

RPM INTERNATIONAL INC/DE/  
Form DEF 14A  
August 24, 2016  
Table of Contents

**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

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

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):

No fee required.

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 the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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:

**Table of Contents**

**Frank C. Sullivan**  
Chairman and Chief Executive Officer

August 24, 2016

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 6, 2016, at the Holiday Inn located at Interstate 71 and Route 82 East, Strongsville, Ohio.

At this year's Annual Meeting, you will vote (i) on the election of four Directors, (ii) in a non-binding, advisory capacity, on a proposal to approve our executive compensation, and (iii) on a proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending May 31, 2017. We also look forward to giving you a report on the first quarter of our current fiscal year, which ends on August 31. As in the past, there will be a discussion of the Company's business, during which time your questions and comments will be welcomed.

We hope that you are planning to attend the Annual Meeting in person, 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,

FRANK C. SULLIVAN

**Table of Contents**

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 located at Interstate 71 and Route 82 East, Strongsville, Ohio, on Thursday, October 6, 2016, 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 2019;
  - (2) To hold a non-binding, advisory vote to approve the Company's executive compensation;
  - (3) To ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending May 31, 2017; 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 12, 2016 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 24, 2016

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

**Table of Contents**

<u>Proxy Statement Summary</u>	2
<u>Voting Rights</u>	7
<u>Stock Ownership of Principal Holders and Management</u>	8
<u>Proposal One Election of Directors</u>	10
<u>Information Regarding Meetings and Committees of the Board of Directors</u>	18
<u>Proposal Two Advisory Vote on Executive Compensation</u>	24
<u>Executive Compensation</u>	27
<u>Director Compensation</u>	55
<u>Related Person Transactions</u>	57
<u>Forward-Looking Statements</u>	58
<u>Equity Compensation Plan Information</u>	59
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	59
<u>Proposal Three Ratification of Appointment of Independent Registered Public Accounting Firm</u>	60
<u>Report of the Audit Committee of the Board of Directors</u>	61
<u>Stockholder Proposals for 2017 Annual Meeting</u>	62
<u>Other Matters</u>	63

**Table of Contents**

2628 PEARL ROAD P.O. BOX 777

MEDINA, OHIO 44258

**PROXY STATEMENT**

**Mailed on or about August 24, 2016**

**Annual Meeting of Stockholders to be held on October 6, 2016**

This Proxy Statement is furnished in connection with the solicitation of Proxies by the Board of Directors of RPM International Inc. (the Company or RPM ) to be used at the Annual Meeting of Stockholders of the Company to be held on October 6, 2016, 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 Proposal Two relating to the advisory vote on executive compensation, and (iii) FOR ratifying the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending May 31, 2017.

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. Also, the Company has engaged a professional proxy solicitation firm, Georgeson LLC, to assist it in soliciting proxies. The Company will pay a fee of approximately \$10,500, plus expenses, to Georgeson LLC for these services.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on October 6, 2016: Proxy materials for the Company's Annual Meeting, including the 2016 Annual Report and this Proxy Statement, are now available over the Internet by accessing the Investor Information section of our website at [www.rpminc.com](http://www.rpminc.com). To access the proxy materials over the Internet or to request an additional printed copy, go to [www.rpminc.com](http://www.rpminc.com). You also can obtain a printed copy of this Proxy Statement, free of charge, by writing to: RPM International Inc., c/o Secretary, 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258.**

## **Table of Contents**

*This summary highlights information contained elsewhere in this Proxy Statement and in the Company's Annual Report on Form 10-K. For more complete information about these topics, please review the Company's complete Proxy Statement and Annual Report on Form 10-K.*

### **RPM International Inc.**

RPM International Inc. owns subsidiaries that are world leaders in specialty coatings, sealants, building materials and related services across three segments. The Company's industrial products include roofing systems, sealants, corrosion control coatings, flooring coatings and other construction chemicals. Industrial companies include Stonhard, Tremco, Illbruck, Carboline, Flowcrete and Euclid Chemical. The Company's consumer products are used by professionals and do-it-yourselfers for home maintenance and improvement and by hobbyists. Consumer brands include Rust-Oleum, DAP, Zinsser, Varathane and Testors. The Company's specialty products include industrial cleaners, colorants, exterior finishes, specialty OEM coatings, edible coatings, restoration services equipment and specialty glazes for the pharmaceutical and food industries. Specialty segment companies include Day-Glo, Dryvit, RPM Wood Finishes, Mantrose-Hauser, Legend Brands, Kop-Coat and TCI.

The Company achieved strong business results for the fiscal year ended May 31, 2016, including:

Consolidated net sales increased 4.8% to a record \$4.81 billion in fiscal 2016 from \$4.59 billion in fiscal 2015;

Net income increased 48.1% to \$354.7 million in fiscal 2016 from \$239.5 million in fiscal 2015; and

Diluted earnings per share increased 47.8% to \$2.63 in fiscal 2016 from \$1.78 in fiscal 2015.

Achievement of another year of strong financial performance was driven by the Company's success on a broad range of initiatives that are intended to position the Company for future growth.

### **Dividend**

On October 8, 2015, the Board of Directors increased the quarterly dividend on shares of the Company's Common Stock to \$0.275 per share, an increase of 5.8% from the prior year and the highest ever paid by the Company. With a 42-year track record of a continuously increasing cash dividend, the Company is in an elite category of less than 50 companies, out of more than 19,000 publicly traded U.S. companies (less than one-half of one percent), to have increased the dividend for this period of time or longer, according to the 2016 edition of the *Mergent Handbook of Dividend Achievers*. During this timeframe, the Company has paid more than \$1.8 billion in cash dividends to its stockholders.

### **Corporate Transactions**

The Company acquired six companies with combined sales of more than \$68 million during fiscal 2016 and early fiscal 2017:

Tremco Group, in July 2015, acquired the assets of Chemtron Manufacturing Ltd., a Calgary-based manufacturer of construction adhesives, sealants and tapes with annual net sales of \$5 million.

In February 2016, Mantrose-Hauser Co., Inc., a subsidiary within the RPM Specialty Products Group, acquired Holton Food Products Company, a leading U.S. supplier of food stabilizer and dry egg white products with annual net sales of \$7 million.



## Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

Rust-Oleum Corporation acquired Seal-Krete in March 2016. Seal-Krete is a leading manufacturer of concrete care coatings and sealants for the retail market with annual net sales in excess of \$10 million.

In May 2016, Carboline acquired total ownership of its Chinese joint venture, Carboline Dalian Paint Production Co., Ltd., a manufacturer of corrosion control coatings and linings for oil and gas, power and petrochemical-related projects with annual net sales of \$11 million.

Tremco Group, in July 2016, acquired Duram Industries Pty Limited, an Australian-based manufacturer of a comprehensive range of commercial waterproofing products. With annual sales of approximately \$6 million, Duram will provide Tremco with in-market manufacturing capacity, while Tremco intends to leverage the combined resources to expand the reach of Duram products throughout Australia.

In July 2016, Applied Polymerics, Inc. & Marketing Associates, Inc. (API/MAI), a specialist civil engineering and construction organization focusing on bridges, roads and major structures, was acquired to be part of our RPM Performance Coatings Group's Universal Sealants (U.K.) Limited (USL) business unit. Based in Mt. Airy, North Carolina, API/MAI has annual sales of approximately \$14 million. The company manufactures, supplies and installs specialty construction products, including bridge expansion joints, concrete repair compounds, protective coatings and pavement preservation products.

## **Table of Contents**

### **Stock Repurchase Program**

On January 8, 2008, the Board of Directors authorized a stock repurchase program under which the Company may repurchase shares of its Common Stock at management's discretion for general corporate purposes. The Company may limit or terminate the stock repurchase program at any time. The Company purchased approximately 800,000 shares of Common Stock at an average cost of \$43.88 per share under this program during the fiscal year ended May 31, 2016.

### **Corporate Governance**

The Company is committed to meeting high standards of ethical behavior, corporate governance and business conduct. This commitment has led the Company to implement the following practices:

***Board Independence*** eleven of thirteen Directors are independent under the Company's Corporate Governance Guidelines and NYSE listing standards. All members of the Audit Committee, the Compensation Committee and the Governance and Nominating Committee are independent.

***Independent Directors Meetings*** independent Directors meet in executive sessions each year in January, April and July, without management present.

***Lead Director*** one independent Director serves as Lead Director.

***Majority Voting for Directors*** in an uncontested election, any nominee for Director who receives more votes withheld from his or her election than votes for such election is expected to tender his or her resignation for prompt consideration by the Governance and Nominating Committee and by the Board of Directors.

***Director Tenure*** the average tenure of our independent Directors has decreased from 16.5 years for each of the 11 independent Directors in 2011 to 8.3 years for each of our current 11 independent Directors. Four new independent Directors have joined the Board of Directors since April 2012.

***Stock Ownership Guidelines for Directors and Executive Officers*** the Company adopted stock ownership guidelines for Directors and executive officers in July 2012, and the Company increased the stock ownership guidelines for Directors in July 2014. Each of the Directors and executive officers satisfies the stock ownership guidelines or is within the grace period provided by the stock ownership guidelines to achieve compliance.

***Annual Board and Chief Executive Officer Self-Evaluations*** each year, the Governance and Nominating Committee of the Board of Directors administers self-evaluations of the Board of Directors and its committees, and the Compensation Committee of the Board of Directors administers an evaluation of the Chief Executive Officer.

***Hedging Transactions Prohibited*** the Company's insider trading policy prohibits short sales and hedging transactions of shares of the Company's Common Stock by Directors, officers and employees.

**Performance-Based Compensation** the Company relies heavily on performance-based compensation for executive officers, including awards of performance-based restricted stock.

**Double-Trigger Vesting Provisions** the Company's 2014 Omnibus Equity and Incentive Plan (2014 Omnibus Plan) provides double-trigger vesting provisions for long-term equity awards.

**Clawback Policy** the Board of Directors may require reimbursement of certain bonuses or incentive compensation awarded to an executive officer if, as the result of that executive officer's misconduct, the Company is required to restate all or a portion of its financial statements.

**CEO Succession Planning** the Company's succession plan, which the Board of Directors reviews annually, addresses both an unexpected loss of the CEO as well as longer-term succession.

**The Values & Expectations of 168** the Company's code of business conduct and ethics, entitled The Values & Expectations of 168, emphasizes individual responsibility and accountability, encourages reporting and dialogue about ethics concerns, and focuses on the Company's core principles of integrity, commitment, responsible entrepreneurship and moral courage.

**Statement of Governance Policy** the Board of Directors adopted our Statement of Governance Policy in April 2016, which recognizes that conducting our business in conformity with The Values & Expectations of 168 is essential to advancing our fundamental objective of building long-term stockholder value.

## **Table of Contents**

See also Information Regarding Meetings and Committees of the Board of Directors at page 18 for further information on the Company's governance practices. Additional information about our majority voting policy appears under the caption Voting Rights on page 7.

### **RPM INTERNATIONAL INC.**

#### **STATEMENT OF GOVERNANCE POLICY**

RPM International's fundamental objective is to build long-term stockholder value by profitably growing our businesses and consistently delivering strong financial performance. We think that our ability to generate value for our stockholders is inextricably linked to our ability to provide value to our principal stakeholders, including our customers and associates.

We must continue to earn the ongoing commitment and trust of our stockholders by delivering the solid returns expected by them from an investment in RPM.

We must continue to offer our customers innovative, high-quality products and services at competitive prices.

We must attract and retain high-quality associates at every level of our organization, provide them with the tools they need to do their jobs, and compensate them in such a way as to closely align their interests with our long-term success.

We must conduct our business in conformity with The Values & Expectations of 168, which encompass complying with all legal and ethical standards, and working to be exemplary corporate citizens of the communities in which we work.

We do not focus narrowly on efforts to maximize the short-term price of our stock, and think that such an approach is fundamentally misguided. Instead, we believe that emphasizing consistent value creation in our businesses will maximize the long-term value of our stockholders investment.

In short, we manage our businesses to create wealth for our stockholders. Creating value for our other stakeholders is how we have achieved, and will continue to achieve, that objective.

#### **Enterprise-Wide Risk Oversight**

The Board of Directors, assisted by its committees, oversees management's enterprise-wide risk management activities. Risk management activities include assessing and taking actions necessary to manage risk incurred in connection with the long-term strategic direction and operation of the Company's business. See Information Regarding Meetings and Committees of the Board of Directors Role in Risk Oversight for further information.

#### **Executive Compensation**

The Company's executive compensation program utilizes a mix of base salary, annual and long-term cash incentives, equity awards and standard benefits to attract and retain highly qualified executives and maintain a strong relationship between executive pay and Company performance. Ninety-seven percent (97%) of the votes cast on the say-on-pay proposal last year were voted in support of the compensation of our named executive officers set forth in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables and narratives in last year's Proxy Statement. The Compensation Committee will continue to consider results from future stockholder advisory votes, which will be held annually until the next stockholder advisory vote on the frequency of future votes on executive compensation,

as well as input from its stockholders between meetings, in its ongoing evaluation of the Company's executive compensation programs and practices.

**Overall Compensation Program Principles**

*Pay for performance* The Company's general compensation philosophy is performance-based in that the Company's executive officers should be well compensated for achieving strong operating and financial results. The Company engages in a rigorous process intended to provide its executive officers a fair level of compensation that reflects the Company's positive operating financial results, the relative skills and experience of the individuals involved, peer group compensation levels and other similar benchmarks.

**Table of Contents**

*Compensation weighted toward at-risk pay* The mix of compensation of the Company's named executive officers is weighted toward at-risk pay (consisting of cash and equity compensation). Maintaining this pay mix results in a pay-for-performance orientation, which aligns to the Company's compensation philosophy of paying total direct compensation that is competitive with peer group levels based on relative company performance. For fiscal 2016, 68% of the amounts of the principal compensation components for our named executive officers in the aggregate was variable and tied to our performance.

