WD-40 COMPANY

What is our Why

and how do we do it?

2016 annual report

“People don’t buy what you do, they buy why you do it.
And what you do simply proves what you believe.”

Simon Sinek, Optimist and Bestselling Author of “Start With Why” and “Leaders Eat Last”

At WD-40 Company, **we know that purpose mobilizes people in a way that pursuing profits alone never will. That's why purpose-driven organizations are often more successful than their counterparts. Recent research shows that organizations fueled by purpose and passion have outperformed the S&P 500 index by 14 times over a period of 15 years.**[1]

The blue and yellow can with the little red top has been leaving end-users with positive lasting memories for more than 60 years. Sometime during that journey WD-40 Company's purpose – **why** we do what we do – became clear: We exist to create positive lasting memories in everything we do. We solve problems. We make things work smoothly. We create opportunities.

This clear sense of **why** inspires **how** we do what we do: We create positive lasting memories by cultivating a tribal culture of learning and teaching which produces a highly engaged workforce who live our company's values every day.

Our **why** and our **how** ultimately determine **what** we do: We deliver unique, high-value and easy to use solutions for a wide variety of maintenance needs in workshops, factories and homes. We market and distribute our brands across multiple trade channels in countries all over the world.

Together, our **why**, **how** and **what** have helped us reach new levels of success in fiscal year 2016, and they continue to set WD-40 Company apart from other companies in the industry.

Garry Ridge
President and Chief Executive Officer

[1] Sisodia, Rajendra and Sheth, Jagdish N., Firms of Endearment: How World Class Companies Profit from Passion and Purpose

"Imagine a world where nearly everyone wakes up each day inspired to go to work, feels safe while they are there, and returns home at the end of the day fulfilled by the work they do – feeling that they have contributed to something greater than themselves. This is the world we envision."

– Simon Sinek

Dear Stockholders,

In recent years, a flurry of research has confirmed the belief that purpose is directly linked to stockholder value, with study after study concluding that purpose-driven organizations outperform their counterparts on virtually every metric that matters. Here at WD-40 Company we have experienced this effect firsthand, with stockholder value increasing over 200% over the past 10 years.

The connection between purpose and profits came into sharper focus for me last November, when I met optimist and bestselling author, Simon Sinek. Simon and I first met as co-panelists at a leadership summit. As I listened to him speak, something became very clear to me. In a single sentence, he succinctly articulated what WD-40 Company has believed all along: people don't buy **what** you do, they buy **why** you do it.

For WD-40 Company, this means that people aren't buying the first lubricant they find on the shelf. Instead, they're buying the blue and yellow can with the little red top because it solves problems in their workplaces and homes. It makes them into heroes in the eyes of their loved ones. It rarely lets them down. They're buying the blue and yellow can with the little red top because it creates positive lasting memories, solves problems, and makes things work smoothly.

This loyalty to our brands, when coupled with our commitment to sustaining the WD-40 Company economy, has led to a 14% compound annual growth rate (CAGR) over the last 18 years. Put simply, this means that $100 invested in 1998 would be worth about $993 today, based on the closing price of $118.45 on August 31, 2016, the last day of our fiscal year.

Speaking of fiscal year 2016, it was a year filled with complexity, volatility and uncertainty around the world. As a global company with more than half of our revenues generated outside the U.S., we are exposed to the effect of changing foreign currency exchange rates, geopolitical unrest and economic fluctuations. All these factors were in play in fiscal year 2016, and WD-40 Company experienced their impacts across many parts of the business. In particular, we felt the negative effects of foreign currency exchange rates, overall weakness in oil-based economies, and greater uncertainty following the U.K.'s vote to exit the European Union.

Against that backdrop, I'm proud to say we showed once again that we sail well on rough seas as well as calm waters. Although our net sales were constrained to 1% growth, our net income and our diluted earnings per share reached record levels for the company.

Our successes in fiscal year 2016 were many. WD-40 EZ-Reach Flexible Straw™, which launched at the end of fiscal year 2015, continued to gain momentum in the Americas. Sales of WD-40 Specialist® grew all around the globe, and our flagship product, WD-40 Multi-Use Product, continued to gain traction in new and existing markets worldwide. These accomplishments demonstrate that no matter what the macroeconomic conditions, as long as we stay focused and continue to execute against our strategic initiatives, we will see growth ahead of us.

Strategic Initiative #1: Grow WD-40 Multi-Use Product

As always, our most important strategic initiative is to take the blue and yellow can with the little red top to more places, for more uses, by more people, more frequently. In fiscal year 2016, net sales of WD-40 Multi-Use Product increased 1% over last year.

Our goal is to grow WD-40 Multi-Use Product to approximately $600 million by the end of fiscal year 2025. We'll advance towards this goal in fiscal year 2017 by continuing to drive adoption of WD-40 EZ-Reach Flexible Straw in the Americas while expanding distribution into other geographies, starting with Australia in early 2017. In EMEA, we'll increase the rate of converting European end-users from our classic blue and yellow can to our more innovative WD-40 Smart Straw® product. In Asia-Pacific, our focus will be on driving brand awareness, broadening our distribution channels and entering new markets. Together, these activities will continue to position WD-40 Multi-Use Product for growth.

Strategic Initiative #2: Grow the WD-40 Specialist Line

We are leveraging the power of the shield to develop new products and categories in specific geographies. This is the essence of the WD-40 Specialist line, which has expanded to include various maintenance and repair products available in over 60 countries and territories around the globe. In fiscal year 2016, global sales of Specialist grew 14% compared to last year, reaching $21.5 million.

Looking forward, in fiscal year 2017 in the U.S., we expect to introduce a new line of WD-40 Specialist industrial-strength cleaners and degreasers, as well as a full line of greases designed to simplify lubrication through superior performance. At the same time, we'll continue to drive adoption of WD-40 Specialist Spray & Stay Gel Lubricant, which we launched in fiscal year 2016. Building on the success of WD-40 Motorbike in Europe, we plan to introduce in the U.S. a line of WD-40 Specialist Motorcycle products. By launching new Specialist categories like these and taking them to new markets around the world, we believe we can grow WD-40 Specialist to approximately $125 million in revenue by the end of fiscal year 2025.

Strategic Initiative #3: Broaden Product and Revenue Base

We continue to focus on broadening our product portfolio to derive revenue from new sources and brands. Over the last twelve months, we have made much progress in renovating older brands like 3-IN-ONE®, and innovating with newer brands and product lines like WD-40 BIKE™ and GT85®. For example, in the U.S., we introduced 3-IN-ONE Lock Dry Lube and we took WD-40 BIKE from specialty distribution to the same broad, multi-channel distribution network that supports our other maintenance products.

In fiscal year 2017, we plan to launch a new line of recreational vehicle products under the 3-IN-ONE brand, appealing to passionate hobbyists who enjoy creating positive lasting memories on the road as well as at home. As always, we'll continue to develop or acquire maintenance products that fit with our existing product portfolio and distribution channels.

Strategic Initiative #4: Attract, Develop and Retain Outstanding Tribe Members

Our global tribe was 445 members strong at the end of fiscal year 2016. These exceptional people continue to set WD-40 Company apart from all others inside and outside of our industry. To sustain this position, we remain focused on building bench strength among our leaders and throughout the tribe, and ensuring a good match between our talent and the opportunities at hand and those that we see in our future.

With this in mind, I'm pleased to share that Mike Freeman, President of the Americas, will begin transitioning to the role of Chief Strategy Officer. In this role, Mike will focus on researching the consumer trends and behaviors that will shape our path over the next five to seven years. He will also focus on mentoring Steve Brass, who is moving from a leadership position in EMEA to the role of President of the Americas. Steve has been with WD-40 Company for 25 years, and brings a wealth of knowledge and experience to his new role. Steve and his family relocated to San Diego in September 2016.

In addition, our headquarters is preparing for a transition of its own. After over 44 years in the same space, we will be relocating our San Diego-based tribe members to an inviting, up-to-date building. This long-awaited opportunity to embed our culture in brick and mortar will foster greater collaboration, innovation and engagement for decades to come. We will be renovating our new building and plan to relocate there in July 2017. In total, we will be making a capital investment of about $15 million during fiscal year 2017 related to our new building.

Strategic Initiative #5: Operational Excellence

In line with our value of "Making it better than it is today," we continue our pursuit of operational excellence across the business. This means staying focused on optimizing resources, systems and processes to drive greater efficiency. It also means meeting regulatory requirements, assuring product quality, and protecting our intellectual property. We made progress on all these fronts in fiscal year 2016. Most notably, in the U.S. we completed the transition to a lower volatile organic compounds (VOC) formula. In EMEA, we made successful distribution changes in Germany that position us well for the next fiscal year. We also made significant progress on and are nearing the completion of our implementation of an upgraded enterprise resource planning (ERP) system in our EMEA segment.

Looking Ahead

Last year in this letter I set out a bold goal for WD-40 Company – to double our revenue by the end of fiscal year 2025 by bringing our products to a bigger, broader global audience. One year into this ten-year journey, I'm optimistic that we can achieve this goal. Despite the headwinds we encountered this fiscal year, we strengthened our global platform for growth, broadened and deepened our distribution channels, and continued to innovate new products that will create positive lasting memories for current and future end-users.

I expect that we will continue to live in a world that is volatile, uncertain, complex and full of ambiguity. However, the tribe has never been more aligned and focused. We are clear about our purpose. We know **why** and **how** we do **what** we do, and our strategic drivers guide us in using our time, talent, treasure and technology wisely. In short, we stand ready to deliver on the confidence you, our stockholders, bestow upon us every day.

I look forward to updating you on our progress in the coming year and beyond.

Garry Ridge
President and Chief Executive Officer

Why

We exist to create positive lasting memories in everything we do. We solve problems. We make things work smoothly. We create opportunities.

