Officer and is entitled to an annual base salary of not less than $325,000.

Pursuant to the employment agreements, each of our named executive officers serves for a term ending on May 31, 2007, which is automatically extended for additional one-year periods unless either party gives the other party notice of nonrenewal two months in advance of the annual renewal date. In accordance with these automatic extension provisions, the employment agreement with each named executive officer has been extended to May 31, 2008. Each of our named executive officers is also eligible to receive such annual cash incentive compensation or bonuses as our Compensation Committee may determine based upon our results of operation and other relevant factors. Our named executive officers are also generally entitled to participate in our employee benefit plans. Under the employment agreements, each named executive officer is entitled to receive fringe benefits in line with our present practice relating to the officer s position, including the use of the most recent model of a full-sized automobile.

See Other Potential Post-Employment Compensation for a discussion of additional terms of the employment agreements related to restrictive covenants and potential post-employment compensation.

Post-Employment Compensation and Change in Control

Each of the employment agreements with our named executive officers provides for payments and other benefits if the named executive officer s employment terminates under certain circumstances, such as being terminated without cause within two years of a change in control. We believe that these payments and other benefits are important to recruiting and retaining our named executive officers, as many of the companies with which we compete for executive talent provide for similar payments to their senior employees. Additional information regarding these payments and other benefits is found under the heading Other Potential Post-Employment Compensation.

Section 162(m) of the Internal Revenue Code

In the course of fulfilling its responsibilities, the Compensation Committee routinely reviews the impact of Section 162(m) of the Internal Revenue Code, which disallows a tax deduction for certain compensation paid in excess of $1,000,000 to the Chief Executive Officer and the next three highest paid executive officers of the Company, excluding the CFO. The regulations under Section 162(m), however, except from this $1,000,000 limit various forms of compensation, including performance-based compensation. The Company s performance-based Incentive Plan, described above, and the Omnibus Plan satisfy the requirements of Section 162(m). Although the Compensation Committee carefully considers the impact of Section 162(m) when administering the Company s compensation programs, the Compensation Committee does not make decisions regarding executive compensation solely based on the expected tax treatment of such compensation. In order to maintain flexibility in designing compensation programs that retain key leaders, reward past performance, incentivize strong future performance and align executives long-term interests with stockholders, the Compensation Committee may deem it appropriate at times to forgo 162(m) qualified awards in favor of awards that may not be fully tax-deductible. This has occurred, for example, when the Company s operating results were adversely impacted by restructuring, asbestos or other non-operating charges, yet the Company performed significantly better than its business plan notwithstanding the charges.

Perks and Other Benefits

Our named executive officers participate in various employee benefit plans that are generally available to all employees and on the same terms and conditions as with respect to other similarly situated employees. These include normal and customary programs for life insurance, health insurance, prescription drug insurance, dental insurance, short and long term disability insurance, pension benefits, and matching gifts for charitable contributions. While these benefits are considered to be an important and appropriate employment benefit for all employees, they are not considered to be a material component of a named executive officer s annual compensation program. Because the named executive officers receive these benefits on the same basis as other employees, these benefits are not established or determined by the Compensation Committee separately for each named executive officer as part of the named executive officer s annual compensation package.

In addition, we maintain a 401(k) retirement savings plan for the benefit of all of our employees, including our named executive officers. In fiscal 2007, we provided a Company match of up to 4% of the qualified retirement plan compensation limit per employee, which executives also were able to receive. RPM s company match is fully vested to all employees, including executives, at the time of contribution. As is the case with all employees, named executive officers are not taxed on their contributions to the 401(k) Plan or earnings on those contributions until they receive distributions from the 401(k) Plan, and all RPM contributions are deductible by us when made.

During fiscal 2007 we provided car allowances to our named executive officers. Also during 2007, we made annual physical examinations available to each named executive officer and provided financial and estate planning to Mr. Frank Sullivan, Mr. Rice and Mr. Tompkins. In addition, we paid life insurance premiums for the benefit of our named executive officers.

We periodically review the perquisites that named executive officers receive.

Other Plans

In addition to the above described plans, the Company offers a tax qualified defined benefit retirement plan. Information about this plan can be found under the heading Pension Benefits for Fiscal 2007. The Company also offers a deferred compensation plan. Under this plan, selected management employees, certain highly compensated employees and Directors are eligible to defer a portion of their salary, bonus, incentive plan amounts and Director fees until a future date. The plan also provides that if a participant elects to defer compensation that she or he would otherwise have contributed to the Company s 401(k) Plan, the participant s account will be credited with an amount equal to the matching contribution the

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Company otherwise would have made to the 401(k) Plan for the participant, reduced by the amount of any matching contribution the Company makes to the 401(k) Plan on behalf of the participant. A participant s account will be credited with investment gains or losses as if the amounts credited to the account were invested in selected investment funds. Any compensation deferred under the plan is not included in the $1,000,000 limit provided for under Section 162(m) of the Internal Revenue Code until the year in which the compensation actually is paid. In addition, to the extent that any compensation paid to a participant would not be deductible by the Company by reason of the Section 162(m) limitation, the Company may defer payment of any or all of a distribution under the plan and such deferred amount will be distributed to the participant at the earliest date on which the deductibility of the compensation will not be limited by Section 162(m). Additional information about this plan can be found under the heading, Nonqualified Deferred Compensation for Fiscal 2007.