*Compensation Benchmark Study* In 2016, the Compensation Committee retained the professional consulting firm of Willis Towers Watson to conduct an executive compensation benchmark study. Based on its analysis and findings, Willis Towers Watson concluded that our Chief Executive Officer's actual total direct compensation was competitive with the market median, and that his compensation was weighted more toward long-term incentives than is typical in the market. Overall, Willis Towers Watson concluded that our named executive officers' salaries and total cash compensation are generally at or below the market median, and that their long-term incentives and total direct compensation are generally at or above the market median.

***Summary of Compensation Paid to Frank C. Sullivan, the Company's Chief Executive Officer, in Fiscal 2016***

*Base salary* \$960,000, which was 2.1% above his fiscal 2015 base salary.

*Annual cash incentive compensation* Annual cash incentive compensation of \$1,050,000, which was 16.7% above his fiscal 2015 annual cash incentive compensation.

*Equity compensation* Performance earned restricted stock ( PERS ) with a grant date fair value of \$3,963,700; stock appreciation rights ( SARs ) with 200,000 shares of Common Stock underlying the award; and 8,438 shares of supplemental executive retirement plan ( SERP ) restricted stock.

*Other compensation* Matching contribution of \$10,600 under the Company's 401(k); automobile allowance of \$25,595; and life insurance premiums of \$94,942.

**Table of Contents**

**Stockholder Actions**

***Proposal 1 Election of Directors (see pages 10-17)***

The Board of Directors has nominated four candidates for election to serve in Class I of the Board. **The Board recommends that stockholders vote FOR the election of each nominee.**

***Proposal 2 Advisory Vote to Approve the Company's Executive Compensation (see pages 24-26)***

The Board of Directors is seeking an advisory vote to approve the Company's executive compensation. Before considering this proposal, please read the Compensation Discussion and Analysis in this Proxy Statement, which explains the Compensation Committee's compensation decisions and how the Company's executive compensation program aligns the interests of the executive officers with those of the Company's stockholders. Although the vote is advisory and is not binding on the Board of

Directors, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation decisions. **The Board recommends that stockholders vote FOR the approval of the Company's executive compensation.**

***Proposal 3 Ratification of Appointment of Independent Registered Public Accounting Firm (see page 60)***

The Audit Committee has appointed Deloitte & Touche LLP as the Company's independent registered public accounting firm for the year ending May 31, 2017. The Board of Directors is seeking stockholder ratification of this appointment. **The Board recommends that stockholders vote FOR ratification of the selection of Deloitte & Touche LLP.**

## Table of Contents

The record date for determination of stockholders entitled to vote at the Annual Meeting was the close of business on August 12, 2016. On that date, the Company had 133,367,974 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 "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 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 for such meeting. Under applicable Delaware law, if a broker returns a Proxy and has not voted on a certain proposal (generally referred to as a "broker non-vote"), such broker non-votes will count for purposes of determining a quorum. The shares represented at the Annual Meeting by Proxies which are marked "withheld" with respect to the election of Directors will be counted as shares present for the purpose of determining whether a quorum is present.

Under the rules of the New York Stock Exchange, if you are the beneficial owner of shares held in street name and do not provide the bank, broker or other intermediary that holds your shares with specific voting instructions, that bank, broker or other intermediary may generally vote on routine matters but cannot vote on non-routine matters. Proposals One and Two are considered non-routine matters. Unless you instruct the bank, broker or other intermediary that holds your shares to vote on Proposals One and Two, no votes will be cast on your behalf with respect to those proposals. Therefore, it is important that you instruct the bank, broker or other intermediary to cast your vote if you want it to count on Proposals One and Two. Proposal Three is considered a routine matter and, therefore, broker non-votes are not expected to exist on Proposal Three.

Nominees for election as Directors who receive the greatest number of votes will be elected Directors. 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 (the "Certificate") does not provide for cumulative voting.

Our Corporate Governance Guidelines 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 of Directors 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 of Directors 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 of Directors 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 on our website at [www.rpminc.com](http://www.rpminc.com).

Pursuant to the 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 Certificate, 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.

If you have any questions or need any assistance in voting your shares of Common Stock, please contact the Company's proxy solicitor:

Georgeson LLC

1290 Avenue of the Americas, 9<sup>th</sup> Floor

New York, NY 10104

(888) 877-5373 (Toll Free)





**Table of Contents**

The following table sets forth the beneficial ownership of shares of Common Stock as of May 31, 2016, 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 in this Proxy Statement and (iv) all Directors and executive officers as a group. All information with respect to beneficial ownership of Directors, Director nominees and executive officers 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 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 <sup>(1)</sup>	Percentage of Common Stock <sup>(1)</sup>
T. Rowe Price Associates, Inc. <sup>(2)</sup>	12,497,231	9.3
The Vanguard Group <sup>(3)</sup>	9,842,538	7.5
BlackRock, Inc. <sup>(4)</sup>	8,990,596	6.8
State Street Corporation <sup>(5)</sup>	6,700,550	5.0
John P. Abizaid <sup>(6)</sup>	23,589	*
Bruce A. Carbonari <sup>(7)</sup>	30,577	*
David A. Daberko <sup>(8)</sup>	24,237	*
Jennifer D. Deckard <sup>(9)</sup>	2,600	*
Salvatore D. Fazzolari <sup>(10)</sup>	8,600	*
Russell L. Gordon <sup>(11)</sup>	129,241	0.1
Thomas S. Gross <sup>(12)</sup>	9,844	*
Janeen B. Kastner <sup>(13)</sup>	82,637	*
Edward W. Moore <sup>(14)</sup>	114,940	*
Craig S. Morford <sup>(15)</sup>	7,600	*
Frederick R. Nance <sup>(16)</sup>	15,549	*
Charles A. Ratner <sup>(17)</sup>	28,969	*
Ronald A. Rice <sup>(18)</sup>	527,721	0.4
Frank C. Sullivan <sup>(19)</sup>	1,626,247	1.2
Thomas C. Sullivan <sup>(20)</sup>	58,070	*
William B. Summers, Jr. <sup>(21)</sup>	34,469	*
Jerry Sue Thornton <sup>(22)</sup>	36,397	*
All Directors and executive officers as a group (twenty persons including the Directors, Director nominees and executive officers named above) <sup>(23)</sup>	2,964,047	2.2

\* Less than 0.1%.

(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, 2016, but no exercise of outstanding options covering Common Stock held by any other person.

(2)

## Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

According to a Schedule 13G filed with the Commission on February 10, 2016, T. Rowe Price Associates, Inc., as of December 31, 2015, has sole voting power over 3,790,688 shares of Common Stock, and sole dispositive power over the 12,497,231 shares of Common Stock shown in the table above. T. Rowe Price Associates, Inc. is located at 100 E. Pratt Street, Baltimore, Maryland 21202.

- (3) According to an amended Schedule 13G filed with the Commission on February 10, 2016, The Vanguard Group ( Vanguard ), as of December 31, 2015, has sole voting power over 97,356 shares of Common Stock, sole dispositive power over 9,842,538 shares of Common Stock, and shared dispositive power, with Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd., wholly-owned subsidiaries of Vanguard, over 96,556 shares of Common Stock shown in the table above. Vanguard is located at 100 Vanguard Blvd., Malvern, Pennsylvania 19355.

**Table of Contents**

- (4) According to an amended Schedule 13G filed with the Commission on January 27, 2016, BlackRock, Inc., together with its subsidiaries BlackRock Advisors (UK) Limited, BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Asset Management Schweiz AG, BlackRock Financial Management, Inc., BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (UK) Ltd., BlackRock Investment Management, LLC and BlackRock Life Limited (together, BlackRock ), as of December 31, 2015, has sole voting power over 8,554,689 shares of Common Stock, and sole dispositive power over the 8,990,596 shares of Common Stock shown in the table above. BlackRock is located at 55 East 52nd Street, New York, New York 10055.
- (5) According to a Schedule 13G filed with the Commission on February 12, 2016, State Street Corporation, together with its subsidiaries State Street Bank and Trust Company, SSGA Funds Management, Inc., State Street Global Advisors Limited, State Street Global Advisors, Ltd., State Street Global Advisors, Australia, Limited, and State Street Global Advisors Asia Limited (together, State Street ), as of December 31, 2015, has shared voting power and shared dispositive power over the 6,700,550 shares of Common Stock shown in the table above. State Street is located at State Street Financial Center, One Lincoln Street, Boston, Massachusetts 02111.
- (6) Mr. Abizaid is a Director of the Company.
- (7) Mr. Carbonari is a Director of the Company.
- (8) Mr. Daberko is a Director of the Company.
- (9) Ms. Deckard is a Director of the Company.
- (10) Mr. Fazzolari is a Director of the Company.
- (11) Mr. Gordon is an executive officer of the Company. His ownership is comprised of 110,076 shares of Common Stock which he owns directly and 19,165 shares of Common Stock issuable under stock-settled stock appreciation rights currently exercisable or exercisable within 60 days of May 31, 2016.
- (12) Mr. Gross is a Director of the Company.
- (13) Ms. Kastner is an executive officer of the Company. Her ownership is comprised of 79,591 shares of Common Stock which she owns directly, 2,126 shares of Common Stock issuable under stock-settled stock appreciation rights currently exercisable or exercisable within 60 days of May 31, 2016, and approximately 920 shares of Common Stock held by Wells Fargo Bank, N.A., as trustee of the RPM International Inc. 401(k) Plan, which represents Ms. Kastner's approximate percentage ownership of the total shares of Common Stock held in the RPM International Inc. 401(k) Plan as of May 31, 2016.
- (14) Mr. Moore is an executive officer of the Company. His ownership is comprised of 98,504 shares of Common Stock which he owns directly, 6,998 shares of Common Stock issuable under stock-settled stock appreciation rights currently exercisable or exercisable within 60 days of May 31, 2016, and approximately 9,438 shares of Common Stock held by Wells Fargo Bank, N.A., as trustee of the RPM International Inc. 401(k) Plan, which represents Mr. Moore's approximate percentage ownership of the total shares of Common Stock held in the RPM International Inc. 401(k) Plan as of May 31, 2016.

## Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

- (15) Mr. Morford is a Director of the Company.
- (16) Mr. Nance is a Director of the Company. Mr. Nance has pledged 5,569 of his shares of Common Stock.
- (17) Mr. Ratner is a Director of the Company. Mr. Ratner's ownership is comprised of 23,969 shares of Common Stock which he owns directly and 5,000 shares of Common Stock which are held by a trust of which Mr. Ratner is settlor and co-trustee. Ownership of the shares of Common Stock held by the trust is attributed to Mr. Ratner pursuant to Commission rules. Mr. Ratner received a portion of his Directors' fees in the form of stock equivalent units in connection with the Company's Deferred Compensation Program. As of May 31, 2016, Mr. Ratner had approximately 8,086 stock equivalent units in the Deferred Compensation Program, which stock equivalent units are excluded from the amount reported in the table pursuant to Commission guidance.
- (18) Mr. Rice is an executive officer of the Company. His ownership is comprised of 351,606 shares of Common Stock which he owns directly, 171,454 shares of Common Stock issuable under stock-settled stock appreciation rights currently exercisable or exercisable within 60 days of May 31, 2016, and approximately 4,661 shares of Common Stock held by Wells Fargo 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 of Common Stock held in the RPM International Inc. 401(k) Plan as of May 31, 2016.
- (19) Frank C. Sullivan is a Director and an executive officer of the Company. Frank C. Sullivan's ownership is comprised of 918,592 shares of Common Stock which he owns directly, 9,000 shares of Common Stock which he holds as custodian for his sons, 657,621 shares of Common Stock issuable under stock-settled stock appreciation rights currently exercisable or exercisable within 60 days of May 31, 2016, 12,105 shares of Common Stock which are held in a trust for the benefit of Frank C. Sullivan's sons, 15,000 shares of Common Stock held by a limited liability company of which Frank C. Sullivan is one-fifth owner and a managing member, 9,630 shares of Common Stock held in a trust for the benefit of Frank C. Sullivan, and approximately 4,299 shares of Common Stock held by Wells Fargo Bank, N.A., as trustee of the RPM International Inc. 401(k) Plan, which represents Frank C. 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, 2016. Ownership of the shares of Common Stock held as custodian for his sons and those held in trusts for the benefit of his sons is attributed to Frank C. Sullivan pursuant to Commission rules.
- (20) Thomas C. Sullivan is Chairman Emeritus of the Board of Directors of the Company. Thomas C. Sullivan's ownership is comprised of 43,507 shares of Common Stock which he owns directly and 14,563 shares of Common Stock which are owned by his wife. Ownership of the shares of Common Stock held by his wife is attributed to Thomas C. Sullivan pursuant to Commission rules.
- (21) Mr. Summers is a Director of the Company.
- (22) Dr. Thornton is a Director of the Company. Dr. Thornton received a portion of her Directors' fees in the form of stock equivalent units in connection with the Company's Deferred Compensation Program. As of May 31, 2016, Dr. Thornton had approximately 18,985 stock equivalent units in the Deferred Compensation Program, which stock equivalent units are excluded from the amount reported in the table pursuant to Commission guidance.
- (23) The number of shares of Common Stock shown as beneficially owned by the Directors, Director nominees and executive officers as a group on May 31, 2016 includes approximately 23,207 shares of Common Stock held by Wells Fargo 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, 2016.

**Table of Contents**

**ELECTION OF DIRECTORS**

The authorized number of Directors of the Company presently is fixed at thirteen, with the Board of Directors divided into three Classes. Currently, each of Class I and Class III has four Directors, and Class II has five Directors. 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.

At this year's Annual Meeting, Thomas C. Sullivan, Chairman Emeritus and 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 and after 53 years of service on the Board of Directors.