At WD-40 Company, we know from experience that purpose-driven organizations tend to outperform their competitors in any number of ways. The reason for this is simple. A company with a clear sense of **why** ignites the passion of its employees and inspires the trust of its customers. WD-40 Company has lived this truth throughout most of its history and the results speak for themselves: steadily higher profits, an engaged workforce, a loyal following, and one of the most recognizable brands in the world.

THE AMERICAS

"During the 40 years I have served our tribe, I have accumulated many positive lasting memories. My positive lasting memory is one that gets reinforced quite often. When I hear people say that they just love WD-40, I feel immense pride personally and for all of our tribe members, past and present, that have contributed to creating our remarkable product and company."

Bill Fantus, Managing Director, Trade Development
Tribe member for 40 years

EUROPE, THE MIDDLE EAST, AFRICA & INDIA ("EMEA")

"Toolbank has been distributing WD-40 Company products for over 18 years and we recognize and appreciate the tremendous value in the brand. It is difficult to think of many other brands that have the instant, universal recognition and positive appreciation that you get when you think of WD-40 brands. We encourage all of our retailer customers, from whatever industry, to stock WD-40 Company products because the range is so memorable and to have a striking, prominent display will undoubtedly lead to additional sales. Additional sales create positive lasting memories for Toolbank, our retailer customers, and for WD-40 Company."

Wayne Flory, Chief Executive Officer, Toolbank

ASIA-PACIFIC

"WD-40 Company has certainly given my family many joyful memories as my children grew up with WD-40 Company's brands and now my grandchildren are learning about them too. I look forward to enjoying many more years of positive lasting memories with WD-40®"

CT Wong, Managing Director, Henry Chemical Co Ltd, Hong Kong

"四十年來，WD-40®一直為我和家人帶來許多快樂的回憶，它伴隨著我的孩子們成長，現在我的孫子們也正在學習如何使用WD-40®了。放眼將來，我很期待能和WD-40®一起創造更多美好的記憶"

王正道先生， 香港恒和化工有限公司董事经理。

How

We create positive lasting memories by cultivating a tribal culture of learning and teaching which produces a highly engaged workforce who live our company's values every day.

Our purpose comes to life through our tribe. Our culture of learning and teaching means we have a deep bench of leaders around the globe who can take the company into the future. Our highly engaged workforce creates value for our customers, partners and stockholders. And our values drive the day-to-day choices we make about how to allocate our time, talent, treasure and technology. This is **how** we do what we do, and it sets us apart from other companies in the industry.

Creating a Learning Environment

At WD-40 Company, we don't see mistakes as career-damaging events – we see them as learning moments that help us grow. This company culture of learning and teaching is reinforced through formal programs such as Leadership Laboratory, which continues to develop the next generation of leaders in our organization. 234 tribe members have graduated from various levels of the program since its inception. What's more, over 200 employees of our global distribution partners in Asia and Central America have completed key parts of the program. We also have 24 tribe members who have been awarded Master of Science in Executive Leadership (MSEL) degrees from the University of San Diego. Building our organization's bench strength through programs like these helps to ensure the readiness of our tribe to move into future leadership positions.

Engagement Matters

Our tribe members are passionate about our purpose and accountable for their results. They understand how their jobs contribute to our success, and they have the freedom to decide how to accomplish their goals. In fiscal year 2016, we administered our biennial employee engagement survey and our overall global employee engagement score remains at 94%. We cultivate high employee engagement by creating a culture based on care, candor, accountability and responsibility – guided by our values and nourished by learning. Our employee engagement score is a reflection of that way of life. It is truly all about the people at WD-40 Company.

Driven by Values

WD-40 Company's values come to life in everything we do, whether it's innovating a new product or serving a long-time customer. We value: Doing the right thing. Creating positive lasting memories in all of our relationships. Making it better than it is today. Succeeding as a tribe while excelling as individuals. Owning it and passionately acting on it. Sustaining the WD-40 Company economy.

Learning to Teach, Teaching to Learn

"We are a learning organization in every sense of the word, through every part of the organization. We challenge ourselves and each other to grow, learn and teach, at every level in every region. This gives us the leadership bench strength we need to grow and adapt to the world around us."

Sara Simpson, Retail Marketing Manager, United Kingdom

96% of our tribe members respect their coaches.

A Tribe of Engagement

"Employee engagement is linked to virtually every metric that matters, from revenue growth to profitability to creation of stockholder value. Highly engaged employees are more innovative. They work harder. They support each other. They make better decisions. They excel individually and collectively. They make us successful."

Massimo de Vigiliis, Business Developer Manager, Italy

98% of our tribe members love working for WD-40 Company.

Living Our Values

"Our values set the tribe free. With our purpose as our North Star and our values as our guide, we are empowered to do the right thing for each other and for our customers, every single day. And that means we're doing the right thing for our stockholders."

Cerene Chen, Brand Development Manager, Asia

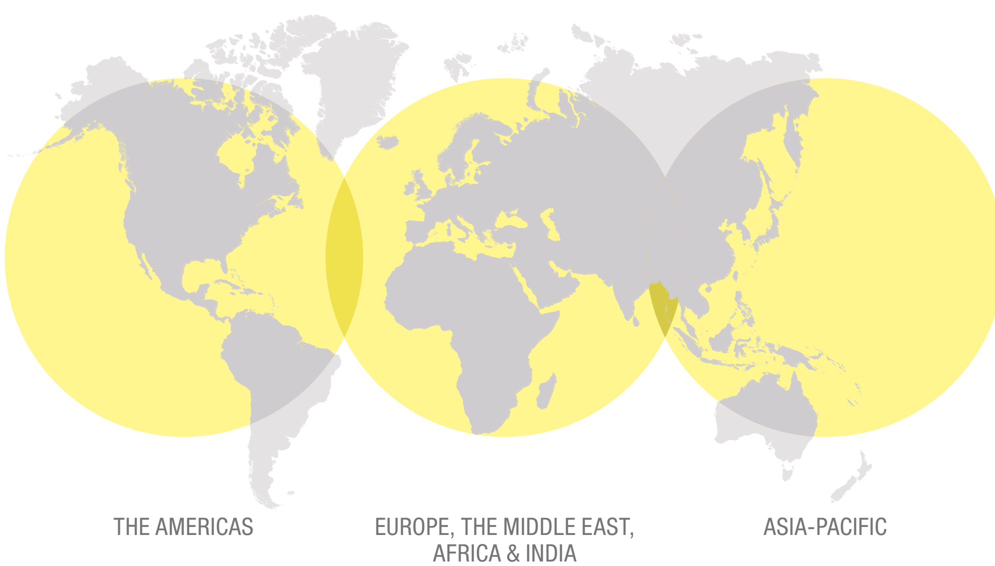
99% of our tribe members believe their opinions and values are a good fit for the company culture.

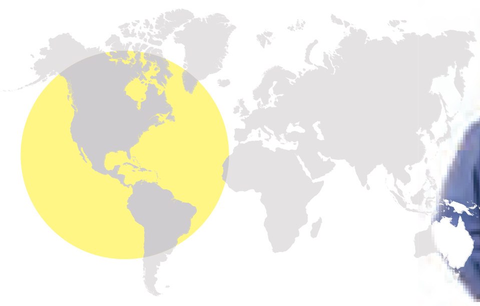
What

We deliver unique, high-value and easy-to-use solutions for a wide variety of maintenance needs in workshops, factories and homes. We market and distribute our brands across multiple trade channels in countries all over the world.

WD-40 Company's **what** is the outcome of the actions we take to bring our purpose to life across 176 countries and 62 trade channels. We market and sell our maintenance products under the following brands and product lines: WD-40 Multi-Use Product, WD-40 Specialist, WD-40 BIKE, 3-IN-ONE and GT85. Our products are used in consumer and industrial markets ranging from aviation to home improvement – and everything in between. In addition to our maintenance products, we also sell homecare and cleaning products in various global locations.

At our core, we are a global marketing organization with a diversified distribution network. We use third parties to manufacture, package and deliver our products to customers all over the world. This approach lets us focus on **what** we do best: developing and selling high-quality products that solve problems in factories, workshops and homes around the world.





SPOTLIGHT ON:
THE AMERICAS

"This is an enormously exciting time for the Americas. The many product innovations that we've launched over the past four years are beginning to transform the U.S. into a growth market and the long-term prospects for Latin America are very strong. I'm thrilled to turn this growing business over to a person of Steve's caliber, and I look forward to watching him sustain and build the region's success."

Mike Freeman
Incumbent Division President, Americas

"Although each region has its unique characteristics, we are all guided by the same strategy, vision and values, and I'm excited to bring my 25 years of experience with WD-40 Company to the Americas. Mike's impact on the region has been tremendous, and I'm fortunate to have his continued mentorship as the tribe and I make positive lasting memories with our customers and each other."

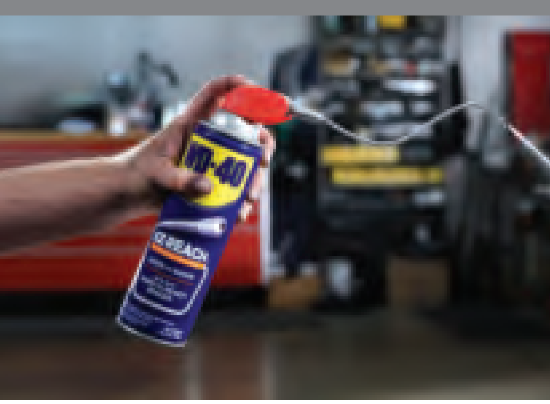
Steve Brass
Incoming Division President, Americas

THE AMERICAS 2016 SNAPSHOT

$191.4 million in net sales, up **2%** from 2015, representing **50%** of global sales

Record sales for WD-40 Multi-Use Product, WD-40 Specialist and 3-IN-ONE

Launched and supported innovations including WD-40 EZ-Reach Flexible Straw, WD-40 Specialist Spray & Stay Gel and 3-IN-ONE Lock Dry Lube



2017 Priorities

In 2017, we plan to fuel growth and provide greater value to our customers and end-users by launching new product innovations, embedding innovation into existing channels as broadly and deeply as we can, expanding category leadership efforts and continuing to increase long-term Latin America distribution. We will also continue to meet changing regulatory requirements in the U.S. and elsewhere. Perhaps most importantly, we will ensure a smooth leadership transition as Steve Brass assumes leadership for the Americas from Mike Freeman, who will be taking on the role of chief strategy officer for WD-40 Company.