Report of the Compensation Committee

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with the Company s management and legal counsel. Based on that review and discussion, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company s Annual Report on Form 10-K and in the Company s definitive proxy statement prepared in connection with its 2007 Annual Meeting of Stockholders.

COMPENSATION COMMITTEE

Edward B. Brandon, Chairman
Charles A. Ratner
Dr. Jerry Sue Thornton

The above Report of the Compensation Committee does not constitute soliciting material and should not be deemed filed with the Commission or subject to Regulation 14A or 14C (other than as provided in Item 407 of Regulation S-K) or to the liabilities of Section 18 of the Exchange Act, except to the extent that the Company specifically requests that the information in this Report be treated as soliciting material or specifically incorporates it by reference into a document filed under the Securities Act of 1933 (the Securities Act) or the Exchange Act. If this Report is incorporated by reference into the Company s Annual Report on Form 10-K, such disclosure will be furnished in such Annual Report on Form 10-K and will not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act as a result of furnishing the disclosure in this manner.

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Summary Compensation Table for Fiscal 2007

The following table sets forth information regarding the compensation of our Chief Executive Officer, Chief Financial Officer and our other three highest paid executive officers for fiscal 2007.

ame and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($)(1) (d)	Stock Awards ($)(2)(3)(4) (e)	Option Awards ($)(2)(3) (f)	Non-Equity Incentive Plan Compensation ($)(5) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(6) (h)	All Other Compensation ($)(7) (i)	Total ($) (j)
rank C. Sullivan resident and Chief xecutive Officer	2007	775,000	0	1,329,790	497,484	1,030,000	20,756	53,038	3,706,068
obert L. Matejka ice President hief Financial fficer and Controller	2007	280,000(8)	0	402,221	125,997	370,000	41,620	38,952	1,258,790
onald A. Rice xecutive Vice resident and Chief perating Officer	2007	435,000	0	471,163	150,118	575,000	15,793	39,447	1,686,521
Kelly Tompkins xecutive Vice resident and Chief dministrative fficer	2007	435,000	0	482,860	150,118	575,000	22,493	47,022	1,712,493
aul G. Hoogenboom enior Vice resident lanufacturing and perations, Chief formation Officer	2007	325,000	0	394,470	125,997	430,000	15,509	29,320	1,320,296

(1) Amounts earned under the Incentive Plan, which in previous years were reported under the Bonus column, are now reported in the Non-Equity Incentive Plan Compensation column.

(2)

The dollar value of restricted stock, SARs and stock options set forth in these columns is equal to the compensation cost recognized during fiscal 2007 for financial statement purposes in accordance with FAS 123R, except no assumptions for forfeitures related to service-based vesting conditions were included. This valuation method values restricted stock (including PERS, PARS and SERP restricted stock), SARs and stock options granted during 2007 and previous years. A discussion of the assumptions used in calculating the compensation cost is set forth in Note E of the Notes to Consolidated Financial Statements of our 2007 Annual Report to Stockholders.

(3) Information regarding the shares of restricted stock and SARs granted to our named executive officers during fiscal 2007 is set forth in the Grants of Plan-Based Awards for Fiscal 2007 table. The Grants of Plan-Based Awards for Fiscal 2007 table also sets forth the aggregate grant date fair value of the restricted stock and stock options granted during 2007 computed in accordance with FAS 123R.

(4) As described in the Compensation Discussion and Analysis under the heading Equity Compensation, the previously-awarded PARS vested in July 2007 and, as such, all compensation cost associated with the PARS awards has been recognized for financial statement purposes during or before fiscal 2007.

(5) The amounts set forth in this column were earned during 2007 and paid in July 2007 under our Incentive Plan.

(6) The amounts set forth in this column reflect the change in present value of the executive officer s accumulated benefits under our Retirement Plan. During 2007, there were no above-market or preferential earnings on nonqualified deferred compensation.

(7) All Other Compensation includes Company contributions to the 401(k) plan, life insurance premiums, split dollar life insurance premiums, automobile allowances, financial/estate planning and annual physical examinations. For each named executive officer for whom the total value of all personal benefits exceed $10,000 in fiscal 2007, the amount of incremental cost to the Company for each personal benefit listed below, if applicable and to the extent such cost exceeded the greater of $25,000 or 10% of the total personal benefits for such named executive officer is as follows: automobile allowance: Mr. Frank C. Sullivan $28,827. The value of the automobile allowance is determined by adding all of the costs of the program, including lease costs and costs of maintenance, fuel, license and taxes and includes personal and business use.

(8) Mr. Matejka elected to defer a portion of his salary and non-equity incentive plan compensation under our Deferred Compensation Plan. The aggregate cash amount deferred by Mr. Matejka for fiscal 2007 was $69,767 and is included within the Salary and Non-Equity Incentive Plan Compensation columns.