Upon Thomas C. Sullivan's retirement, the authorized number of Directors of the Company will be fixed at twelve. In accordance with Article VII of the Company's Certificate, each

Class of the Board of Directors must be as nearly equal in number as possible. Thomas S. Gross, a Director currently serving in Class II, which presently has five Directors, has been nominated to serve in Class I. Upon his election as a Director in Class I, Mr. Gross will no longer be a Director in Class II, and each of Class I, Class II and Class III of the Board of Directors will have four Directors.

The term of office of the persons elected as Directors in Class I at this year's Annual Meeting will expire at the time of the Annual Meeting held in 2019. 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, Thomas S. Gross, Craig S. Morford and Frank C. Sullivan. Messrs. Daberko, Morford and Frank C. Sullivan currently serve as Directors in Class I, and Mr. Gross currently serves as a Director in Class II.

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.

Table of Contents**NOMINEES FOR ELECTION**

**David A. Daberko**, age 71 Director since 2007

Retired Chairman of the Board and Chief Executive Officer, National City Corporation, now a part of PNC Financial Services Group, Inc. Mr. Daberko earned a bachelor's degree from Denison University and a M.B.A. degree 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. From 1995 until his retirement in 2007, Mr. Daberko served as Chairman and Chief Executive Officer of National City Corporation. Mr. Daberko is also a director of Marathon Petroleum Corporation and MPLX GP LLC, and was formerly a director of Williams Partners L.P.

The Board of Directors has determined that Mr. Daberko should serve as a Director because of his extensive executive management experience, including 12 years as Chairman and Chief Executive Officer of National City Corporation. In that position, Mr. Daberko dealt with many of the major issues, such as financial, strategic, technology, compensation, management development, acquisitions, capital allocation, government and stockholder relations, that the Company deals with today. His service on other boards of directors has given him exposure to different industries and approaches to governance and other key issues.

<b>Shares of Common Stock beneficially owned:</b>	Nominee to Class I
<b>24,237</b>	(term expiring in 2019)

**Thomas S. Gross**, age 62 Director since 2012

Retired Vice Chairman and Chief Operating Officer for the Electrical Sector of Eaton Corporation plc, a global diversified power management company. Mr. Gross joined Eaton in 2003 as Vice President, Eaton Business Systems, and from June 2004 to December 2009 served as President of Eaton's power quality and controls business. From January 2009 until his retirement in August 2015, Mr. Gross served as Vice Chairman and Chief Operating Officer for Eaton's Electrical Sector. Prior to joining Eaton, Mr. Gross held executive leadership positions with Danaher Corporation, Xycom Automation and Rockwell Automation. Mr. Gross is a director of WABCO Holdings Inc., a leading manufacturer of vehicle control systems. Mr. Gross received his B.S. degree in electrical and computer engineering from the University of Wisconsin and his M.B.A. degree from the University of Michigan.

The Board of Directors has determined that Mr. Gross should serve as a Director because of his extensive executive management experience at Eaton Corporation plc. At Eaton, Mr. Gross dealt

## Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

with many of the major issues, such as financial, strategic, technology, compensation, management development, acquisitions and capital allocation, that the Company deals with today. Also, with his extensive financial background, Mr. Gross is a financial expert for the Company's Audit Committee.

<b>Shares of Common Stock beneficially owned:</b>	Nominee to Class I
<b>9,844</b>	(term expiring in 2019)



**Table of Contents**

**Craig S. Morford**, age 57 Director since 2013

Chief Legal and Compliance Officer of Cardinal Health, Inc. Mr. Morford joined Cardinal Health in 2008 as Chief Compliance Officer, and became Chief Legal and Compliance Officer in 2009. Before joining Cardinal Health, Mr. Morford spent 20 years with the U.S. Department of Justice, which included an appointment by President George W. Bush as acting U.S. deputy attorney general. Mr. Morford is a member of The Association of General Counsel. He also serves on the audit and compliance committee of the board of trustees of The Ohio State University. Mr. Morford earned his bachelor degree in economics from Hope College, and a juris doctorate from Valparaiso University.

The Board of Directors has determined that Mr. Morford should serve as a Director primarily due to his significant experience in legal affairs, regulatory compliance, corporate governance, corporate ethics and enterprise risk management at Cardinal Health and his service with the U.S. Department of Justice. Mr. Morford's background allows him to provide valuable insights to the Board of Directors, particularly in regard to corporate governance and risk issues that confront the Company. Mr. Morford also provides the Board of Directors a valuable perspective as a member of the boards of prominent non-profit organizations.

<b>Shares of Common Stock beneficially owned:</b>	Nominee to Class I
<b>7,600</b>	(term expiring in 2019)

**Frank C. Sullivan**, age 55 Director since 1995

Chairman and Chief Executive Officer, RPM International Inc. 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, Frank C. 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 RPM's Director of Corporate Development. He became a Vice President in 1991, Chief Financial Officer in 1993, Executive Vice President in 1995, President in 1999, Chief Operating Officer in 2001, Chief Executive Officer in 2002, and was elected Chairman of the Board in 2008. Frank C. Sullivan serves on the boards of The Timken Company, the American Coatings Association, the Cleveland Rock and Roll Hall of Fame and Museum, Greater Cleveland Partnership, the Ohio Business Roundtable, the Army War College Foundation, Inc., the Chamber of Commerce of the United States, the Cleveland School of Science and Medicine, and the Medina County Bluecoats. Frank C. Sullivan is the son of Thomas C. Sullivan.

The Board of Directors has determined that Frank C. Sullivan should serve as a Director because of his role as the Company's Chief Executive Officer, his intimate knowledge of the Company, and his experience serving as a director of other public companies and non-profit organizations. The Board

## Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

of Directors believes that Frank C. Sullivan's extensive experience in and knowledge of the Company's business gained as a result of his long-time service as a member of management is essential to the Board of Directors' oversight of the Company and its business operations. The Board of Directors also believes that continuing participation by qualified members of the Sullivan family on the Board of Directors is an important part of the Company's corporate culture that has contributed significantly to its long-term success.

<b>Shares of Common Stock beneficially owned:</b>	Nominee to Class I
<b>1,626,247</b>	(term expiring in 2019)

Table of Contents**DIRECTORS WHOSE TERMS OF OFFICE WILL CONTINUE AFTER THE ANNUAL MEETING**

**General John P. Abizaid**, age 65 Director since 2008

Senior Partner, JPA Partners LLC, a Nevada-based strategic and analytic consulting firm. Gen. Abizaid retired from the U.S. Army in 2007 after 34 years of service, during which he rose from an infantry platoon leader to become a four-star general and the longest-serving commander of U.S. Central Command. During his distinguished career, his command assignments ranged from infantry combat to delicate international negotiations. Gen. Abizaid graduated from the U.S. Military Academy with a bachelor of science degree in 1973. His civilian studies include an Olmsted Scholarship at the University of Jordan, Amman, and a master of arts degree in Middle Eastern studies at Harvard University. Gen. Abizaid is a highly decorated officer who has been awarded the Defense Distinguished Service Medal, the Army Distinguished Service Medal, Legion of Merit and the Bronze Star. He serves as a director of Virtu Financial, Inc.

The Board of Directors has determined that Gen. Abizaid should serve as a Director because of the extensive leadership and management experience he gained during his distinguished military career in which he ultimately became a four-star general in the U.S. Army. As commander of U.S. Central Command, Gen. Abizaid was responsible for military operations in 27 countries and commanded over 500,000 U.S. and allied air, naval and land forces for over three years. Furthermore, as director of strategic plans and policies for the United States Armed Forces Joint Staff, Gen. Abizaid led numerous delegations to foreign nations and conducted extensive negotiations on a number of sensitive subjects. His experience also enables him to assist the Company with leadership development and also provide a unique strategic perspective to the Company.

**Shares of Common Stock beneficially owned:** Director in Class II  
**23,589** (term expiring in 2018)

**Bruce A. Carbonari**, age 60 Director since 2002

Retired Chairman and Chief Executive Officer, Fortune Brands, Inc., a diversified consumer products company. Prior to his retirement, Mr. Carbonari served as the Chairman and Chief Executive Officer of Fortune Brands from 2008 to 2011, and as its President and Chief Executive Officer from 2007 to 2008. Previously, he held positions with Fortune Brands business unit, Fortune Brands Home & Hardware LLC, as Chairman and Chief Executive Officer from 2005 until 2007 and as President and Chief Executive Officer from 2001 to 2005. Mr. Carbonari was the President and Chief Executive Officer of Fortune Brands Kitchen and Bath Group from 1998 to 2001, and was previously the President and Chief Executive Officer of Moen, Inc. from 1990 to 1998. Prior to joining Moen 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.

The Board of Directors has determined that Mr. Carbonari should serve as a Director because of his extensive executive management experience, including his service as Chairman and Chief Executive Officer of Fortune Brands, Inc. In that position, Mr. Carbonari dealt with many of the major issues, such as financial, strategic, technology, compensation, management development, acquisitions, capital allocation, government and stockholder relations, that the Company deals with today. Also, with his extensive financial background, Mr. Carbonari is a financial expert for the Company's Audit Committee.

<b>Shares of Common Stock beneficially owned:</b>	Director in Class II
<b>30,577</b>	(term expiring in 2018)

**Table of Contents****Jennifer D. Deckard**, age 50 Director since 2015

President and Chief Executive Officer of Fairmount Santrol Holdings Inc. Ms. Deckard has served as President, Chief Executive Officer and director of Fairmount Santrol since 2013. Previously, Ms. Deckard served as Fairmount Santrol's President from January 2011 until May 2013, Vice President of Finance and Chief Financial Officer from 1999 until 2011, Corporate Controller from 1996 to 1999 and Accounting Manager from 1994 until 1996. Ms. Deckard serves on the boards of the Cleveland Foundation, Edwins Foundation, and the First Tee of Cleveland. She also serves on the Case Western Weatherhead School of Management's Visiting Committee and the Board of Directors for the Fairmount Santrol Foundation. Ms. Deckard received a bachelor of science from the University of Tulsa and a M.B.A. degree from Case Western Reserve University.

The Board of Directors has determined that Ms. Deckard should serve as a Director because of her extensive executive management experience and financial expertise, including her service as President and Chief Executive Officer of Fairmount Santrol. In that position, Ms. Deckard deals with many of the major issues, such as financial, strategic, technology, compensation, management development, acquisitions, capital allocation, government and stockholder relations, that the Company deals with today. Ms. Deckard also provides the Board of Directors a valuable perspective as a member of the boards of several prominent local non-profit organizations.

**Shares of Common Stock beneficially owned:** Director in Class II  
2,600 (term expiring in 2018)

**Salvatore D. Fazzolari**, age 64 Director since 2013

Former Chairman, President and Chief Executive Officer of Harsco Corporation, a diversified global industrial company. Mr. Fazzolari served as Chairman and Chief Executive Officer of Harsco Corporation from 2008 until February 2012, in addition to serving as its President from 2010 until February 2012. During the course of his over 30 years of service to Harsco Corporation, Mr. Fazzolari held various other positions, including President (2006–2007), Chief Financial Officer (1998–2007) and Treasurer and Corporate Controller. Mr. Fazzolari is a certified public accountant (inactive) and a certified information systems auditor (inactive). He serves on the board of directors of OrangeHook, Inc., Gannett Fleming Affiliates, Inc. and Bollman Hat Company. He is also an advisory board member of Current Capital LLC, and is a trustee of Susquehanna University. He earned his bachelor of business administration degree in accounting from Pennsylvania State University.

The Board of Directors has determined that Mr. Fazzolari should serve as a Director because of his extensive executive management experience, including his service as Chairman, President and Chief Executive Officer of Harsco Corporation. In that position, Mr. Fazzolari dealt with many of the

## Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

major issues, such as financial, strategic, technology, compensation, management development, acquisitions, capital allocation, government and stockholder relations, that the Company deals with today. Also, Mr. Fazzolari has extensive global experience, and because of his considerable financial background, he is a financial expert for the Company's Audit Committee and serves as its chairman.

<b>Shares of Common Stock beneficially owned:</b>	Director in Class II
<b>8,600</b>	(term expiring in 2018)

**Table of Contents****Frederick R. Nance**, age 62 Director since 2007

Regional Managing Partner of Squire Patton Boggs (US) LLP, Attorneys-at-law, Cleveland, Ohio, since 2007. Mr. Nance also served two four-year terms on the firm's worldwide, seven-person Management Committee. He received his B.A. degree from Harvard University and his J.D. degree from the University of Michigan. Mr. Nance joined Squire Patton Boggs directly from law school, became partner in 1987 and served as the Managing Partner of the firm's Cleveland office from 2002 until 2007. In addition to his duties at Squire Patton Boggs, where he heads the firm's U.S. Sports and Entertainment practice representing clients including LeBron James, Mr. Nance serves on the boards of the Greater Cleveland Partnership, the Cleveland Clinic and Team NEO. In October 2015, Mr. Nance was inducted into the Northeast Ohio Business Hall of Fame.

The Board of Directors has determined that Mr. Nance should serve as a Director primarily due to his significant legal background and management experience. Mr. Nance's background allows him to provide valuable insights to the Board of Directors, particularly in regard to corporate governance and risk issues that confront the Company. Mr. Nance also provides the Board of Directors a valuable perspective as a member of the boards of several prominent local non-profit organizations.

**Shares of Common Stock beneficially owned:** Director in Class III  
15,549 (term expiring in 2017)

**Charles A. Ratner**, age 75 Director since 2005

Chairman of Forest City Realty Trust, Inc. (formerly Forest City Enterprises, Inc.), a diversified real estate development company, since 2011. Prior to becoming Chairman in 2011, Mr. Ratner served as President and Chief Executive Officer of Forest City since 1993 and 1995, respectively. Mr. Ratner serves on the Board of Directors for Forest City, United Way of Greater Cleveland, the Cleveland Foundation, and the United Jewish Communities. Mr. Ratner also serves on the Board of Trustees for the Musical Arts Association, Mandel Associated Foundations, the Jewish Federation of Cleveland, and the David and Inez Myers Foundation. Mr. Ratner previously served as a director for American Greetings Corporation from 2001 to 2013.