SPOTLIGHT ON: **EMEA**

EUROPE, THE MIDDLE EAST, AFRICA & INDIA

"The EMEA business is highly complex – many markets, many cultures, many currencies, and many stages of development. Despite this complexity, we delivered 7% revenue growth in our functional currency, the pound sterling, as well as record EBITDA growth by staying true to our brand, our values and our strategic initiatives. We're particularly pleased with our performance in France, the Netherlands, and Germany. That said, we experienced overall revenue declines in EMEA in U.S. dollars due to the negative impacts of foreign currency exchange rates as well as unstable market conditions in some geographies. As we look ahead, we continue to focus on creating positive lasting memories in everything we do and we see great growth prospects in the future."

Bill Noble

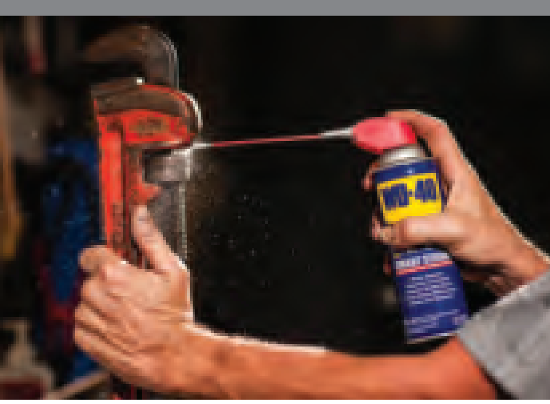
Managing Director, EMEA

EMEA 2016 SNAPSHOT

$135.2 million in net sales, down **1%** from 2015, representing **36%** of global sales

Seamlessly implemented succession plans in conjunction with Steve Brass's move to the Americas

Neared the completion of our implementation of a next-generation ERP system



We delivered profitable growth while building our leadership bench.

2017 Priorities

Our goals are to sell more WD-40 Multi-Use Product by increasing the penetration of WD-40 Smart Straw; to grow the market for WD-40 Specialist, particularly in franchise workshops; and to attract new end-users with WD-40 BIKE and WD-40 Specialist Motorbike. At the same time, we will capitalize on the fast-growing Do-It-Yourself (DIY) business in Germany, which is the second-largest DIY market in the world, as well as increasing distribution in discount stores in the U.K.

"In 2016, Asia-Pacific delivered EBITDA growth in the face of economic and political uncertainty throughout parts of the region, as well as pricing pressure from the strengthening of the dollar. Despite these challenges, we remain positioned for growth over the long-term. We're creating awareness of WD-40 Multi-Use Product and WD-40 Specialist in new markets, deepening our brand presence in existing markets, and creating positive lasting memories for new and current customers alike. The growth opportunity for Asia-Pacific continues to be huge, and that's what is most exciting for our tribe members here."

Geoff Holdsworth
Managing Director, Asia-Pacific

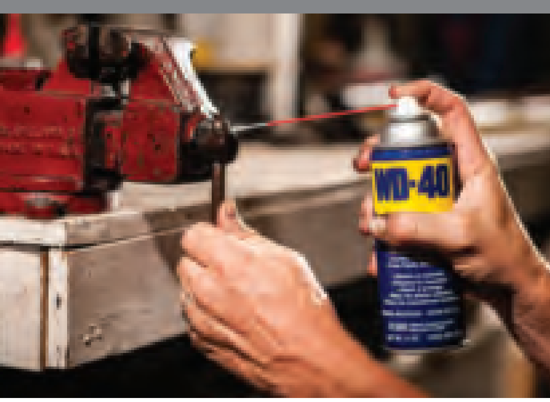
SPOTLIGHT ON:
ASIA-PACIFIC

ASIA-PACIFIC 2016 SNAPSHOT

$54.0 million in net sales, flat compared to 2015, representing **14%** of global sales

Strengthened our succession plan by identifying and developing new leaders within the region

Focused on improved processes and increased overall efficiency



2017 Priorities

Our goal is to sell more WD-40 Multi-Use Product and WD-40 Specialist in more places with more end-users using more of our products. We'll do this by creating brand awareness in new markets and channels, growing distribution in Asia and strengthening large retailer distribution in Australia.

We'll also increase the volume of our products flowing through existing channels, by introducing innovations like WD-40 EZ-Reach Flexible Straw and new brands, like WD-40 Specialist Automotive, in select markets.

"Although top-line growth was challenged, our disciplined and focused approach to managing our global business for earnings growth, as well as lower than normal commodity costs, helped us deliver diluted earnings per share of $3.64, a new record for the company. In addition to earnings growth, we also returned capital through regular dividends and share repurchases."

– Jay W. Rembolt

Dear Stockholders,

Fiscal year 2016 was a year in which our top-line growth was challenged. We generated net sales of $380.7 million for the fiscal year, just a 1% increase over the previous fiscal year. However, if you were to take both translation and transaction exposure into consideration, changes in foreign currency exchange rates reduced our total net sales by about $12 million in fiscal year 2016. This means that if we removed all currency-related impacts, net sales would have been $392.3 million for the full fiscal year, an increase of about 4% over the previous fiscal year.

Although top-line growth was challenged, our disciplined and focused approach to managing our global business for earnings growth and returns, as well as lower than normal commodity costs, helped us deliver diluted earnings per share of $3.64, a new record for the company. This was driven by net income of $52.6 million in fiscal 2016 compared to $44.8 million in fiscal 2015, reflecting an increase of 17%. Included in these bottom line results was a non-operating item related to foreign currency exchange gains that increased EPS by approximately $0.12 for the fiscal year. If we back out this $0.12 from EPS it still remains a record at $3.52 per share.

Our 55/30/25 Business Model

Last year, we introduced a stretch goal we call our 55/30/25 business model, which targets a gross margin of 55% of net sales, a cost of doing business of 30% of net sales, and an EBITDA of 25% of net sales. Gross margin for fiscal year 2016 was 56% compared to 53% last year. Gross margin was positively impacted by 240 basis points from the declining price of crude oil which is one of the primary feed stocks of our petroleum-based specialty chemicals. From 2010 until mid-2014, world oil prices had been fairly stable, at around $110 a barrel. But in the last couple of years, crude oil prices have decreased and in our fiscal year 2016 dropped to less than half this amount. During fiscal year 2016 we benefitted from lower than normal crude oil prices, however, our long-term gross margin target of 55% is not contingent upon oil staying at any particular price point. We intend to manage our business to achieve our stretch target goal of 55% gross margin even if the cost of crude oil increases significantly in the future.

Our cost of doing business was 36% of net sales, up from 34% last year. This increase was driven by higher employee costs, which increased year-over-year primarily due to higher employee earned incentive accruals. Our Growth Reward Program is based on bottom-line results. Our incentive plan applies to every tribe member at every level of the organization, and we couldn't be more pleased to reward their individual and collective efforts.

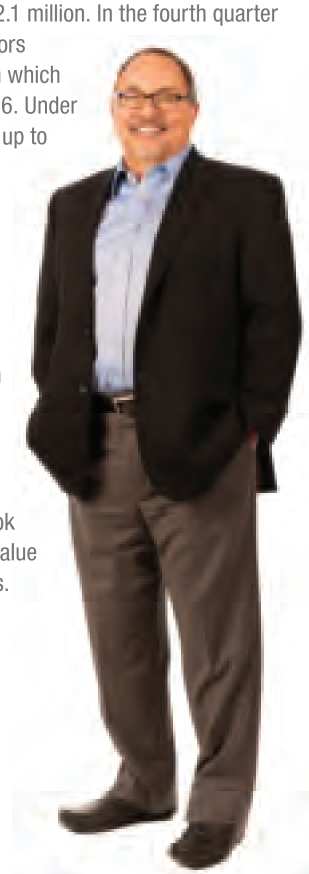
Also impacting cost of doing business was our investment in operational excellence. We continue to make investments in research and development, brand protection, regulatory compliance and quality assurance. As we look at the cost of doing business over long term, we believe that 30% is an appropriate stretch target for the tribe to rally around. Meanwhile, our final measure, EBITDA, was 22% of net sales, compared to 19% last year.

Creating Value

At the end of fiscal year 2016, our balance sheet remained strong with $108.5 million in cash and short-term investments, and $53 million available on our $175 million line of credit.

As always, we continue to focus on returning capital to our stockholders through dividends and share repurchases. In the first quarter of fiscal year 2016, we raised our quarterly dividend to $0.42 per share, resulting in an annualized dividend of $1.68. This marks the sixth consecutive year that we have increased our dividend.

During the fiscal year, we repurchased approximately 317 thousand shares of our stock at a total cost of 32.1 million. In the fourth quarter of fiscal year 2016, our board of directors approved a new share repurchase plan which became effective on September 1, 2016. Under this plan, we are authorized to acquire up to $75 million of our outstanding shares through August 31, 2018.



On a year-in, year-out basis, our need for capital is low, which typically allows us to produce a high-return on invested capital. This trend continued in fiscal year 2016, when our return on invested capital was a robust 33%.

In closing, I would like to thank our stockholders for their continued confidence in WD-40 Company. We look forward to continuing to increase the value of the company for all our stakeholders.

Jay W. Rembolt
Vice President, Finance, Treasurer
and Chief Financial Officer

FY 2016 RESULTS

14%
Return on Sales[1]

[1] Calculated as net income for fiscal year 2016 divided by net sales for 2016.