The Board of Directors has determined that Mr. Ratner should serve as a Director because of his extensive executive management experience, with a particular emphasis in real estate development, along with particular strengths with respect to leadership, management and corporate governance skills gained from more than 43 years of senior management experience at Forest City, as well as his experience on other boards of directors. Mr. Ratner also provides the Board of Directors a valuable perspective as a member of the boards of several prominent local non-profit organizations.

**Shares of Common Stock beneficially owned:** Director in Class III

Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

**28,969\***

(term expiring in 2017)

\* Mr. Ratner previously participated in the Company's Deferred Compensation Program, and deferred a portion of his Directors' fees in the form of stock equivalent units. As of May 31, 2016, Mr. Ratner had approximately 8,086 stock equivalent units in the Deferred Compensation Program.

15



**Table of Contents**

**William B. Summers, Jr.**, age 66 Director since 2004

Retired Chairman and Chief Executive Officer of McDonald Investments Inc., an investment banking and securities firm and a part of KeyBanc Capital Markets. Prior to his retirement, Mr. Summers served as Chairman of McDonald Investments Inc. from 2000 to 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 Integer Holdings Corporation (formerly Greatbatch, Inc.), and a member of the Advisory Board of Molded Fiber Glass Companies. From 2004 until May 2011, Mr. Summers was a director of Developers Diversified Realty Corporation. Mr. Summers was previously a member of the NASDAQ Stock Market board of directors, and served as its chairman for two years. Mr. Summers is a trustee of Baldwin Wallace University, and serves on the boards of the Cleveland Rock and Roll Hall of Fame and Museum, the United States Army War College Foundation, and the Cleveland Convention and Visitors Bureau.

The Board of Directors has determined that Mr. Summers should serve as a Director because of his extensive executive management experience, including over 15 years of experience as Chairman and Chief Executive Officer of McDonald Investments Inc., service on the boards of both the New York Stock Exchange and National Association of Securities Dealers, and his experience serving as a director of other private and public companies. His experience enables Mr. Summers to provide keen insight and diverse perspectives on several critical areas impacting the Company, including capital markets, financial and external reporting, long-term strategic planning and business modeling. With his extensive financial background, Mr. Summers serves as a financial expert for the Company's Audit Committee. Mr. Summers also provides the Board of Directors a valuable perspective as a member of the boards of several prominent local non-profit organizations.

<b>Shares of Common Stock beneficially owned:</b>	Director in Class III
<b>34,469</b>	(term expiring in 2017)

**Table of Contents****Dr. Jerry Sue Thornton, age 69** Director since 1999

Retired President of Cuyahoga Community College. Prior to her retirement, Dr. Thornton served as President of Cuyahoga Community College from 1992 to 2013. From 1985 to 1992, Dr. Thornton served as President of Lakewood Community College in White Bear Lake, Minnesota. She received her Ph.D. degree from the University of Texas at Austin and her M.A. and B.A. degrees from Murray State University. Dr. Thornton is also a director of Applied Industrial Technologies, Inc., Barnes & Noble Education, Inc., and FirstEnergy Corp. Dr. Thornton is also a board member of United Way of Greater Cleveland, Greater Cleveland Partnership, the Rock and Roll Hall of Fame and Museum Cleveland and New York, University Hospitals of Cleveland, the Cleveland Museum of Art, and Playhouse Square Foundation. From 2004 until 2011, Dr. Thornton was a director of American Family Insurance, and from 2001 until 2008, Dr. Thornton was a director of National City Corporation. Dr. Thornton previously served as a director for American Greetings Corporation from 2000 to 2013.

The Board of Directors has determined that Dr. Thornton should serve as a Director because of her extensive executive management experience and her experience serving on boards of directors of public companies. In addition, as the president of Cuyahoga Community College, Dr. Thornton demonstrated management expertise. She also is a recognized leader in the local community. Dr. Thornton, because of this experience, among other things, provides the Board of Directors a valuable perspective on engagement with the public sector and the communities in which the Company operates. Dr. Thornton also provides the Board of Directors a valuable perspective as a member of the boards of several local non-profit organizations.

<b>Shares of Common Stock beneficially owned:</b>	Director in Class III
<b>36,397**</b>	(term expiring in 2017)

\*\* Dr. Thornton participates in the Company's Deferred Compensation Program, and previously deferred a portion of her Directors' fees in the form of stock equivalent units. As of May 31, 2016, Dr. Thornton had approximately 18,985 stock equivalent units in the Deferred Compensation Program.

---

## **Table of Contents**

The Board of Directors has an Executive Committee, an Audit Committee, a Compensation Committee and a Governance and Nominating Committee. The Executive Committee has the power and authority of the Board of Directors 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 ( "The Values & Expectations of 168" ) 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 The Values & Expectations of 168 are available on the Company's website at [www.rpminc.com](http://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 Values & Expectations of 168, and any waiver of The Values & Expectations of 168 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. The Board of Directors adopted categorical standards (the "Categorical 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 and the rules of the Commission. The Categorical Standards are available on the Company's website at [www.rpminc.com](http://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 2016, the Board of Directors performed its annual director independence review for fiscal 2016. As a result of this review, the Board of Directors determined that 11 out of 13 current Directors are independent, and that all members of the Audit Committee, the Compensation Committee and the Governance and Nominating Committee are independent. The Board of Directors determined that Dr. Thornton, Ms. Deckard, and Messrs. Abizaid, Carbonari, Daberko, Fazzolari, Gross, Morford, Nance, Ratner and Summers meet the Categorical Standards and are independent and, in addition, satisfy the independence requirements of the NYSE. Frank C. Sullivan is not considered to be independent because of his position as Chairman and Chief Executive Officer of RPM. Thomas C. Sullivan is not considered to be independent because he is the father of Frank C. Sullivan.

In determining the independence of Ms. Deckard, the Board of Directors considered that she is the President and Chief Executive Officer of Fairmount Santrol, a provider of high-performance sand and sand-based products used in various industries, including oil and gas exploration, foundry and building products, from which the Company has purchased products from time to time in the ordinary course of the Company's business. For the Company's fiscal year ended May 31, 2016, the Company purchased approximately \$1.8 million of products and services of a transactional nature from Fairmount Santrol, representing less than 0.22% of Fairmount Santrol's \$829 million in net sales on an annual basis. The Board of Directors does not believe that this relationship impairs Ms. Deckard's independence.

In determining the independence of Mr. Gross, the Board of Directors considered that he was the Vice Chairman and Chief Operating Officer for the Electrical Sector of Eaton Corporation plc, a global diversified power management company from which the Company has purchased products from time to time in the ordinary course of the Company's business. For the Company's fiscal year ended May 31, 2016, the Company purchased approximately \$0.3 million of products and services of a transactional nature from Eaton, representing less than 0.0015% of Eaton's

## Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

\$20.9 billion in net sales on an annual basis. The Board of Directors does not believe that this relationship impairs Mr. Gross' independence.

As part of this review, the Board of Directors also considered common private and charitable board memberships among our executive officers and Directors, including Ms. Deckard,

## **Table of Contents**

Dr. Thornton and Messrs. Daberko, Nance, Ratner and Summers. The Board of Directors does not believe that any of these common board memberships impairs the independence of the Directors.

### **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 of Directors 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, as amended (the Exchange Act). The Board of Directors has also determined that each member of the Audit Committee qualifies as an audit committee financial expert as that term is defined in Item 407(d) of Regulation S-K. Each of Messrs. Carbonari, Fazzolari, Gross and Summers 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 Incentive Compensation Plan, Restricted Stock Plan, Restricted Stock Plan for Directors, and 2014 Omnibus 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 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 and our President and Chief Operating Officer make 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 sole authority to retain and terminate any compensation and benefits consultant, independent legal counsel or other adviser, to assess the independence of such compensation and benefits consultant, independent legal counsel or other adviser and any potential conflicts of interest prior to engagement, and to approve the related fees and other retention terms of such compensation and benefits consultant, independent legal counsel or other adviser.

Before selecting any compensation and benefits consultant, independent legal counsel or other adviser, the Compensation Committee takes into account all factors relevant to that adviser's independence from management, including the following six factors:

the provision of other services to the Company by the adviser's employer;

the amount of fees received from the Company by the adviser's employer, as a percentage of total revenues of the employer;

the policies and procedures of the adviser's employer that are designed to prevent conflicts of interest;

any business or personal relationship of the adviser with a member of the Compensation Committee;

any Common Stock of the Company owned by the adviser; and

any business or personal relationship of the adviser or the adviser's employer with an executive officer of the Company.

**Governance and Nominating Committee**

The Governance and Nominating Committee reports to the Board of Directors on all matters relating to corporate governance of the Company, including the development and recommendation to the Board of Directors of a set of corporate governance principles applicable to the Company, selection, qualification and nomination of the members of the Board of Directors and nominees to the Board of Directors, 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.

## Table of Contents

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 of Directors 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 and the Board of Directors consider a diverse group of experiences, characteristics, attributes, and skills, including diversity in gender, ethnicity, race, cultural background, and age, in determining whether an individual is qualified to serve as a Director of the Company. While the Board of Directors does not maintain a formal policy regarding diversity, pursuant to its Charter the Governance and Nominating Committee does consider the diversity of the Board of Directors when considering Director nominees for recommendation to the Board of Directors. The Governance and Nominating Committee and the Board of Directors also consider the composition of the Board of Directors as a whole in evaluating whether a particular individual should serve on the Board of Directors, as the Board of Directors seeks to comprise itself of members which, collectively, possess a range of relevant skills, experience, and expertise.

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 potential candidates. 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 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;

## Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

a written agreement of the proposed nominee(s) to comply with the provisions of the Company's majority voting policy;

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

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.

Stockholders who desire to nominate a proposed nominee for Director at an Annual Meeting must also comply with the requirements set forth in the By-Laws concerning such nominations.



**Table of Contents****Committee Membership**

Set forth below is the current membership of each of the Committees, with the number of meetings held during the fiscal year ended May 31, 2016 in parentheses:

<b>Executive Committee(2)</b>	<b>Audit Committee(6)</b>	<b>Compensation Committee(3)</b>	<b>Governance and Nominating Committee(3)</b>
Frank C. Sullivan (Chairman)	Salvatore D. Fazzolari (Chairman)	David A. Daberko (Chairman)	Bruce A. Carbonari (Chairman)
Bruce A. Carbonari	Bruce A. Carbonari	John P. Abizaid	Jennifer D. Deckard
David A. Daberko	Thomas S. Gross	Charles A. Ratner	Craig S. Morford
Salvatore D. Fazzolari	William B. Summers, Jr.	Dr. Jerry Sue Thornton	Frederick R. Nance
Thomas C. Sullivan			

**Board Meetings**

The Board of Directors held four meetings during the fiscal year ended May 31, 2016. No Director, during the fiscal year ended May 31, 2016, attended fewer than 75% of the aggregate of (i) the total number of meetings of the Board of Directors held during the period that the Director served and (ii) the total number of meetings held by Committees of the Board of Directors on which the Director served, during the period that the Director served, except for Mr. Ratner, who attended 71% of such meetings.

**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, was independent within the meaning of the NYSE listing standards and the Company's Corporate Governance Guidelines during fiscal 2016. The Company's independent Directors generally meet in executive sessions each year in January, April and July. Bruce A. Carbonari currently serves as Lead Director, and served as the Lead Director for the January, April and July meetings of the Company's independent Directors in 2016. The Company's Corporate Governance Guidelines define such Lead Director's role and responsibilities.

**Structure of the Board of Directors**

The By-Laws provide that one person may hold the position of Chairman of the Board of Directors and Chief Executive Officer. The Chief Executive Officer of the Company currently serves as the Chairman of the Board of Directors. The Board of Directors believes that the Chief Executive Officer is best situated to serve as Chairman because he is one of the Directors most familiar with the Company's business and industry. The Board of Directors believes that combining the roles of Chief Executive Officer and Chairman of the Board of Directors provides an efficient and effective leadership model for the Company by fostering clear accountability, effective decision-making, and alignment of corporate strategy. The independent Directors bring experience, oversight, and

expertise from outside the Company and its industry, while the Chief Executive Officer brings Company and industry-specific experience and expertise. One of the key responsibilities of the Board of Directors is to develop strategic direction and hold management accountable for the execution of management's strategy once it is developed.

The Corporate Governance Guidelines provide for a Lead Director, and define such Lead Director's role and responsibilities. The Lead Director:

presides at all executive sessions of the independent Directors or other meetings at which the Chairman of the Board is not present;

is authorized to call meetings of the independent Directors;

works with the Chairman of the Board to call Board meetings;

serves as a liaison between the Chairman of the Board and the independent Directors as required (each Director is free, however, to communicate directly with the Chairman of the Board);

works with the Chairman of the Board to set and approve the Board schedule and agenda to assure sufficient time for discussion of all agenda items;

approves the materials to be provided to the Board;

consults with other Directors and facilitates communication between the Board and the Chief Executive Officer;

serves as focal point for stockholder communications and requests for consultation addressed to the independent Directors;

has the ability to retain outside professionals on behalf of the Board as the Board may determine is necessary or appropriate; and

performs such other functions either specified in the Corporate Governance Guidelines or assigned from time to time by the Board.

## **Table of Contents**

The Board of Directors believes the combined role of Chief Executive Officer and Chairman of the Board of Directors, together with independent Directors having the duties described above, is in the best interests of stockholders because it strikes an appropriate balance for the Company. With the Chief Executive Officer also serving as Chairman of the Board of Directors, there is unified leadership and a focus on strategic development and execution, while the independent Directors help assure independent oversight of management.