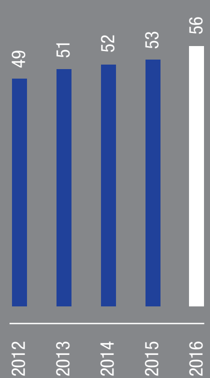
15%
Return on Assets[2]

[2] Calculated as net income for fiscal year 2016 divided by total assets at August 31, 2016.

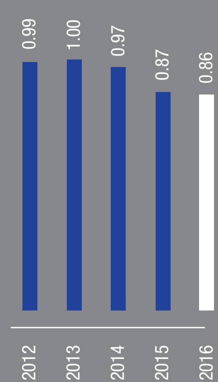
33%
Return on Invested Capital[3]

[3] Calculated as net operating profit after tax divided by average total assets less cash and cash equivalents, short-term investments and non-interest bearing liabilities.

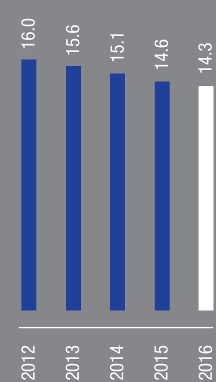
Gross Margin
(percent)



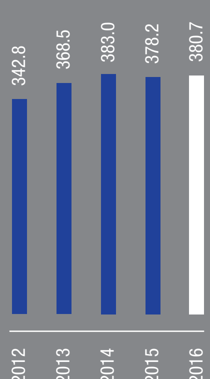
Sales Per Employee
(in millions)



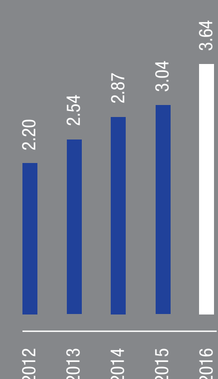
Weighted Average Shares Outstanding
(in millions)



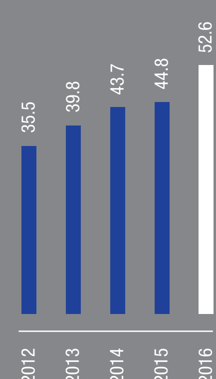
Net Sales
(in millions)



Earnings Per Share
(in dollars)



Net Income
(in millions)



PERFORMANCE GRAPH

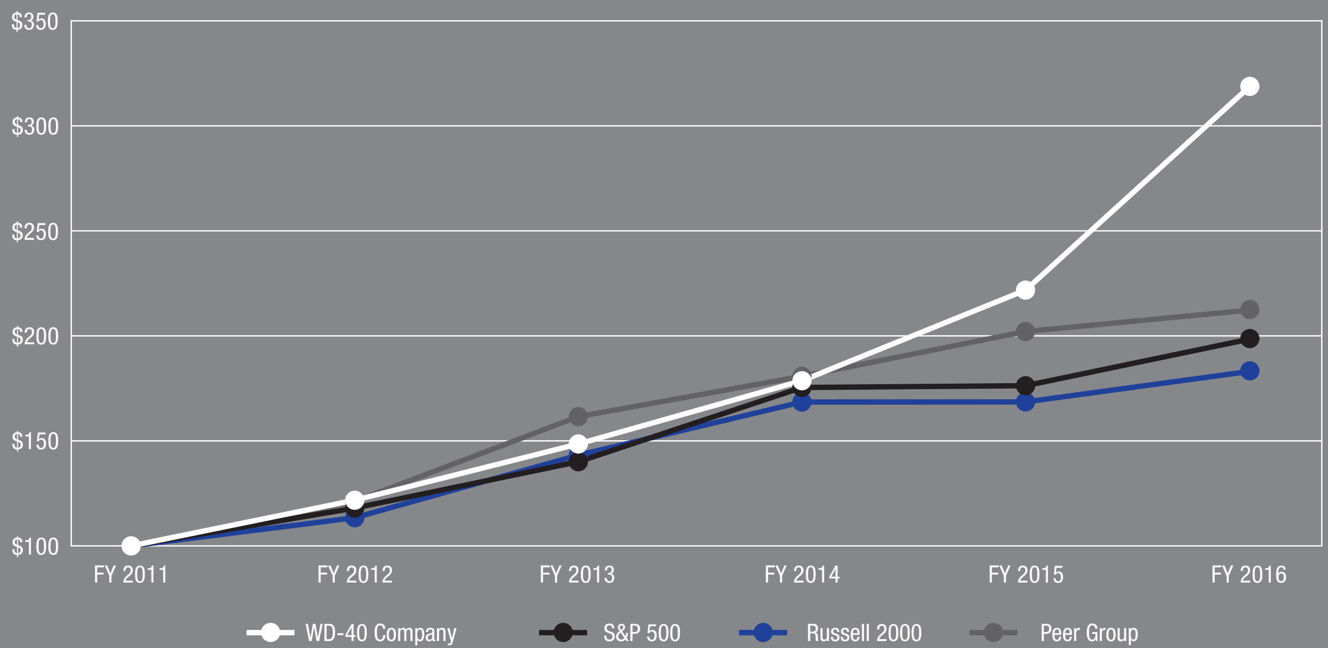
The following graph compares the cumulative total stockholder return on the Company's Common Shares to the yearly weighted cumulative return of a peer group of companies, the Standard & Poor's 500 Composite Index ("S&P 500") and the Russell 2000 Composite Stock Index for the five fiscal years ending August 31, 2016.

The Company uses the same peer group for the Company's five-year performance graph as the peer group of companies used by the Compensation Committee for purposes of benchmarking executive compensation.

The below comparison assumes $100 was invested on August 31, 2011 in the Company's Common Shares and in each of the indices and assumes reinvestment of dividends.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among WD-40 Company, the S&P 500 Index, the Russell 2000 Index, and a Peer Group



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
WD-40 Company	100.00	121.74	148.53	178.64	221.79	318.49
S&P 500	100.00	118.00	140.07	175.43	176.27	198.40
Russell 2000	100.00	113.40	143.19	168.50	168.55	183.04
Peer Group (1)	100.00	121.15	161.56	180.75	202.08	212.23

*$100 invested on 8/31/11 in stock or index, including reinvestment of dividends. Fiscal year ending August 31.

(1) WD-40 Company's peer group Index is comprised of the following 19 companies:

- Aceto Corporation
- American Vanguard Corporation
- Balchem Corporation
- Calgon Carbon Corporation
- Cambrex Corporation
- Flotek Industries Inc.
- Hawkins, Inc.
- Innophos Holdings, Inc.
- Innospec Inc.
- Inter Parfums, Inc.
- Landec Corporation
- National Presto Industries, Inc.
- Nutraceutical International Corporation
- Oil-Dri Corporation of America
- Park Electrochemical Corp.
- Prestige Brands Holdings, Inc.
- Quaker Chemical Corporation
- Synutra International, Inc.
- USANA Health Sciences, Inc.

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WD-40 COMPANY
1061 Cudahy Place
San Diego, California 92110

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders:

The 2016 Annual Meeting of Stockholders of WD-40 Company will be held at the following location and for the following purposes:

When: Tuesday, December 13, 2016, at 2:00 p.m.

Where: Joan B. Kroc Institute for Peace & Justice
University of San Diego
5998 Alcala Park
San Diego, California 92110

Items of Business:

1. To elect a Board of Directors for the ensuing year and until their successors are elected and qualified;
2. To hold an advisory vote to approve executive compensation;
3. To approve the WD-40 Company 2016 Stock Incentive Plan;
4. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2017; and
5. To consider and act upon such other business as may properly come before the meeting.

Who Can Vote: Only the stockholders of record at the close of business on October 18, 2016 are entitled to vote at the meeting.

REVIEW YOUR PROXY STATEMENT AND VOTE IN ONE OF FOUR WAYS:

VIA THE INTERNET
Visit the website listed on your proxy card

BY TELEPHONE
Call the telephone number on your proxy card

BY MAIL
Sign, date and return your proxy card in the enclosed envelope

IN PERSON
Attend the Annual Meeting in San Diego

By Order of the Board of Directors
Richard T. Clampitt
Corporate Secretary
San Diego, California
November 3, 2016

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PROXY STATEMENT SUMMARY

We provide below highlights of certain information in this Proxy Statement. As it is only a summary, please refer to the complete Proxy Statement and 2016 Annual Report before you vote.

2016 ANNUAL MEETING OF STOCKHOLDERS

Date and Time:
December 13, 2016, at 2:00 p.m.

Place:
Joan B. Kroc Institute for Peace & Justice
University of San Diego
5998 Alcala Park
San Diego, California 92110

Record Date:
October 18, 2016

Meeting Webcast:
www.wd40company.com in the Investor Relations section beginning at 2:00 p.m. Pacific Time on December 13, 2016

CORPORATE GOVERNANCE

Our Corporate Governance Policies Reflect Best Practices

- Annual election of all directors
- Independent chair
- All non-employee directors are independent
- Independent chair approves board meeting agendas
- Executive sessions of independent directors held at each regularly scheduled board meeting
- Company policy prohibits pledging and hedging of WD-40 Company stock by directors
- All equity grants received by directors since 2007 must be held until board service is ended

VOTING MATTERS AND BOARD RECOMMENDATIONS

Management Proposals:	***Board's Recommendation***	***Page***
Election of Directors (Item No. 1)	FOR all Director Nominees	3
Advisory Vote To Approve Executive Compensation (Item No. 2)	FOR	16
Approval of the WD-40 Company 2016 Stock Incentive Plan (Item No. 3)	FOR	40
Ratification of appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2017 (Item No. 4)	FOR	49

EXECUTIVE COMPENSATION PHILOSOPHY AND FRAMEWORK

Compensation Objectives

The Company's executive compensation program is designed to achieve five primary objectives:

1. Attract, motivate, reward and retain high performing executives;
2. Align the interests and compensation of executives with the value created for stockholders;
3. Create a sense of motivation among executives to achieve both short- and long-term Company objectives;
4. Create a direct, meaningful link between business and team performance and individual accomplishment and rewards; and
5. Ensure our compensation programs are appropriately competitive in the relevant labor markets.

Our Executive Compensation Programs Incorporate Strong Governance Features

- No Employment Agreements with Executive Officers
- No Supplemental Executive Retirement Plans for Executive Officers
- Long-Term Incentive Awards are Subject to Double-Trigger Vesting upon Change of Control
- Annual and Long-Term Incentive Programs Provide a Balanced Mix of Goals for Profitability and Total Stockholder Return Performance
- Executive Officers are Subject to Stock Ownership Guidelines
- Executives are Prohibited from Hedging or Pledging Company Stock
- No Backdating or Re-pricing of Equity Awards
- Financial Goals for Performance Awards Never Reset

Say-on-Pay Voting

At the Company's 2011 Annual Meeting of Stockholders, the first advisory Say-on-Pay vote was held and the Company's stockholders were also asked to express their preference as to the frequency of future Say-on-Pay votes. With regard to the advisory vote as to the frequency of future Say-on-Pay votes, the Company's stockholders expressed a preference to have Say-on-Pay votes every year. The Say-on-Pay votes approving the Named Executive Officers ("NEOs") compensation for 2011 through 2015 have been approved in each year by more than 95% of the votes cast.

Please see the Compensation Discussion and Analysis section of this proxy statement for a detailed description of our executive compensation.

GENERAL INFORMATION

Q: Why am I receiving these proxy materials?

A: This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of WD-40 Company for use at its Annual Meeting of Stockholders to be held on Tuesday, December 13, 2016, and at any postponements or adjournments thereof. This Proxy Statement and enclosed form of Proxy are first sent to stockholders on or about November 3, 2016.

At the meeting, the stockholders of WD-40 Company will consider and vote upon (i) the election of the Board of Directors for the ensuing year; (ii) an advisory vote to approve executive compensation; (iii) the approval of the WD-40 Company 2016 Stock Incentive Plan; and (iv) the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2017. Detailed information concerning these matters is set forth below. Management knows of no other business to come before the meeting.

Q: What constitutes a quorum in order to hold and transact business at the Annual Meeting?

A: The close of business on October 18, 2016, is the record date for stockholders entitled to notice of and to vote at the Annual Meeting of Stockholders of WD-40 Company. On October 18, 2016, WD-40 Company had outstanding 14,178,738 shares of $.001 par value common stock. Stockholders of record entitled to vote at the meeting will have one vote for each share so held on the matters to be voted upon. If you are a beneficial owner whose shares are held of record by a broker, you must instruct the broker how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which the broker does not have discretionary authority to vote. This is called a "broker non-vote." A majority of the outstanding shares will constitute a quorum at the meeting. Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum. Broker non-votes are shares that are held of record by a bank or broker as to which the bank or broker has not received instructions from the beneficial owner as to how the shares are to be voted.

Q: If I hold my shares through a broker, how do I vote?

A: If you are a beneficial owner whose shares are held of record by a broker, you must instruct the broker how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which the broker does not have discretionary authority to vote. If you hold your shares through a broker, it is important that you cast your vote if you want it to count in the election of directors, for approval of the WD-40 Company 2016 Stock Incentive Plan, and in the advisory vote to approve executive compensation. You may have received a notice from the Company entitled "Important Notice Regarding the Availability of Proxy Materials Stockholder Meeting to Be Held on December 13, 2016" with voting instructions or you may have received these proxy materials with separate voting instructions. Follow the instructions to vote or to request further voting instructions as set forth on the materials you have received. For more information on this topic, see the Securities and Exchange Commission ("SEC") Investor Alert issued in February 2010 entitled *New Shareholder Voting Rules for the 2010 Proxy Season* at http://www.sec.gov/investor/alerts/votingrules2010.htm.

Q: How will my vote be cast if I provide instructions or return my Proxy and can I revoke my proxy?

A: If the enclosed form of Proxy is properly executed and returned, the shares represented thereby will be voted in accordance with the instructions specified thereon. If no specified instruction is given with respect to a particular matter on your form of Proxy, your shares will be voted by the proxy holder as set forth on the form of Proxy. A Proxy may be revoked by attendance at the meeting or by filing a Proxy bearing a later date with the Secretary of the Company.

Q: How are the proxies solicited and what is the cost?

A: The cost of soliciting proxies will be borne by the Company. Solicitations other than by mail may be made by telephone or in person by employees of the Company for which the expense will be nominal.

PRINCIPAL SECURITY HOLDERS

The following table sets forth information concerning those persons known to the Company to be the beneficial owners of more than 5% of the common stock of the Company:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership October 18, 2016	Percent of Class
Parnassus Investments 1 Market Street, Suite 1600 San Francisco, CA 94105	1,317,232 [1]	9.29%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	1,303,155 [2]	9.19%
Vanguard Group, Inc. P.O. Box 2600 Valley Forge, PA 19482	1,120,954 [3]	7.91%

1 As of June 30, 2016, Parnassus Investments ("Parnassus") filed a report on Form 13F with the Securities and Exchange Commission to report beneficial ownership of 1,317,232 shares. Parnassus reported sole investment discretion with respect to all shares, sole voting authority with respect to 1,259,690 shares and no voting authority with respect to 57,542 shares. Beneficial ownership information as of October 18, 2016 is unavailable.

2 As of June 30, 2016, BlackRock, Inc. ("BlackRock") and five BlackRock subsidiary investment managers filed reports on Form 13F with the Securities and Exchange Commission to report beneficial ownership of a total of 1,303,155 shares managed by eleven BlackRock investment managers. BlackRock disclaims investment discretion with respect to all shares reported as beneficially owned by its investment management subsidiaries. BlackRock Institutional Trust Company, N.A. reported sole investment discretion and sole voting authority with respect to 324,954 shares and sole investment discretion and no voting authority with respect to 28,769 shares. Sole investment discretion and sole voting authority with respect to shares is reported for the following BlackRock subsidiaries: BlackRock Fund Advisors as to 859,867 shares; BlackRock Investment Management, LLC as to 58,915 shares; BlackRock Asset Management Ireland Limited as to 10,679 shares; BlackRock Advisors, LLC as to 6,588 shares; and four other BlackRock subsidiaries as to a total of 4,189 shares. Two other BlackRock subsidiaries reported sole investment discretion and sole voting authority with respect to 6,688 shares and sole investment discretion and no voting authority with respect to 2,506 shares. Beneficial ownership information for BlackRock, Inc. and its investment management subsidiaries as of October 18, 2016 is unavailable.

3 As of June 30, 2016, The Vanguard Group, Inc. ("Vanguard") filed a report on Form 13F with the Securities and Exchange Commission to report beneficial ownership of 1,120,954 shares, including 29,658 shares held by Vanguard Fiduciary Trust Company and 1,900 shares held by Vanguard Investments Australia, Ltd. Vanguard Fiduciary Trust Company reports shared investment discretion and sole voting authority with respect to all shares and Vanguard Investments Australia, Ltd. reports shared investment and voting authority with respect to all shares. Vanguard reported sole investment discretion and no voting authority with respect to 1,088,696 shares and sole investment discretion and sole voting authority with respect to 700 shares. Beneficial ownership information as of October 18, 2016 is unavailable.

ITEM NO. 1
NOMINEES FOR ELECTION AS DIRECTORS
AND SECURITY OWNERSHIP OF MANAGEMENT

At the Company's Annual Meeting of Stockholders, the ten nominees named below under the heading, *Nominees for Election as Directors*, will be presented for election as directors until the next Annual Meeting of Stockholders and until their successors are elected or appointed. In the event any nominee is unable or declines to serve as a director at the time of the Annual Meeting, any proxy granted to vote for such nominee will be voted for a nominee designated by the present Board of Directors to fill such vacancy.

The nominees for election to the Board of Directors who receive a plurality of the votes cast for the election of directors by the shares present, in person or by proxy, shall be elected as directors. Holders of common stock are not entitled to cumulate their votes in the election of directors. Withheld votes and broker non-votes are not counted as votes in favor of any nominee. Since the ten nominees receiving the most votes will be elected as directors, withheld votes and broker non-votes will have no effect upon the outcome of the election.

Article III, Section 3.2 of the Bylaws of the Company, most recently amended and restated on July 13, 2016, provides that the authorized number of directors of the Company shall not be less than seven nor more than twelve until changed by amendment of the Certificate of Incorporation or by a bylaw duly adopted by the stockholders. The exact number of directors is to be fixed from time to time by a resolution duly adopted by the Board of Directors or by the stockholders.

On March 21, 2016, the Board of Directors voted to increase the number of directors from nine to ten and elected Daniel T. Carter as a director. On June 20, 2016, the Board of Directors voted to increase the number of directors from ten to eleven and elected Daniel E. Pittard as a director. On June 20, 2016, the Board of Directors voted to nominate Eric P. Etchart as a director to be elected at the 2016 Annual Meeting of Stockholders. Mr. Carter and Mr. Pittard were also nominated for election as continuing directors at the Annual Meeting. Giles H. Bateman and Richard A. Collato are retiring from the Board of Directors as of the date of the Annual Meeting in accordance with the Company's Corporate Governance Guidelines. Accordingly, the number of directors was fixed at ten effective as of the date of the 2016 Annual Meeting of Stockholders by resolution of the Board of Directors adopted on October 10, 2016.

DIRECTOR INDEPENDENCE

The Board of Directors has determined that each director and nominee other than Garry O. Ridge is an independent director as defined in Rule 5605(a)(2) of the Marketplace Rules of The Nasdaq Stock Market LLC (the "Nasdaq Rules"). In considering the independence of directors, the Board of Directors considered Gregory A. Sandfort's indirect interest, as an executive officer of Tractor Supply Company, in purchases of the Company's products made by Tractor Supply Company in the ordinary course of business. The Company has concluded that Mr. Sandfort's indirect interest in such transactions is not material and does not require specific disclosure under Item 404(a) of Regulation S-K promulgated under the Securities Exchange Act of 1934 (the "Exchange Act").