### **Role in Risk Oversight**

Risk is inherent in any business and the Company's management is responsible for the day-to-day management of risks that the Company faces. The Board of Directors, on the other hand, has responsibility for the oversight of risk management. In its risk oversight role, the Board of Directors has the responsibility to evaluate the risk management process to ensure its adequacy and that it is implemented properly by management.

The Board of Directors believes that full and open communication between management and the Board of Directors is essential for effective risk management and oversight. Senior management, which includes the Chief Compliance Officer, attends quarterly meetings of the Board of Directors, as well as certain committee meetings, in order to address any questions or concerns raised by the Board of Directors on risk management and any other matters. Each quarter, the Board of Directors receives presentations from senior management on business operations, financial results, and strategic issues. In addition, senior management holds an annual strategic planning retreat attended by members of the Board of Directors, as well as periodic strategic planning sessions, to discuss strategies, key challenges, and risks and opportunities for the Company. Senior management then reviews the results of each strategic planning session with the Board of Directors. Finally, each year senior management reviews with the Board of Directors an assessment of the key risks the Company faces and then prioritizes them in a consolidated enterprise risk map.

The Board Committees assist the Board of Directors in fulfilling its oversight responsibilities in certain areas of risk. The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to risk management in the areas of financial reporting, internal controls, and compliance with legal and regulatory requirements. Risk assessment reports are regularly provided by management and the Company's internal auditors to the Audit Committee. The Compensation Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the management of risks arising from the Company's

compensation policies and programs, including overseeing the Company's compensation-related risk assessment described further below in this Proxy Statement. The Governance and Nominating Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the management of risks associated with the organization of the Board of Directors and its membership and structure, succession planning for Directors and executive officers, and corporate governance, including the annual monitoring of corporate governance issues, administering regular self-evaluations of the Board and its committees, and reviewing potential conflicts of interest.

All of these Board Committees report back to the full Board of Directors at meetings of the Board of Directors as to the Board Committees' activities and matters discussed and reviewed at the Board Committees' meetings. In addition, the Board of Directors is encouraged to participate in external Director education courses to keep apprised of current issues, including areas of risk.

### **Succession Planning**

The Company actively engages in succession planning in order to assure that it has sufficient depth and breadth of executive talent. While effective succession planning is a fluid process, there are certain annual processes in which the Company engages to determine appropriate candidates and leadership potential. Information is gathered and analyzed to assess the staffing of the Company's key positions to identify and develop employees for such positions. To further this process, an offsite leadership development program is conducted each year for purposes of recognizing the Company's emerging leaders and uniting them in a three-day formal program with peers and representatives from the Board of Directors. In addition, after completing this leadership development program, certain employees are selected to work with a top-ranked global provider of executive education to enhance senior level personal leadership development and leadership team strategy development.

### **Communications with the Board of Directors**

Stockholders and other 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

## Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

c/o General Counsel, RPM International Inc., P.O. Box 777, Medina, Ohio 44258 or by email to [directors@rpminc.com](mailto:directors@rpminc.com). Unless specifically directed to one of the Committee chairs, communications will be forwarded to the Lead Director for the next scheduled meeting of independent Directors.

**Table of Contents**

All communications received in accordance with these procedures will be reviewed initially by the Company's General Counsel, who will relay all such communications (or a summary thereof) to the appropriate Director or Directors unless he 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](http://www.rpminc.com).

**Attendance at Annual Meetings of Stockholders**

It is a policy of the Board of Directors that all its members attend the Annual Meeting absent exceptional cause. All of the Directors who were at that time members of the Board of Directors were present at the October 2015 Annual Meeting.

**Table of Contents**

**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, contains a provision that is commonly known as Say-on-Pay. Say-on-Pay gives our stockholders an opportunity to vote on an advisory, non-binding basis to approve the compensation of our named executive officers as disclosed in this Proxy Statement pursuant to Commission rules.

This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the executive compensation program and practices described in this Proxy Statement. Please read the Compensation Discussion and Analysis and the executive compensation tables and narrative disclosure for a detailed explanation of our executive compensation program and practices. Accordingly, we are asking our stockholders to vote FOR the following resolution:

RESOLVED, that RPM International Inc.'s stockholders hereby approve, on an advisory basis, the compensation of the named executive officers as disclosed pursuant to the compensation disclosure rules of the Commission, including the Compensation Discussion and Analysis, the compensation tables and any related material disclosed in this Proxy Statement.

We are focused on delivering operating results with the ultimate goal of creating and maximizing value for our stockholders on a long-term basis. Our compensation programs and practices have been designed to drive those results, and they have served our Company well. For fiscal 2016, 68% of the amounts of the principal compensation components for our named executive officers in the aggregate was variable and tied to our performance. Our compensation programs and practices have been integral to our success in attracting and retaining an experienced and effective management team.

**Table of Contents**

Consistent with our focus on delivering sustained long-term operating results, over the past 10 years our sales grew at a compound annual growth rate of 4.8%. Our stockholders have been rewarded for this performance over this 10-year period, enjoying a compound annual growth rate in cumulative total return, including the reinvestment of dividends, of 14.3%, compared to the compound annual growth rate in cumulative total return for the S&P 500 of 7.4%. In addition, 2016 marked our 42nd consecutive year of increased dividends. The following table shows the cumulative total stockholder return, including the reinvestment of dividends, of shares of our Common Stock compared to the S&P 500, our current peer group and our prior peer group over the past 10 years.

**Table of Contents**

This advisory vote on executive compensation is not binding on us. However, the Board of Directors and the Compensation Committee highly value the opinions of our stockholders. To the extent there is a significant vote against this proposal, we will seek to determine the reasons for our stockholders' concerns, and the Compensation Committee will evaluate whether any actions are necessary to address those concerns when making future executive compensation decisions.

Proposal Two will be decided 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 Proposal Two, votes may be cast in favor, against or abstained. Abstentions will count as present and will have the effect of a vote against Proposal Two. Broker non-votes, however, are not counted as present for purposes of determining whether Proposal Two has been approved, and will have no effect on the outcome of Proposal Two.

Our Board of Directors unanimously recommends a vote **FOR** Proposal Two relating to the advisory vote on executive compensation.



**Table of Contents**

**Compensation Discussion and Analysis**

**Executive Summary**

In this section, we describe the material components of our executive compensation program for our named executive officers whose compensation is set forth in the Summary Compensation Table and other compensation tables contained in this Proxy Statement:

Frank C. Sullivan, our Chairman and Chief Executive Officer;

Ronald A. Rice, our President and Chief Operating Officer;

Russell L. Gordon, our Vice President and Chief Financial Officer;

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

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

We also provide an overview of our executive compensation philosophy and our executive compensation program. In addition, we explain how and why the Compensation Committee arrives at specific compensation policies and decisions involving the named executive officers.

***Our Business***

RPM International Inc. owns subsidiaries that are world leaders in specialty coatings, sealants, building materials and related services across three segments. The Company's industrial products include roofing systems, sealants, corrosion control coatings, flooring coatings and other construction chemicals. Industrial companies include Stonhard, Tremco, illbruck, Carboline, Flowcrete and Euclid Chemical. The Company's consumer products are used by professionals and do-it-yourselfers for home maintenance and improvement and by hobbyists. Consumer brands include Rust-Oleum, DAP, Zinsser, Varathane and Testors. The Company's specialty products include industrial cleaners, colorants, exterior finishes, specialty OEM coatings, edible coatings, restoration services equipment and specialty glazes for the pharmaceutical and food industries. Specialty segment companies include Day-Glo, Dryvit, RPM Wood Finishes, Mantrose-Hauser, Legend Brands, Kop-Coat and TCI.

For more information about our business, please see Business and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K filed with the Commission on July 28, 2016.

***Fiscal 2016 Business Highlights***

The Company achieved strong business results for the fiscal year ended May 31, 2016, including:

Consolidated net sales increased 4.8% to a record \$4.81 billion in fiscal 2016 from \$4.59 billion in fiscal 2015;

Net income increased 48.1% to \$354.7 million in fiscal 2016 from \$239.5 million in fiscal 2015; and

Diluted earnings per share increased 47.8% to \$2.63 in fiscal 2016 from \$1.78 in fiscal 2015. Achievement of another year of strong financial performance was driven by the Company's success on a broad range of initiatives that are intended to position the Company for future growth.

In fiscal 2016, we also continued to benefit from effective capital management, which remains a significant priority. Maintaining robust capital and liquidity positions provides us with a protective cushion during difficult periods, as well as the ability to pursue new opportunities.

***Fiscal 2016 Executive Compensation Highlights***

For fiscal 2016, the Compensation Committee:

Increased the base salaries of Frank C. Sullivan by 2.1%; Mr. Rice by 2.9%; Mr. Gordon by 3.3%; Mr. Moore by 9.1%; and Ms. Kastner by 3.5%;

Awarded stock appreciation rights consistent with fiscal 2015 awards, and Performance Earned Restricted Stock (PERS) grants higher than fiscal 2015 to reflect Company performance;

Awarded Performance Contingent Restricted Stock (PCRS) grants for the three-year performance period from June 1, 2015 ending May 31, 2018 to replace grants related to the performance period ended May 31, 2015. These new grants represent significantly fewer shares than previously awarded in light of the increased price of our Common Stock. Vesting is contingent upon achieving certain performance goals but are shown at 100% of value throughout this Proxy Statement; and

Increased cash awards under the Incentive Plan for fiscal 2016 compared to fiscal 2015 by \$150,000 for Frank C. Sullivan; by \$140,000 for Mr. Rice; by \$100,000 for Mr. Gordon; by \$25,000 for Mr. Moore; and by \$35,000 for Ms. Kastner. As a result, total fiscal 2016 compensation, as set forth in the Summary Compensation Table, increased compared to total fiscal 2015 compensation for all of our named executive officers.

**Table of Contents**

***Fiscal 2016 Corporate Governance Highlights***

We place a high priority on maintaining good governance standards, including the oversight of our executive compensation policies and practices. The following policies and practices were in effect during fiscal 2016:

The leadership structure of our Board consists of a Chairman (who is also our Chief Executive Officer), a Lead Director (who leads the meetings of our independent Directors held in January, April and July of each year), and strong Board committee chairs.

We maintain a majority voting policy for the election of Directors in uncontested elections, and require an offer to resign by any incumbent Director who is not re-elected.

The Compensation Committee is composed solely of independent Directors who have established methods to communicate with stockholders regarding their executive compensation ideas and concerns.

The Compensation Committee conducts an annual review and approval of our compensation strategy, including a review of our compensation-related risk profile, to ensure that our compensation-related risks are not reasonably likely to have a material adverse effect on the Company.

We maintain stock ownership guidelines for our executive officers and Directors, each of whom either satisfied the applicable ownership guidelines as of May 31, 2016 or is within the grace period for achieving such ownership thresholds.

Our insider trading policy prohibits short sales and hedging transactions of shares of our Common Stock by Directors, officers and employees.

Performance-based compensation arrangements that use a variety of performance measures, including performance-based equity awards.

We maintain a clawback of executive compensation policy, which applies to the Company's executive officers.

Our 2014 Omnibus Plan prohibits the repricing of stock options or stock appreciation rights without stockholder approval.

Our 2014 Omnibus Plan provides double-trigger vesting provisions for long-term equity awards.

***Consideration of Last Year's Say on Pay Vote***

Following our Annual Meeting of Stockholders in October 2015, the Compensation Committee reviewed the results of the stockholder advisory vote on executive compensation that was held at the meeting with respect to the fiscal 2015 compensation actions and decisions for Frank C. Sullivan and the other named executive officers. Ninety-seven percent (97%) of the votes cast on the say-on-pay proposal last year were voted in support of the compensation of our named executive officers set forth in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables and narratives in last year's Proxy Statement. The Compensation Committee will

continue to consider results from future stockholder advisory votes, which will be held annually until the next stockholder advisory vote on the frequency of future votes on executive compensation, as well as input from its stockholders between meetings, in its ongoing evaluation of the Company's executive compensation programs and practices.

***Opportunity for Stockholder Feedback***

The Compensation Committee carefully considers feedback from our stockholders regarding our executive compensation program. Stockholders are invited to express their views to the Compensation Committee as described under the heading "Communications with the Board of Directors" in this Proxy Statement. In addition, the advisory vote on the compensation of the named executive officers provides stockholders with an opportunity to communicate their views on our executive compensation program.

You should read this Compensation Discussion and Analysis in conjunction with the advisory vote that we are conducting on the compensation of the named executive officers (see "Proposal Two - Advisory Vote on Executive Compensation"). This Compensation Discussion and Analysis, as well as the accompanying compensation tables, contains information that is relevant to your voting decision.

## **Table of Contents**

### **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 performance-based in that our executive officers should be well compensated for achieving strong operating and financial results that contribute to enhanced stockholder value. We engage in a rigorous process intended to provide our executive officers a fair level of compensation that reflects RPM's operating and 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 our performance levels exceed our annual business plan. Our primary compensation goals are to retain key leaders, reward good 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 of Directors an appropriate compensation and benefits philosophy and strategy for RPM. The Compensation Committee consists of

four independent Directors who are appointed to the Compensation Committee by, and report to, the entire Board of Directors. Each member of the Compensation Committee 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](http://www.rpminc.com).