Information concerning the independence of directors serving on committees of the Board of Directors is provided below as to each committee.

SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following tables set forth certain information, including beneficial ownership of the Company's common stock, for the current directors and director nominees, for the executive officers named in the Summary Compensation Table below, and for all directors and executive officers as a group:

				Amount and Nature of Beneficial Ownership October 18, 2016 [1]	
Director/Nominee	**Age**	**Principal Occupation**	**Director Since**	**Number**	**Percent of Class**
Giles H. Bateman (retiring director)	71	Investor; Retired CFO, Price Club	2003	18,577 [2]	*
Peter D. Bewley	70	Investor; Retired General Counsel, The Clorox Company	2005	23,930 [3]	*
Daniel T. Carter	60	Investor, Retired Executive Vice President & CFO, BevMo! Inc.	2016	846 [4]	*
Melissa Claassen	44	Vice President Business Unit Finance - adidas Group	2015	1,709 [5]	*
Richard A. Collato (retiring director)	73	Investor, Retired President & CEO, YMCA of San Diego County	2003	13,990 [6]	*
Mario L. Crivello	76	Investor	1994	273,590 [7]	1.93%
Eric P. Etchart	60	Investor, Retired Senior Vice President, The Manitowoc Company	N/A		
Linda A. Lang	58	Investor; Retired Chairman & CEO, Jack in the Box, Inc.	2004	17,508 [8]	*
Daniel E. Pittard	66	Investor; Retired President and CEO, Rubio's Restaurants, Inc.	2016	779 [9]	*
Garry O. Ridge	60	President and CEO, WD-40 Company	1997	75,731 [10]	*
Gregory A. Sandfort	61	CEO, Tractor Supply Company	2011	13,704 [11]	*
Neal E. Schmale	70	Board Chair, WD-40 Company; Retired President and COO, Sempra Energy	2001	25,416 [12]	*

* Less than one (1) percent.

1 All shares owned directly unless otherwise indicated.

2 Mr. Bateman has the right to acquire 3,800 shares upon the exercise of stock options and the right to receive 8,770 shares upon settlement of vested restricted stock units upon termination of his service as a director of the Company.

3 Mr. Bewley has the right to receive 14,649 shares upon settlement of vested restricted stock units upon termination of his service as a director of the Company.

4 Mr. Carter has the right to receive 846 shares upon settlement of vested restricted stock units upon termination of his service as a director of the Company.

5 Ms. Claassen has the right to receive 1,709 shares upon settlement of vested restricted stock units upon termination of her service as a director of the Company.

6 Mr. Collato has the right to receive 10,018 shares upon settlement of vested restricted stock units upon termination of his service as a director of the Company.

7 Mr. Crivello has sole voting and investment power over 45,785 shares held in trust for the benefit of others. He also has sole voting and investment power over 219,801 shares held directly. Mr. Crivello has the right to receive 8,004 shares upon settlement of vested restricted stock units upon termination of his service as a director of the Company.

8 Ms. Lang has the right to receive 13,866 shares upon settlement of vested restricted stock units upon termination of her service as a director of the Company.

9 Mr. Pittard has the right to receive 484 shares upon settlement of vested restricted stock units upon termination of his service as a director of the Company.

10 Mr. Ridge has the right to receive 5,884 shares upon settlement of vested restricted stock units upon termination of employment, the right to receive 967 shares upon settlement of vested deferred performance units upon termination of employment, the right to receive 4,584 shares upon settlement of restricted stock units upon vesting within 60 days, and the right to receive 9,142 shares within 60 days upon settlement of vested market share units. Mr. Ridge also has voting and investment power over 1,229 shares held under the Company's 401(k) plan.

[11] Mr. Sandfort has the right to receive 8,436 shares upon settlement of vested restricted stock units upon termination of his service as a director of the Company.

[12] Mr. Schmale has the right to receive 14,649 shares upon settlement of vested restricted stock units upon termination of his service as a director of the Company.

Executive Officer	Age	Principal Occupation	Amount and Nature of Beneficial Ownership October 18, 2016 [1] Number	Percent of Class
Jay W. Rembolt	65	Vice President, Finance, Treasurer and Chief Financial Officer, WD-40 Company	39,040 [2]	*
Michael L. Freeman	63	Division President, the Americas, WD-40 Company	25,821 [3]	*
William B. Noble	58	Managing Director, EMEA, WD-40 Company Limited	10,442 [4]	*
Geoffrey J. Holdsworth	54	Managing Director, Asia-Pacific, WD-40 Company (Australia) Pty. Limited	8,909 [5]	*
All Directors, Director Nominees and Executive Officers as a Group			557,940 [6]	3.90%

* Less than one (1) percent.

[1] All shares owned directly unless otherwise indicated.

[2] Mr. Rembolt has the right to acquire 6,160 shares upon exercise of stock options, the right to receive 310 shares upon settlement of vested deferred performance units upon termination of employment, the right to receive 1,049 shares upon settlement of restricted stock units upon vesting within 60 days, and the right to receive 2,284 shares within 60 days upon settlement of vested market share units. Mr. Rembolt also has voting and investment power over 6,173 shares held under the Company's 401(k) plan.

[3] Mr. Freeman has the right to receive 3,971 shares upon settlement of vested restricted stock units upon termination of employment, the right to receive 334 shares upon settlement of vested deferred performance units upon termination of employment, the right to receive 1,049 shares upon settlement of restricted stock units upon vesting within 60 days, and the right to receive 2,284 shares within 60 days upon settlement of vested market share units. Mr. Freeman also has voting and investment power over 2,339 shares held under the Company's 401(k) plan.

[4] Mr. Noble has the right to receive 3,971 shares upon settlement of vested restricted stock units upon termination of employment, the right to receive 280 shares upon settlement of vested deferred performance units upon termination of employment, the right to receive 736 shares upon settlement of restricted stock units upon vesting within 60 days, and the right to receive 1,676 shares within 60 days upon settlement of vested market share units.

[5] Mr. Holdsworth has the right to receive 3,971 shares upon settlement of vested restricted stock units upon termination of employment, the right to receive 248 shares upon settlement of vested deferred performance units upon termination of employment, the right to receive 546 shares upon settlement of restricted stock units upon vesting within 60 days, and the right to receive 1,142 shares within 60 days upon settlement of vested market share units.

[6] Total includes the rights of directors and executive officers to acquire a total of 9,960 shares upon exercise of stock options, the rights of executive officers and directors to receive a total of 99,228 shares upon settlement of vested restricted stock units upon termination of employment or service as a director of the Company, the rights of executive officers to receive 2,508 shares upon settlement of vested deferred performance units upon termination of employment, the rights of executive officers to receive a total of 9,715 shares upon settlement of restricted stock units upon vesting within 60 days, the rights of executive officers to receive a total of 17,611 shares within 60 days upon settlement of vested market share units, and a total of 10,731 shares held by executive officers under the Company's 401(k) plan.

NOMINEES FOR ELECTION AS DIRECTORS

PETER D. BEWLEY – Director

Peter D. Bewley was elected to the Board of Directors in 2005. Mr. Bewley served as associate general counsel for Johnson & Johnson from 1985 to 1994 after serving as a staff attorney with Johnson & Johnson from 1977 to 1985. He was vice president, general counsel and secretary and chief compliance officer of Novacare, Inc. from 1994 to 1998. Mr. Bewley was the senior vice president–general counsel and secretary of The Clorox Company from 1998 until his retirement in 2005. He presently serves as a director of Tractor Supply Company. Mr. Bewley's experience at consumer packaged goods companies prepared him to address strategic issues confronting the Company. In addition, his service as general counsel and secretary of two public companies provides the Board with a practical and in depth perspective on corporate governance and legal matters.

Skills and Expertise:
- Former general counsel with extensive legal experience
- Governance expert
- Consumer packaged goods industry background

Committees:
- Governance (Chair)
- Audit
- Compensation

DANIEL T. CARTER – Director

Daniel T. Carter was elected to the Board of Directors on March 21, 2016. Mr. Carter served as executive vice president and chief financial officer of BevMo! Inc. from 2009 until June 2016. Mr. Carter served as executive vice president and chief financial officer of Semtek, Inc. from 2008 to 2009; executive vice president and chief financial officer at Charlotte Russe Holding, Inc. from 1998 to 2007; and chief financial officer of Advanced Marketing Services from 1997 to 1998. From 1986 to 1997 he was employed by Price Club and its follow-on entities, serving as senior vice president for PriceCostco and chief financial officer for Price Enterprises. Mr. Carter began his career as an auditor with Ernst & Young, and he is a Certified Public Accountant (inactive). Mr. Carter received his bachelor of business administration in accounting from the University of Oklahoma. Mr. Carter's financial expertise, considerable knowledge of the retail industry and non-profit company board experience provide the Board with a breadth of relevant skills and experience.

Skills and Expertise:
- Former CFO with extensive finance and accounting expertise
- In-depth knowledge of retail industry
- Considerable non-profit board experience

Committees:
- Audit (Chair)
- Governance

MELISSA CLAASSEN – Director

Melissa Claassen was elected to the Board of Directors in 2015. Ms. Claassen is vice president, business unit finance – adidas Group. Ms. Claassen served as the chief financial officer of Taylor Made – adidas Golf from 2012 to 2015. From 1996 until 2012 Ms. Claassen held positions at various adidas subsidiaries including chief financial officer of adidas Group Hong Kong and Taiwan, controlling director at adidas Group China, head of marketing controlling, senior financial controller, finance manager, SAP team lead, management accountant, and financial accountant. Ms. Claassen's extensive knowledge and expertise in the areas of collaboration, finance, accounting, and international business enhance the Board's management oversight capabilities.