### **Role of Executives in Determining Compensation**

Our Chief Executive Officer and our President and Chief Operating Officer, together with the Compensation Committee, review assessments of executive compensation practices at least annually against our defined comparative framework. These assessments involve the gathering of compensation data, such as base salary, cash incentive and equity awards for similarly situated officers at companies in the diversified chemicals and specialty chemicals industries which fall within a reasonable size range (in terms of sales) and operate businesses similar to that of the Company. See **Comparative Framework** for more information about this review. With this information in hand, and as stated under the heading **Overview**, our Chief Executive Officer and our President and Chief Operating Officer recommend to the Compensation Committee levels of compensation for themselves and for the other named executive officers that are at about the market median for a relevant group of similarly-sized companies and competitors within RPM's industry and aligned with our intended pay philosophy. After receiving the recommendations of our Chief Executive Officer and our President and Chief Operating Officer, the Compensation Committee meets without our Chief Executive Officer and our President and Chief Operating Officer present to consider their recommendations. The Compensation Committee must approve any recommended changes before they can be made.

**Comparative Framework**

We periodically evaluate the competitiveness of our executive compensation programs. In 2016, the Compensation Committee retained the professional compensation consulting firm of Willis Towers Watson to conduct a compensation benchmark study. Willis Towers Watson reviewed and evaluated our compensation packages for our key officers in light of the levels of compensation being offered by companies in the specialty chemicals industry and other related industries which fall within a reasonable size range (in terms of revenues) and operate businesses similar to that of the Company. These compensation peer group companies included:

A. Schulman, Inc.	Albemarle Corporation	Eastman Chemical Company	Ecolab Inc.	Ferro Corporation
FMC Corporation	PolyOne Corporation	PPG Industries Inc.	The Sherwin-Williams Company	The Valspar Corporation

Willis Towers Watson reviewed both published survey data from the 2015 Willis Towers Watson CDB General Industry Executive Compensation Survey Report and compensation

peer group proxy statement data to determine competitive pay levels for the executives for the following elements of compensation: base salary, actual total cash compensation

## **Table of Contents**

(the sum of salary and actual bonuses received), long-term incentives, and actual total direct compensation (the sum of base salary, actual annual bonuses and long-term incentives). Based on its analysis and findings, Willis Towers Watson concluded that our Chief Executive Officer's actual total direct compensation was competitive with the market median, and that his compensation was weighted more toward long-term

incentives than is typical in the market. Overall, Willis Towers Watson concluded that our named executive officers' salaries and total cash compensation are generally at or below the market median, and that their long-term incentives and total direct compensation are generally at or above the market median.

Specifically with regard to our Chief Executive Officer, Willis Towers Watson found that compared to similarly sized general industry companies, his base salary was 7% below the market median, and that his actual total cash compensation was 21% below the market median. Long-term incentives for our Chief Executive Officer were 41% above the market median. Overall, our Chief Executive Officer's actual total direct compensation was 18% above the market median. Willis Towers Watson considers long-term incentives and actual total direct compensation to be competitive with the market if such amounts are within 20% of the market median.

For services performed by Willis Towers Watson relating to work performed for, and at the direction of, the Compensation Committee, including the compensation benchmark study, Willis Towers Watson was paid \$52,470 by the Company.

### **Elements of Compensation**

Our named executive officer compensation program for fiscal 2016 included three main elements:

Base salary;

Annual cash incentive compensation; and

Performance-based equity 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.

**Table of Contents**

The mix of compensation for our named executive officers is weighted toward at-risk pay (consisting of cash and equity compensation). Maintaining this pay mix is intended to 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.

**Elements of Our Named Executive Officer Compensation Program**

<b>Compensation Component</b>	<b>Key Characteristics</b>	<b>Purpose</b>
Base Salary	Fixed compensation, reviewed and adjusted annually if and when appropriate	Compensate named executive officers fairly for the responsibility level of the position held
Annual Cash Incentive Compensation	Variable, performance-based compensation, awarded under the Incentive Compensation Plan	Motivate and reward named executive officers for achieving annual business objectives based on Company performance and individual achievements
Equity Compensation <i>Performance Earned Restricted Stock (PERS)</i>	Variable, performance-based compensation, awarded under the 2014 Omnibus Plan	Motivate and reward named executive officers for achieving long-term business objectives; 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; PERS are single- year performance awards
Equity Compensation <i>Performance Contingent Restricted Stock (PCRS)</i>	Variable, performance-based compensation, awarded under the 2014 Omnibus Plan	Motivate and reward named executive officers for achieving long-term, multi-year business objectives
Equity Compensation <i>Stock Appreciation Rights (SARs)</i>	Variable, performance-based compensation, awarded under the 2014 Omnibus Plan	Motivate and reward named executive officers for achieving long-term business objectives by tying incentives to the performance of our Common Stock
Equity Compensation <i>Supplemental Executive Retirement Plan (SERP) Restricted Stock</i>	Fixed compensation awarded under the 2014 Omnibus Plan	Provides stock-based supplemental retirement benefits to officers and other key employees whose retirement plan benefits may be limited under applicable law
Health and Retirement Plans	Fixed compensation	Intended to provide benefits that promote employee health and support employees in attaining financial security
Perks and other Personal Benefits	Fixed compensation	Intended to provide a business-related benefit to the Company, and to assist in attracting and retaining executive officers
Post-Employment Compensation and Change in Control	Fixed compensation	Intended to provide temporary income following a named executive officer's involuntary termination of employment and, in the case of a change of control, to also provide continuity of management



**Table of Contents****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.

In July 2016, our Chief Executive Officer and our President and Chief Operating Officer recommended to the Compensation Committee an increase in the base salary for themselves and for each of the other named executive officers for fiscal 2017. As in the past, this recommendation was based upon an analysis of:

RPM's fiscal 2016 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 2015 and 2016 and proposed amounts for 2017.

	NAMED EXECUTIVE OFFICER BASE		
	SALARY AMOUNTS		
	Fiscal	Fiscal	Fiscal
	2017	2016	2015
Frank C. Sullivan	\$ 970,000	\$ 960,000	\$ 940,000
Ronald A. Rice	\$ 730,000	\$ 720,000	\$ 700,000
Russell L. Gordon	\$ 475,000	\$ 465,000	\$ 450,000
Edward W. Moore	\$ 370,000	\$ 360,000	\$ 330,000
Janeen B. Kastner	\$ 310,000	\$ 295,000	\$ 285,000

**Annual Cash Incentive Compensation**

For fiscal 2016, we provided annual cash incentive compensation under the Amended and Restated 1995 Incentive Compensation Plan, which was designed to motivate participants to achieve our financial objectives and reward executives for their achievements when those objectives are met. All named executive officers who are Covered Employees under Section 162(m) of the Internal Revenue Code, namely the Chief Executive Officer and the next three highest paid

executive officers, excluding the Chief Financial Officer, participated in the fiscal 2016 incentives. In addition, although the Chief Financial Officer is not a Covered Employee by definition, the Compensation Committee evaluated Mr. Gordon under performance criteria similar to that used to determine the cash incentive compensation of the other named executive officers. The amount of cash incentive compensation earned by our named executive officers in fiscal 2016 is set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. We paid these amounts in July 2016.

In July 2015, the Compensation Committee determined, on a percentage basis, the portion of the aggregate cash incentive compensation award pool under the Incentive Compensation Plan, or the Incentive Plan, to be awarded to each of the Covered Employees in respect of the Company's performance for the fiscal year ending May 31, 2016 as follows: Frank C. Sullivan, 40%; Mr. Rice, 30%; Mr. Moore, 15%; and Ms. Kastner,

15%. The Compensation Committee determined that cash incentives paid would range from zero to 150% of salary with a target of 100% for all direct reports of the Chief Executive Officer, regardless of title, namely, Messrs. Rice, Gordon, Moore and Ms. Kastner. The Compensation Committee may reduce or 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 2016 provided for an aggregate cash incentive compensation award pool of 1.5% of our pre-tax income for fiscal 2016. In July 2016, 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 2016, the Company's pre-tax income as defined in the Incentive Plan was \$483.0 million, providing a cash incentive compensation award pool under the Incentive Plan for the Covered Employees of approximately \$7.2 million. Upon the recommendation of our Chief Executive Officer, and after a review of a variety of factors described below, the Compensation Committee awarded cash incentives totaling \$2,475,000 to the Covered Employees, which was significantly below the aggregate amount authorized to be paid pursuant to the award pool formula. The cash incentive compensation paid to the Covered Employees equaled approximately 106% of their salaries for fiscal 2016.

**Table of Contents**

In July 2016, 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 Covered Employees under Section 162(m) of the Internal Revenue Code in respect of the Company's performance for the fiscal year ending May 31, 2017 as follows: Frank C. Sullivan, 40%; Mr. Rice, 30%; Mr. Moore, 15%; and Ms. Kastner, 15%. Mr. Gordon, the Chief Financial Officer of the Company, although not a Covered Employee under the Section 162(m) definition, is eligible to receive cash incentive compensation for fiscal 2017 based on the same performance criteria as the Covered Employees listed above. The Compensation Committee also determined that for fiscal 2017 the cash incentive compensation paid would range from zero to 150% of salary with a target of 100% of salary for each of the Covered Employees and Mr. Gordon.

As disclosed above, the Incentive Plan in place for fiscal 2016 provided for an aggregate cash incentive compensation award pool of approximately \$7.2 million. The maximum portion of the award pool that each Covered Employee could be awarded was: Frank C. Sullivan 40% or \$2,880,000; Mr. Rice 30% or \$2,160,000; Mr. Moore 15% or \$1,080,000; and Ms. Kastner 15% or \$1,080,000. However, the Compensation Committee had set a maximum award of 150% of the Covered Employee's base salary as a limit, with a target award of 100% of the Covered Employee's base salary. As a result, the maximum award that could be earned by the Covered Employee was: Frank C. Sullivan \$1,440,000; Mr. Rice \$1,080,000; Mr. Moore \$540,000; and Ms. Kastner \$442,500. The actual awards were as follows: Frank C. Sullivan, \$1,050,000; Mr. Rice, \$790,000; Mr. Moore, \$425,000; and Ms. Kastner, \$210,000.

---

## **Table of Contents**

In determining the actual incentive compensation awards for fiscal 2016, the named executive would receive a portion of his or her award equal to:

40% of his or her base salary, if the Company achieved a 7.6% increase in adjusted earnings before interest and taxes ( EBIT )\*. The Company achieved a 7.2% increase in adjusted EBIT. Although the Company did not achieve its adjusted EBIT goal in its entirety, the Compensation Committee elected to award three-fourths of this portion of each named executive officer's award (i.e., 30% of his or her base salary) in light of narrowly missing the adjusted EBIT growth goal;

30% of his or her base salary, if the Company achieved revenue growth of 8.0% or above. The Company achieved revenue growth of 9.7%, as adjusted, taking into account foreign exchange rates. Although the Company achieved its revenue growth goal, the Compensation Committee elected to award one-third of this portion of each named executive officer's award (i.e., 10% of his or her base salary), since actual revenue growth was below goal prior to adjustment for foreign exchange rates;

40% of his or her base salary, if the Company achieved growth in other financially measured objectives, which for fiscal 2016 were improvement in (i) gross profit margin and (ii) capital adjusted net earnings. For fiscal 2016, gross profit margin improved compared to fiscal 2015, and capital adjusted net earnings increased. Based on gross profit margin and capital adjusted net earnings improvement, the Compensation Committee determined that each named executive earned all of this portion of his or her award (i.e., 40% of his or her base salary); and

40% of his or her base salary, in the discretion of the Chief Executive Officer, based upon the achievement of non-financially measured management objectives, which were the Company's overall return to stockholders versus both the market and the Company's peers, meeting the Company's internal cash flow plan, and such named executive's involvement in the Company's merger and acquisition transactions in fiscal 2016. Each named executive earned a portion of his or her award based upon achievement of applicable individual objectives.

\* For a description of EBIT, including why we consider EBIT and a reconciliation of EBIT to income (loss) before income taxes, see Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report to Stockholders, which can be found on our website at [www.rpminc.com](http://www.rpminc.com).

As a result, Messrs. Frank C. Sullivan, Rice, Gordon, Moore and Ms. Kastner were awarded incentive compensation equal to approximately 109%, 110%, 118%, 118% and 71% of their respective base salaries.

## **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 2014 Omnibus Plan, we can grant a variety of stock-based awards, including awards of restricted stock and stock appreciation rights. After reviewing executive compensation practices against our defined comparative framework, including reviewing equity awards for similarly situated officers at companies in the diversified chemicals and specialty chemicals industries which fall within a reasonable size range (in terms of sales) and operate businesses similar to that of the Company, our Chief Executive Officer and our President and Chief Operating Officer make annual recommendations to the Compensation Committee of the type and amount of equity awards for the Chief Executive Officer, the President and Chief Operating Officer, and the 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 in our peer group and other similar 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 our Chief Executive Officer and our President and Chief Operating Officer. After receiving the recommendations of our Chief Executive Officer and our President and Chief Operating Officer, the Compensation Committee meets without our Chief Executive Officer and our President and Chief Operating Officer present to consider their recommendations. The Compensation Committee must approve any recommended equity grants before they can be made.

## Table of Contents

The Compensation Committee uses the various equity incentive awards available to it under the 2014 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

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 restricted stock and stock-settled stock appreciation rights.

Performance Earned Restricted Stock (PERS). The Compensation Committee currently awards Performance Earned Restricted Stock, or PERS, under the 2014 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 July 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. With respect to fiscal 2016, the maximum number and performance goals were set in July 2015 and the Compensation Committee determined whether and to what extent the PERS were achieved at its meeting in July 2016.

The percentage of shares with respect to which the performance goal has been achieved is determined by reference to the percentage increase of planned EBIT 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 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 accounting firm. 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 July 2015, pursuant to the 2014 Omnibus Plan, the Compensation Committee approved a contingent award of PERS to the Covered Employees of up to 125,000 shares (including 60,000 shares for the Chief Executive Officer) to be based on the level of attainment of fiscal 2016 performance goals related to an increase in planned EBIT. In July 2015, the Compensation Committee established a 7.6% increase in adjusted EBIT over fiscal 2015 levels as the target for purposes of determining the amount of PERS awards earned by the named executive officers with respect to fiscal 2016. The actual increase in adjusted EBIT for fiscal 2016 over fiscal 2015 was 7.2%. As a result, the Compensation Committee awarded 94% of these PERS to the Covered Employees and Mr. Gordon. The PERS granted to each of the named executive officers are set forth below in the Grants of Plan-Based Awards for Fiscal 2016 table.