Skills and Expertise:
- International business experience
- Finance and accounting expertise

Committees:
- Finance
- Governance

MARIO L. CRIVELLO – Director

Mario L. Crivello was elected to the Board of Directors in 1994. Mr. Crivello was the managing owner and master of Tuna Purse Seiners until his retirement in 1984. Mr. Crivello and members of his family have been investors in the Company since its founding. His long-standing relationship with the Company and his insight into its history and market position provide the Board with a valuable shareowner perspective.

Skills and Expertise:

- Institutional knowledge from the Company's beginning
- Significant shareholder with strong shareholder perspective
- Former business owner with focus on cost management and return

Committees:

- Compensation
- Finance
- Governance

ERIC P. ETCHART – Director

Eric P. Etchart is a nominee for election to the Board of Directors at the Annual Meeting. Mr. Etchart served as senior vice president of The Manitowoc Company, Inc. from 2007 until his retirement in January 2016. He served as senior vice president, business development, from 2015 to 2016 and as president and general manager of the Manitowoc Crane Group from 2007 to 2015. From 1983 to 2007, Mr. Etchart held various sales, marketing and management positions at subsidiaries and predecessor companies of The Manitowoc Company, Inc. Mr. Etchart is a French national, having held management positions in China, Singapore, Italy, France and the United States. In May 2016, Mr. Etchart was recognized as a National Association of Corporate Directors (NACD) Board Leadership Fellow. He presently serves as a director of Graco Inc. and Alamo Group Inc. Mr. Etchart's breadth of international finance, marketing and management experience will provide important perspective to the Board. His demonstrated commitment to the highest standards of board leadership will strengthen the Board's commitment to good governance.

Skills and Expertise:

- Strong management background in sales, marketing and finance
- International business experience
- Board governance

Committees:

- To be determined

LINDA A. LANG – Director

Linda A. Lang was elected to the Board of Directors in 2004. Ms. Lang was chairman of the board and chief executive officer of Jack in the Box, Inc. from 2005 until her retirement in 2014. From 1996 until 2005 she held the offices of president and chief operating officer, executive vice president, senior vice president marketing, vice president and regional vice president, Southern California Region, and vice president marketing, all at Jack in the Box, Inc. Ms. Lang has extensive knowledge and expertise in the areas of brand management and marketing, financial management and reporting, supply chain and distribution management as well as strategic planning, executive compensation and succession management. Her experience in these and other areas of corporate management and governance offer complementary experience to the Board.

Skills and Expertise:
- Former CEO in touch with today's consumer
- In depth experience in brand management, finance, distribution and compensation
- Strong focus on strategy development, strategic planning and strategy execution

Committees:
- Finance (Chair)
- Compensation

DANIEL E. PITTARD – Director

Daniel E. Pittard was elected to the Board of Directors on June 20, 2016. From 2006 until his retirement in 2012, Mr. Pittard served as president, CEO and Board member of Rubio's Restaurants, Inc. Mr. Pittard was an angel investor and served on the board of directors of five private companies from 2000 until 2005. He served as senior vice president, strategy and business development for Gateway, Inc. from 1998 until 1999; and group vice president, Amoco Company (now BP) from 1995 until 1998 with full P&L responsibilities for four businesses with $13 billion in revenue. As a senior vice president for PepsiCo/Frito-Lay from 1992 to 1995 he had responsibilities for international operations, strategy and new ventures. From 1980 to 1992 he was with McKinsey and Company, and served as a partner in Atlanta, Stockholm and Helsinki. From 1976 until 1980 Mr. Pittard was CEO of a joint venture in Saudi Arabia. Mr. Pittard has served on three public company boards - Rubio's Restaurants, Novatel Wireless and Pulse Electronics - as well as many private and non-profit boards. He is a former public company CEO and McKinsey partner with considerable international experience and he was recently designated as a National Association of Corporate Directors (NACD) Board Leadership Fellow. His expertise in the areas of strategy development and international business, as well as his extensive public and private company board experience make him a valuable addition to the Board.

Skills and Expertise:
- Significant experience in consumer products and industrial business
- Strong background in strategy development
- International business experience

Committees:
- Audit
- Finance

GARRY O. RIDGE – President & CEO

Garry O. Ridge joined WD-40 Company in 1987 as managing director, WD-40 Company (Australia) Pty. Limited and he was responsible for Company operations throughout the Pacific and Asia. Mr. Ridge transferred to the corporate office in 1994 as director international operations and was elected vice president - international in 1995. He was elected to the position of executive vice president/chief operating officer in 1996 and he was named president and chief executive officer in 1997. He was also elected to the Board of Directors in 1997. Prior to joining WD-40 Company Mr. Ridge was managing director of Mermax Pacific Pty. Ltd. and held a number of senior management positions with Hawker Pacific Pty. Ltd. (a Hawker Siddeley PLC Group Company) which was a licensee for WD-40® products until 1988. As the CEO of the Company, Mr. Ridge offers the Board an important Company-based perspective. In addition, his particular knowledge of the Company's international markets and industry position provides the Board with valuable insight.

Skills and Expertise:
- CEO of the Company
- Leader with a passion for a strong culture, employee engagement and protecting and maximizing the return on the Company's brand assets
- Particular expertise in driving a global business

GREGORY A. SANDFORT – Director

Gregory A. Sandfort was elected to the Board of Directors in 2011. Mr. Sandfort has served as chief executive officer of Tractor Supply Company since December 2012. He held the office of president of Tractor Supply Company from 2009 through 2015. Prior to 2013, Mr. Sandfort served as president and chief operating officer in 2012 and as president and chief merchandising officer from 2009 to 2012. Mr. Sandfort served as executive vice president-chief merchandising officer of Tractor Supply Company from 2007 to 2009. Mr. Sandfort previously served as president and chief operating officer at Michael's Stores, Inc. from 2006 to 2007, and as executive vice president-general merchandise manager at Michaels Stores, Inc. from 2004 to 2006. Mr. Sandfort also serves as a director of Tractor Supply Company. Mr. Sandfort brings a retail industry perspective to the Board. The Board also values Mr. Sandfort's extensive management experience in the retail industry.

Skills and Expertise:
- Active CEO in a channel that distributes the Company's products
- Brings a retail industry perspective
- Direct connection with consumers of the Company's products

Committees:
- Compensation (Chair)
- Governance

NEAL E. SCHMALE – Chair

Neal E. Schmale was elected to the Board of Directors in 2001. Mr. Schmale was named Board Chair in 2004. Mr. Schmale was president and chief operating officer of Sempra Energy from 2006 until his retirement in 2011. Previously, he was executive vice president and chief financial officer of Sempra Energy from 1998 through 2005. Mr. Schmale served as a director of Sempra Energy from 2004 until 2011. He presently serves as a director of Murphy Oil Corporation. Mr. Schmale's past experience as director on four public company boards and his extensive senior management experience with a Fortune 300 company offers the Board valuable judgment and management perspective.

Skills and Expertise:
- Former COO and CFO with broad financial and operations experience
- Focused on strategy and execution
- Extensive public company board experience

Committees:
- Audit
- Finance
- Governance

BOARD LEADERSHIP, RISK OVERSIGHT AND COMPENSATION-RELATED RISK

The Board of Directors of WD-40 Company has maintained separation of its principal executive officer and board chair positions for many years. In addition, the board chair position is held by an independent director and the Charter of the Corporate Governance Committee provides that a retiring Chief Executive Officer will not be nominated to stand for re-election to the Board. The Board of Directors believes that separation of the principal executive officer and the board chair positions is appropriate for the Company given the size of the Board and the need for undivided attention of the Chief Executive Officer to the implementation of strategic directives and overall management responsibilities. As an independent director, the board chair can provide leadership to the Board without perceived or actual conflicts associated with individual and collective interests of management employees. The Board of Directors believes that a retiring Chief Executive Officer should not continue to serve as a director in order to provide management with an unfettered ability to provide new leadership.

Risk oversight is undertaken by the Board of Directors as a whole but various Board Committees are charged with responsibility to review and report on business and management risks included within the purview of each Committee's responsibilities. The Compensation Committee considers risks associated with the Company's compensation policies and practices, with particular focus on the cash incentive compensation ("Incentive Compensation") and equity awards offered to the Company's executive officers. The Audit Committee considers risks associated with financial reporting and internal control and risks related to information technology catastrophe and disaster recovery, as well as management of the Company's insurance risks and coverage. The Finance Committee considers risks associated with the Company's financial management and investment activities, acquisition-related risks and Employee Retirement Income Security Act of 1974 plan oversight. The Board and the Committees receive periodic reports from management employees having responsibility for the management of particular areas of risk. The Chief Executive Officer is responsible for overall risk management and provides input to the Board of Directors with respect to the Company's risk management process and is responsive to the Board in carrying out its risk oversight role.

With respect to compensation-related risk, the Company's management has undertaken an annual assessment of the Company's compensation policies and practices and strategic business initiatives to determine whether any of these policies or practices, as well as any compensation plan design features, including those applicable to the executive officers, are reasonably likely to have a material adverse effect on the Company. Based on this review, management has concluded that the Company's compensation policies and practices are not reasonably likely to have a material adverse effect on the Company. This conclusion is based primarily on the fact that the incentives underlying most of the Company's compensation plan design features are directed to a balance between increased profitability and longer-term stockholder returns. Management has discussed these findings with the Compensation Committee.