Stock Appreciation Rights (SARs). In July 2016, pursuant to the 2014 Omnibus Plan, the Compensation Committee awarded SARs totaling 390,000 shares to the executive officers. The SARs awards granted to the named executive officers in July 2016 are set forth below in the Grants of Plan-Based Awards for Fiscal 2016 table. The value of SARs is one component of the named executive officers' long term incentive compensation intended to maintain such compensation competitive with the market median.

## Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

Supplemental Executive Retirement Plan (SERP) Restricted Stock. The RPM International Inc. 2007 Restricted Stock Plan was established to provide for supplemental retirement 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. In July 2015, the Compensation Committee awarded 28,281 shares of restricted stock to the executive officers under the 2007 Restricted Stock Plan.

Performance Contingent Restricted Stock (PCRS).

In July 2015, the Compensation Committee approved contingent awards of PCRS to Messrs. Frank C. Sullivan, Rice, Gordon, Moore and Ms. Kastner, of up to 168,000 shares. Awarded pursuant to the 2014 Omnibus Plan, the purpose of the PCRS awards is to provide an added incentive to key officers to improve the long-term performance of the Company.

## **Table of Contents**

The PCRS awards were made contingent upon the level of attainment of performance goals for the three-year performance period from June 1, 2015 ending May 31, 2018. Vesting of 67% of the PCRS relates to an increase in EBIT for the period, and vesting of the remaining 33% relates to an increase in EBIT margin for the period. Actual results will be adjusted for the exclusion of restructuring and other similar unusual charges or credits that are not central to the operations of the Company as shown on the Company's consolidated financial statements as audited by the Company's independent registered public accounting firm.

With respect to that portion of the PCRS that may vest based upon achievement of improvement in EBIT, if the increase in EBIT is less than 75% of the planned increase in EBIT, then the performance goals are not achieved with respect to any of that portion of the PCRS. If the increase in EBIT is 75% to 100% of the planned increase in EBIT, then the performance goals are achieved with respect to a pro rata amount of that portion of the PCRS. If the increase in EBIT is more than 100% of the planned increase in EBIT, then the performance goals are achieved with respect to all of that portion of the PCRS.

With respect to that portion of the PCRS that may vest based upon achievement of improvement in EBIT margin, if EBIT margin does not increase, then the performance goals are not achieved with respect to any of that portion of the PCRS. If EBIT margin increases, then that portion of the PCRS will vest in a pro rata amount based on the percentage of the EBIT margin performance goal achieved. If the increase in EBIT margin is more than 100% of the planned increase in EBIT margin, then the performance goals are achieved with respect to all of that portion of the PCRS.

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.

*Special PERS Grants.* In July 2015, the Compensation Committee approved special, one-time PERS awards to certain employees in recognition of their significant contributions in the resolution of the legacy asbestos liabilities of Specialty Products Holding Corp. (SPHC) and the reconsolidation of SPHC and its business units back into the RPM family of companies. These awards included 30,000 PERS to Frank C. Sullivan and 20,000 PERS to Mr. Moore.

### **Timing of Equity Grants**

Equity grants to the named executive officers are made in July 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.

### **Minimum Stock Ownership Guidelines**

The Company adopted minimum stock ownership guidelines for its executive officers and Directors in July 2012. Under the stock ownership guidelines certain executive officers are required to maintain the following minimum equity stakes in the Company:

for the Company's Chief Executive Officer, Common Stock equivalent to five times annual base salary;

for the Company's President and Chief Operating Officer, Common Stock equivalent to four times annual base salary; and

for those other executive officers of the Company who report directly to the Chief Executive Officer, Common Stock equivalent to three times annual base salary.

Executives are expected to achieve targets within five years of the later of the date of the adoption of the minimum stock ownership guidelines or the date of assuming their positions. Each of the Company's executive officers met the minimum stock ownership guidelines as of May 31,



2016.

**Employment Agreements and Related Arrangements**

We are a party to the following employment agreements with our named executive officers, each of which has been in effect since December 31, 2008:

*Frank C. Sullivan.* Pursuant to an employment agreement whereby Frank C. Sullivan serves as our Chairman and Chief Executive Officer, Frank C. Sullivan is entitled to an annual base salary of not less than \$970,000 effective as of June 1, 2016.

*Ronald A. Rice.* Pursuant to an employment agreement whereby Mr. Rice serves as our President and Chief Operating Officer, Mr. Rice is entitled to an annual base salary of not less than \$730,000 effective as of June 1, 2016.

*Russell L. Gordon.* Pursuant to an employment agreement that the Company had entered into with Mr. Gordon prior to his promotion to Chief Financial Officer, Mr. Gordon is entitled to an annual base salary of not less than \$475,000 effective as of June 1, 2016.

*Edward W. Moore.* Pursuant to an employment agreement whereby Mr. Moore serves as our Senior Vice President, General Counsel, Chief Compliance Officer and Secretary, Mr. Moore is entitled to an annual base salary of not less than \$370,000 effective as of June 1, 2016.

36

---

## **Table of Contents**

*Janeen B. Kastner.* Pursuant to an employment agreement whereby Ms. Kastner serves as our Vice President – Corporate Benefits and Risk Management, Ms. Kastner is entitled to an annual base salary of not less than \$310,000 effective as of June 1, 2016. Pursuant to the employment agreements, each of Messrs. Frank C. Sullivan, Rice, Gordon, Moore and Ms. Kastner serves for a term ending on May 31, 2016, 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 of these named executive officers has been extended to May 31, 2017. Each of Messrs. Frank C. Sullivan, Rice, Gordon, Moore and Ms. Kastner is also eligible to receive such annual cash incentive compensation or bonuses as our Compensation Committee may determine based upon our results of operations and other relevant factors. Messrs. Frank C. Sullivan, Rice, Gordon, Moore and Ms. Kastner are also generally entitled to participate in our employee benefit plans. Under the employment agreements, each of these named executive officers 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.

### **New Form of Employment Agreement**

In April 2016, the Compensation Committee approved a new form of employment agreement that will be used for any new employment agreements with our executives in the future. The new form of employment agreement generally follows the current employment agreements with our named executive officers, except that the new form of employment agreement removes a provision that accelerates equity awards upon a termination of employment following a change in control. Instead, any outstanding equity awards will be subject to the terms of their respective plans and award agreements (for example, equity awards granted under the 2014 Omnibus Plan will follow the double-trigger vesting provisions set forth in the 2014 Omnibus Plan). Further, the new form of employment agreement does not provide for a tax gross-up for excise taxes triggered under Section 280G of the Internal Revenue Code, but instead includes a best-net alternative provision, under which the executive would receive the greater of the total parachute payments, after taxes (including the excise tax) have been paid, or reduced parachute payments equal to the highest amount that may be paid without

triggering the excise tax under Section 280G. The definitions of **change in control** and **good reason** were also revised to match the definitions for such terms in the 2014 Omnibus Plan.

### **Policy on Clawback of Executive Compensation**

In July 2012, the Board of Directors adopted a policy regarding the clawback of executive compensation. If, as the result of the gross negligence or willful misconduct of any executive officer of the Company, the Company is required to restate all or a portion of its financial statements, the Board of Directors will, to the extent permitted by governing law, require reimbursement of any bonus or incentive compensation awarded to such executive officer or effect the cancellation of unvested restricted or deferred stock awards or stock options previously granted to the executive officer if:

the amount of the bonus, incentive compensation or stock or option award was calculated based upon the achievement of certain financial results that were subsequently the subject of a restatement,

the amount of the bonus, incentive compensation or stock or option award that would have been awarded to the executive officer had the financial results been properly reported would have been lower than the amount actually awarded, and

it is reasonable to do so (e.g., the expense of recovering the compensation does not exceed the amount recovered).

### **Post-Employment Compensation and Change in Control**

## Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

Each of the employment agreements with Messrs. Frank C. Sullivan, Rice, Gordon, Moore and Ms. Kastner 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, which is often referred to as a double-trigger. 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 Chief Financial Officer. The regulations under Section 162(m),

## **Table of Contents**

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 2014 Omnibus Plan satisfy the requirements of this Section 162(m) exemption. Although the Compensation Committee 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 Section 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 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 2016, 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, unless they elect to make their contributions on an after-tax basis, named executive

officers are not taxed on their contributions to the 401(k) retirement savings plan or earnings on those contributions until they receive distributions from the 401(k) retirement savings plan, and all RPM contributions are tax deductible by us when made.

During fiscal 2016 we provided the use of cars to our named executive officers. Also during fiscal 2016, we made financial and estate planning services available to Messrs. Frank C. Sullivan and Rice, and we paid executive 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 2016. 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. 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. Additional information about this plan can be found under the heading, Nonqualified Deferred Compensation for Fiscal 2016.

### **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 Compensation 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

Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

Company's definitive proxy statement prepared in connection with its 2016 Annual Meeting of Stockholders.

COMPENSATION COMMITTEE

David A. Daberko, Chairman

John P. Abizaid

Charles A. Ratner

Dr. Jerry Sue Thornton

**Table of Contents**

*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.*

**Compensation-Related Risk Assessment**

The Compensation Committee considers risks related to the attraction and retention of talent and risks relating to the design of compensation programs and arrangements affecting executive officers and employees. Our compensation programs reward outstanding performance by our operating companies, and do not encourage excessive risk taking on the part of our executive officers and employees. Further, elements of our compensation programs, including our minimum stock ownership guidelines, our clawback policy, and the three-year performance period structure of our PCRS awards, help mitigate compensation-related risk. After considering the Company's compensation program as a whole and receiving the input of the Compensation Committee, we have concluded that risks arising from our compensation policies and practices applicable to our employees are not reasonably likely to have a material adverse effect on the Company. In reaching that conclusion, we considered, among other things, the general performance-based philosophy of our compensation program, the material consistency of our compensation structure throughout all key employee levels of the Company, the balance of long and short term components of compensation, and the Company's risk profile generally.

**Table of Contents****Summary Compensation Table**

The following table sets forth information regarding the compensation of our Chief Executive Officer, our Chief Financial Officer and our other three highest paid executive officers for fiscal 2016 and, where required, for fiscal 2015 and fiscal 2014.

Name and Principal Position (a)	Year (b)	Salary Bonus		Awards (e)	Option Awards (f)	Incentive Plan Compensation (g)	Deferred Compensation (h)	All Other Compensation (i)	Total (j)					
		(\$)	(\$) <sup>(1)</sup>							(\$) <sup>(2)(3)</sup>	(\$) <sup>(2)(3)</sup>	(\$) <sup>(4)</sup>	(\$) <sup>(5)</sup>	(\$) <sup>(6)</sup>
		(c)	(d)							(e)	(f)	(g)	(h)	(i)
Frank C. Sullivan Chairman and Chief Executive Officer	2016	960,000	0	8,111,067	2,186,000	1,050,000	98,174	132,532	12,537,773					
	2015	940,000	0	2,499,062	2,146,000	900,000	65,192	125,347	6,675,601					
	2014	920,000	0	2,793,990	2,126,000	1,335,000	63,338	120,834	7,359,162					
Ronald A. Rice President and Chief Operating Officer	2016	720,000	0	3,735,376	1,093,000	790,000	85,202	148,587	6,572,165					
	2015	700,000	0	1,556,661	1,073,000	650,000	55,385	113,398	4,148,444					
	2014	685,000	0	1,714,001	1,063,000	995,000	53,693	115,227	4,625,921					
Russell L. Gordon Vice President and Chief Financial Officer	2016	465,000	0	1,609,089	327,900	550,000	73,273	40,835	3,066,097					
	2015	450,000	0	691,053	321,900	450,000	44,937	46,179	2,004,069					
Edward W. Moore Senior Vice President, General Counsel and Chief Compliance Officer	2014	330,000	0	701,337	318,900	450,000	44,414	41,340	1,885,991					
	2016	360,000	0	2,443,655	327,900	425,000	61,672	86,051	3,704,278					
Janeen B. Kastner Vice President Corporate Benefits and Risk Management	2015	330,000	0	616,214	321,900	400,000	46,470	80,748	1,795,332					
	2014	294,375	0	647,933	318,900	400,000	41,867	60,728	1,763,803					
Janeen B. Kastner Vice President Corporate Benefits and Risk Management	2016	295,000	0	1,238,025	327,900	210,000	65,964	35,948	2,172,837					
	2015	285,000	0	359,106	321,900	175,000	45,772	37,227	1,224,005					

(1) Amounts earned under the Incentive Plan are 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 fair market value as of the date of the respective grant.

(3) Information regarding the shares of PERS and SARs granted to our named executive officers in July 2016 is set forth in the Grants of Plan-Based Awards for Fiscal 2016 table. The Grants of Plan-Based Awards for Fiscal 2016 table also sets forth the aggregate grant date fair value of the restricted stock granted

## Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

during fiscal 2016 computed in accordance with ASC 718. Shares of restricted stock and SARs are subject to risk of forfeiture.

2016 Stock Awards include PCRS grants for each named executive officer. Such grants assume the maximum amount of PCRS is awarded, although the grants are contingent upon the level of attainment of performance goals for the three-year period from June 1, 2015 ending May 31, 2018.

- (4) The amounts set forth in this column were earned during fiscal 2016 and paid in July 2016, earned during fiscal 2015 and paid in July 2015 and earned during fiscal 2014 and paid in July 2014 for 2016, 2015 and 2014, respectively, under our Incentive Plan.
- (5) The amounts set forth in this column reflect the change in present value of the executive officer's accumulated benefits under the RPM International Inc. Retirement Plan (the Retirement Plan). During 2016, 2015 and 2014, there were no above-market or preferential earnings on nonqualified deferred compensation.
- (6) All Other Compensation includes Company contributions to the 401(k) plan, life insurance premiums, automobile allowances, financial/estate planning, periodic executive physical examinations and charitable matching programs. For each named executive officer for whom the total value of all personal benefits exceed \$10,000 in fiscal 2016, 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: Frank C. Sullivan \$25,595 and Mr. Rice \$49,460; life insurance premiums: Frank C. Sullivan \$94,942, Mr. Rice \$73,277, and Mr. Moore \$54,606. 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.



**Table of Contents****Grants of Plan-Based Awards For Fiscal 2016**

Name (a)	Grant Date (b)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>		Estimated Possible Payouts Under Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares of Stock or Units (#) (i)	All Other Option Awards: Number of Securities Underlying Options (#) (j)	Exercise or Base Price of Option Awards (\$/Sh) (k)	Grant Date Fair Value of Stock and Option Awards (\$) <sup>(2)</sup> (l)
		Threshold (\$) (c)	Maximum Target (\$) (d)	Threshold (\$) (e)	Maximum Target (\$) (f)				
Frank C. Sullivan	7/20/15 SERP								
	Restricted Stock <sup>(3)</sup>					8,438			397,767
	7/31/15 PCRS <sup>(4)</sup>					80,000			3,749,600
	Incentive Plan Award	960,000	1,440,000						
	7/25/16 PERS <sup>(5)</sup>			45,000	60,000	50,000			2,549,500
	7/20/15 PERS <sup>(6)</sup>					30,000			1,414,200
	7/25/16 SARs <sup>(7)</sup>						200,000	50.99	2,186,000
Ronald A. Rice	7/20/15 SERP								
	Restricted Stock <sup>(3)</sup>					7,019			330,876
	7/31/15 PCRS <sup>(4)</sup>					40,000			1,874,800
	Incentive Plan Award	720,000	1,080,000						
	7/25/16 PERS <sup>(5)</sup>			26,250	35,000	30,000			1,529,700
	7/25/16 SARs <sup>(7)</sup>							100,000	50.99
Russell L. Gordon	7/20/15 SERP								
	Restricted Stock <sup>(3)</sup>					4,705			221,794
	7/31/15 PCRS <sup>(4)</sup>					16,000			749,920
	Incentive Plan Award	465,000	697,500						
	7/25/16 PERS <sup>(5)(8)</sup>				15,000	12,500			637,375
	7/25/16 SARs <sup>(7)</sup>							30,000	50.99

**Table of Contents**

Name	Grant Date	Estimated Possible Payouts		Estimated Possible Payouts		Estimated Possible Payouts		All		Grant Date Fair Value of Stock and Option Awards (\$) <sup>(2)</sup>	
		Under Non-Equity Incentive Plan Awards <sup>(1)</sup>	Under Non-Equity Incentive Plan Awards <sup>(1)</sup>	Under Equity Incentive Plan Awards	Under Equity Incentive Plan Awards	Under Equity Incentive Plan Awards	Under Equity Incentive Plan Awards	Other Stock Awards: Number of Shares of Stock Securities Underlying or Options Awards	Other Stock Awards: Number of Shares of Stock Securities Underlying or Options Awards		
(a)	(b)	Threshold (\$)	Maximum (\$)	Threshold (\$)	Maximum (\$)	Target (#)	Maximum (#)	Units (#)	Options (#)	Awards (\$/Sh)	(l)
Edward W. Moore	7/20/15										
	SERP										
	Restricted Stock <sup>(3)</sup>							2,409			113,560
	7/31/15 PCRS <sup>(4)</sup>							16,000			749,920
	Incentive Plan Award	360,000	540,000								
	7/25/16 PERS <sup>(5)</sup>			11,250		15,000		12,500			637,375
	7/20/15 PERS <sup>(6)</sup>							20,000			942,800
	7/25/16 SARs <sup>(7)</sup>								30,000	50.99	327,900
Janeen B. Kastner	7/20/15										
	SERP										
	Restricted Stock <sup>(3)</sup>							1,701			80,185
	7/31/15 PCRS <sup>(4)</sup>							16,000			749,920
	Incentive Plan Award	295,000	442,500								
	7/25/16 PERS <sup>(5)</sup>			11,250		15,000		8,000			407,920
	7/25/16 SARs <sup>(7)</sup>								30,000	50.99	327,900

- (1) These columns show the possible payouts for each named executive officer under the Incentive Plan for fiscal 2016 based on the goals set in July 2015. Detail regarding actual awards under the Incentive Plan is reported in the Summary Compensation Table and is included in the Compensation Discussion and Analysis.
- (2) The values included in this column represent the grant date fair value of restricted stock computed in accordance with ASC 718, except no assumptions for forfeitures were included. A discussion of the assumptions used in calculating the compensation cost is set forth in Note H of the Notes to Consolidated Financial Statements of our 2016 Annual Report to Stockholders.
- (3) Shares of SERP restricted stock awarded under the 2007 Restricted Stock Plan. These shares vest on the earliest to occur of (a) the later of either the employee's attainment of age 55 or the fifth anniversary of the May 31st immediately preceding the date on which the shares of restricted stock were awarded, (b) the retirement of the employee on or after the attainment of age 65 or (c) a change in control with respect to the Company.
- (4) PCRS awards were made pursuant to the 2014 Omnibus Plan and are contingent upon the level of attainment of performance goals for the three-year period from June 1, 2015 ending May 31, 2018. The determination of whether and to what extent the PCRS awards are achieved for such period will be made following the close of fiscal year 2018. The amounts set forth in columns (i) and (l) assume the maximum amount of PCRS is awarded.

## Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

- (5) PERS for which the threshold and maximum number of shares and performance goals with respect to fiscal 2016 were determined in July 2015 and are disclosed herein pursuant to Commission rules.
- (6) The Compensation Committee approved special one-time PERS awards in recognition of significant contributions in the resolution of the legacy asbestos liabilities of SPHC and the reconsolidation of SPHC and its business units back into the RPM family of companies.
- (7) SARs granted pursuant to the 2014 Omnibus Plan. These SARs vest in four equal installments, beginning July 25, 2017.
- (8) As Chief Financial Officer, Mr. Gordon is not a Covered Employee under Section 162(m) of the Internal Revenue Code, and as such, threshold and maximum amounts do not apply to his PERS award.

42

---

**Table of Contents**
***Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table***

**Salary.** Salaries paid to our named executive officers pursuant to their employment arrangements with us are set forth in the Summary Compensation Table. For fiscal 2016, salaries paid to our named executive officers accounted for the following percentages of their total compensation reported in the Total column of the Summary Compensation Table: Frank C. Sullivan (8%), Mr. Rice (11%), Mr. Gordon (15%), Mr. Moore (10%), and Ms. Kastner (14%). For fiscal 2015, salaries paid to our named executive officers accounted for the following percentages of their total compensation reported in the Total column of the Summary Compensation Table: Frank C. Sullivan (14%), Mr. Rice (17%), Mr. Gordon (22%), Mr. Moore (18%), and Ms. Kastner (23%). For fiscal 2014, salaries paid to our current named executive officers accounted for the following percentages of their total compensation reported in the Total column of the Summary Compensation Table: Frank C. Sullivan (13%), Mr. Rice (15%), Mr. Gordon (17%), and Mr. Moore (17%).

**Bonus.** No bonuses were awarded to our named executive officers during fiscal 2016, fiscal 2015 or fiscal 2014, although the named executive officers did receive cash awards under our Incentive Plan, as further described under the caption Non-Equity Incentive Plan Compensation below.

**Stock Awards.** The amounts in the Stock Awards column of the Grants of Plan-Based Awards for Fiscal 2016 table consist of restricted stock and performance earned restricted stock grants. Each of these grants is described in further detail under the heading Compensation Discussion and Analysis Equity Compensation.

*SERP Restricted Stock.* We granted restricted stock under our 2007 Restricted Stock Plan. The SERP restricted stock awards granted to our named executive officers are set forth in the table Grants of Plan-Based Awards for Fiscal 2016. The vesting of SERP restricted stock upon either the death or disability of the named executive officer or upon a change in control of our Company is described under the heading Other Potential Post-Employment Compensation.

*PCRS.* Pursuant to our 2014 Omnibus Plan, we awarded performance contingent restricted stock grants, or PCRS, to our named executive officers. The PCRS awards are contingent upon the level of attainment of performance goals for the three-year period from June 1, 2015 ending May 31, 2018.

*PERS.* Pursuant to our 2014 Omnibus Plan, we awarded performance earned restricted stock grants, or PERS, to our named executive officers. The PERS granted to our named executive officers are set forth in the table Grants of Plan-Based Awards for Fiscal 2016.

The amounts included in the Stock Awards column of the Summary Compensation Table represent the grant date fair value of grants made in accordance with ASC 718.

**Option Awards.** Pursuant to our 2014 Omnibus Plan, we awarded stock appreciation rights, or SARs, to our named executive officers. The SARs granted to our named executive officers are set forth in the table Grants of Plan-Based Awards for Fiscal 2016. These grants are described in further detail under the heading Compensation Discussion and Analysis Equity Compensation Stock Appreciation Rights (SARs). The amounts included in the Option Awards column of the Summary Compensation Table represent the grant date fair value of grants made in accordance with ASC 718.

**Non-Equity Incentive Plan Compensation.** The non-equity incentive plan compensation set forth in the Summary Compensation Table reflects annual cash incentive compensation under our Incentive Plan. Annual cash incentive compensation is earned based upon the achievement of performance objectives as described under the heading Compensation Discussion and Analysis Annual Cash Incentive Compensation.

**Change in Pension Value and Nonqualified Deferred Compensation Earnings.** The change in the present value of each of our named executive officer's accrued pension benefits under our Retirement Plan from May 31, 2015 to May 31, 2016 and from May 31, 2014 to May 31, 2015 was based upon the RP2014 retiree generational mortality table for males and females, projected using scale MP2014, blended 50% blue

## Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

collar and 50% white collar. The change from May 31, 2013 to May 31, 2014 was based upon the RP2000 generational mortality table for males and females, projected using scale AA, blended 50% blue collar and 50% white collar. The interest rate used to determine the present values was 4.30% as of May 31, 2014, 4.25% as of May 31, 2015 and 3.85% as of May 31, 2016. The present values were determined assuming that such amounts were payable

to each of our named executive officers at their earliest unreduced retirement age in our Retirement Plan 65 years with five years of participation in our Retirement Plan. The present values for 2014 and 2015 also assumed that 35% of our named executive officers will be paid a life annuity and 65% will be paid a lump sum. The present value for 2016 assumed that 15% of our named executive officers will be paid a life annuity and 85% will be paid a lump sum.

**Table of Contents**

The lump sums were determined using a 4.30% interest rate for May 31, 2014, a 4.25% interest rate for May 31, 2015 and a 3.85% interest rate for May 31, 2016, and the applicable mortality table outlined in IRC Section 417(e) projected to 2023 for 2014, 2015 and 2016 calculations. No pre-retirement decrements, including mortality, were assumed in these calculations.

**All Other Compensation.** All other compensation of our named executive officers is set forth in the Summary Compensation Table and described in detail in footnote (6) of the table. These benefits are discussed in further detail under the heading Compensation Discussion and Analysis Perks and Other Benefits.

**Employment Agreements and Related Arrangements.** Each named executive officer is employed under an employment agreement. The terms of the employment agreements are described under the headings Compensation Discussion and Analysis Employment Agreements and Related Arrangements and Other Potential Post-Employment Compensation.

**Additional Information.** We have provided additional information regarding the compensation we pay to our named executive officers under the headings Compensation Discussion and Analysis and Other Potential Post-Employment Compensation.

The Company offers both an active defined benefit pension plan and a matching 401(k) plan for U.S. employees. The Company's worldwide employees have comprehensive health coverage and other competitive benefit packages, in keeping with local laws and customs.

**Table of Contents**

**Outstanding Equity Awards at Fiscal Year-End for 2016**

The following table provides information on the holdings of stock options, SARs and restricted stock by the named executive officers at May 31, 2016.

Name	Option Awards				Stock Awards			Equity Incentive Plan Awards:	
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Exercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(1)</sup>	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#) <sup>(2)</sup>	Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$) <sup>(3)</sup>
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
<u>Frank C. Sullivan</u>									
SERP									
Restricted Stock						42,182 <sup>(4)</sup>	2,117,115		
PERS						189,000 <sup>(5)</sup>	9,485,910		
PERS								60,000 <sup>(6)</sup>	3,011,400 <sup>(6)</sup>
PCRS								80,000 <sup>(7)</sup>	4,015,200 <sup>(7)</sup>
SARs	200,000	0		14.0500	10/10/2018				
	200,000	0		18.9600	10/08/2019				
	200,000	0		20.7300	10/07/2020				
	200,000	0		22.1600	7/18/2021				
	150,000	50,000 <sup>(8)</sup>		25.8700	7/16/2022				
	100,000	100,000 <sup>(9)</sup>		33.8000	7/18/2023				
	50,000	150,000 <sup>(10)</sup>		44.6000	7/21/2024				

Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form DEF 14A

	0	200,000 <sup>(11)</sup>	47.1400	7/20/2025		
<u>Ronald A. Rice</u>						
SERP						
Restricted Stock					115,852 <sup>(12)</sup>	5,814,612
PERS					92,500 <sup>(13)</sup>	4,642,575
PERS						35,000 <sup>(6)</sup> 1,756,650 <sup>(6)</sup>
PCRS						40,000 <sup>(7)</sup> 2,007,600 <sup>(7)</sup>
SARs	10,000	0	18.9600	10/08/2019		
	50,000	0				