BOARD OF DIRECTORS MEETINGS, COMMITTEES AND ANNUAL MEETING ATTENDANCE

The Board of Directors is charged by the stockholders with managing or directing the management of the business affairs and exercising the corporate power of the Company. The Board of Directors relies on the following standing committees to assist in carrying out the Board of Directors' responsibilities: the Audit Committee, the Compensation Committee, the Corporate Governance Committee and the Finance Committee. Each of the committees has a written charter approved by the Board of Directors and such charters are available on WD-40 Company's website at http://*www.wd40company.com* within the "Investors" section. There were seven meetings of the Board of Directors during the last fiscal year. Each director serving for the full fiscal year attended at least 75 percent of the aggregate of the total number of meetings of the Board and of all committees on which the director served. The Board of Directors holds an annual organizational meeting on the date of the Annual Meeting of Stockholders. All Directors are expected to attend the Annual Meeting. At the last Annual Meeting of Stockholders, all of the prior year nominee directors were present.

BOARD OF DIRECTORS COMPENSATION

Director compensation is set by the Board of Directors upon the recommendation of the Corporate Governance Committee. The Corporate Governance Committee conducts an annual review of non-employee director compensation, including consideration of a survey of director compensation for the same peer group of companies used by the Compensation Committee for the assessment of executive compensation. For fiscal year 2016, non-employee directors received compensation for services as directors pursuant to the Directors' Compensation Policy and Election Plan (the "Director Compensation Policy") adopted by the Board of Directors on October 12, 2015. Pursuant to the Director Compensation Policy, non-employee directors received a base annual fee of $37,500 for services provided from January 1, 2016 through the date of the Company's 2016 Annual Meeting of Stockholders. The Board Chair received an additional annual fee of $18,000. Non-employee directors received additional cash compensation for service on various Board Committees. The Chair of the Audit Committee received $16,000 and each other member of the Audit Committee received $8,000. The Chair of the Compensation Committee received $10,000 and each other member of the Compensation Committee received $4,000. Each Chair of the Corporate Governance Committee and the Finance Committee received $8,000 and each other member of those committees received $4,000. All such annual fees were paid in March 2016, with the exception of the fees paid to Messrs. Carter and Pittard. As a newly elected member of the Board as of March 21, 2016, Mr. Carter received a base annual fee of $37,500 and fees for service on the Audit Committee and the Corporate Governance Committee through the date of the Company's 2016 Annual Meeting of Stockholders. As a newly elected member of the Board as of June 20, 2016, Mr. Pittard received a base annual fee of $28,000 and the sum of $4,000 in fees for service on the Audit Committee and the sum of $2,000 in fees for service on the Finance Committee through the date of the Company's 2016 Annual Meeting of Stockholders.

In December 2007, the Company's stockholders approved the WD-40 Company 2007 Stock Incentive Plan (the "Stock Incentive Plan") to authorize the issuance of stock-based compensation awards to employees as well as to directors and consultants. For services provided for the period from the date of the Company's 2015 Annual Meeting of Stockholders to the next annual meeting, the Director Compensation Policy provided for the grant of restricted stock unit ("RSU") awards having a grant date value of $55,500 to each non-employee director. Each RSU represents the right to receive one share of the Company's common stock. On December 8, 2015, each non-employee director, other than Messrs. Carter and Pittard, received an RSU award covering 552 shares of the Company's common stock. On March 21, 2016, Mr. Carter received an RSU award covering 519 shares of the Company's common stock. On June 20, 2016, Mr. Pittard received an RSU award covering 484 shares of the Company's common stock. Additional information regarding the RSU awards is provided in a footnote to the Director Compensation table below. Each non-employee director was also permitted to elect to receive an RSU award in lieu of all or a portion of his or her base annual fee for service as a director as specified above. The number of shares of the Company's common stock subject to each such RSU award granted to the non-employee directors equaled the compensation payable in RSUs divided by the fair market value of the Company's common stock as of the date of grant. RSU awards granted to non-employee directors pursuant to the Director Compensation Policy are subject to Award Agreements under the Stock Incentive Plan. All RSU awards granted to non-employee directors are fully vested and are settled in shares of the Company's common stock upon termination of the director's service as a director of the Company.

The Company also maintains a Director Contributions Fund from which each incumbent non-employee director has the right, at a specified time each fiscal year, to designate $6,000 in charitable contributions to be made by the Company to properly qualified (under Internal Revenue Code Section 501(c)(3)) charitable organizations.

DIRECTOR COMPENSATION TABLE - FISCAL YEAR 2016

The following Director Compensation table provides information concerning director compensation earned by each non-employee director for services rendered in fiscal year 2016. Since the annual base fee and fees for service on Committees are payable for services provided to the Company from January 1st of the fiscal year until the next annual meeting of stockholders, such compensation is reported for purposes of the Director Compensation table on a weighted basis. For fiscal year 2016, one third of the reported compensation earned or paid in cash is based on the Director Compensation Policy in effect for calendar year 2015 and two thirds of the reported compensation earned or paid in cash is based on the Director Compensation Policy in effect for calendar year 2016. Amounts earned and reported in the Director Compensation table for Fees Earned or Paid in Cash for the fiscal year for each director are dependent upon the various committees on which each director served as a member or as chair during the fiscal year.

Name	Fees Earned or Paid in Cash ($)[1]	Stock Awards ($)[2]	Option Awards ($)[3]	All Other Compensation ($)[4]	Total ($)
Giles H. Bateman	$ 57,167	$ 55,437	$ -	$ 6,000	$ 118,604
Peter D. Bewley	$ 57,167	$ 55,437	$ -	$ 6,000	$ 118,604
Daniel T. Carter	$ 34,333	$ 55,434	$ -	$ -	$ 89,767
Melissa Claassen	$ 43,833	$ 55,437	$ -	$ 6,000	$ 105,270
Richard A. Collato	$ 55,167	$ 55,437	$ -	$ 6,000	$ 116,604
Mario L. Crivello	$ 49,167	$ 55,437	$ -	$ 6,000	$ 110,604
Linda A. Lang	$ 49,167	$ 55,437	$ -	$ 6,000	$ 110,604
Daniel E. Pittard	$ 17,500	$ 55,437	$ -	$ -	$ 72,937
Gregory A. Sandfort	$ 46,167	$ 55,437	$ -	$ 6,000	$ 107,604
Neal E. Schmale	$ 71,167	$ 55,437	$ -	$ 6,000	$ 132,604

1 For services rendered during fiscal year 2016, directors other than Ms. Claassen and Messrs. Carter and Pittard received RSU awards pursuant to elections made in 2014 and 2015 under the Director Compensation Policy with respect to their services as directors in calendar years 2015 and 2016, respectively, in each case in lieu of all or part of their base annual fees for such calendar year (as described in the narrative preceding the Director Compensation table) as follows: Peter D. Bewley, Linda A. Lang, Gregory A. Sandfort and Neal E. Schmale received RSU awards valued at $37,140. Based on the elections of Ms. Claassen, Mr. Carter and Mr. Pittard, with respect to their base annual fees for services as a director in calendar years 2015 (as to Ms. Claassen) and 2016, Ms. Claassen received RSU awards for services rendered during fiscal year 2016 valued at $30,795 and Mr. Carter received RSU awards for services rendered during fiscal year 2016 valued at $24,970. Mr. Pittard elected to receive his base annual fees in cash. The number of shares underlying each director’s RSU award is rounded down to the nearest whole share.

2 Amounts included in the Stock Awards column represent the grant date fair value for non-elective RSU awards granted to all non-employee directors pursuant to the Director Compensation Policy. On December 8, 2015, each director other than Messrs. Carter and Pittard received a non-elective RSU award covering 552 shares of the Company’s common stock. Each RSU award has a grant date fair value equal to the closing price of the Company’s common stock on that date in the amount of $100.43 per share multiplied by the number of shares underlying the RSU award. On March 21, 2016 and on June 20, 2016, Mr. Carter and Mr. Pittard, respectively, received non-elective RSU awards covering 519 shares and 484 shares, respectively, of the Company’s common stock. The RSU awards granted to Mr. Carter and Mr. Pittard have grant date fair values equal to the closing price of the Company’s common stock on the respective dates of the awards in the amounts of $106.81 and $114.54 per share, respectively, multiplied by the number of shares underlying the respective RSU awards. The number of shares underlying each director’s RSU award is rounded down to the nearest whole share. Outstanding RSUs held by each director as of October 18, 2016 are reported above in footnotes to the table under the heading, *Security Ownership of Directors and Executive Officers*. The RSUs are settled in stock only upon termination of service as a director and the RSUs provide for the payment of dividend equivalent compensation in amounts equal to dividends declared and paid on the Company’s common stock.

3 Outstanding options held by directors as of October 18, 2016 are reported above in footnotes to the table under the heading, *Security Ownership of Directors and Executive Officers*.

4 Amounts represent charitable contributions made by the Company in fiscal year 2016 as designated by non-employee directors pursuant to the Company’s Director Contribution Fund.

EQUITY HOLDING REQUIREMENT FOR DIRECTORS

All RSU awards to non-employee directors, including both non-elective grants and RSU awards granted pursuant to the annual elections of the directors to receive RSUs in lieu of all or part of their base annual fee, provide for immediate vesting but will not be settled in shares of the Company's common stock until termination of each director's service as a director. The number of shares to be issued to each non-employee director upon termination of service is disclosed in the footnotes to the table under the heading, *Security Ownership of Directors and Executive Officers*.

STOCKHOLDER COMMUNICATIONS WITH BOARD OF DIRECTORS

Stockholders may send communications to the Board of Directors by submitting a letter addressed to: WD-40 Company, Corporate Secretary, 1061 Cudahy Place, San Diego, CA 92110.

The Board of Directors has instructed the Corporate Secretary to forward such communications to the Board Chair. The Board of Directors has also instructed the Corporate Secretary to review such correspondence and, at the Corporate Secretary's discretion, to not forward correspondence which is deemed of a commercial or frivolous nature or inappropriate for Board of Director consideration. The Corporate Secretary may also forward the stockholder communication within the Company to another department to facilitate an appropriate response.

COMMITTEES

Director	Audit	Compensation	Governance	Finance
Giles H. Bateman	✓			✓
Peter D. Bewley	✓	✓	Chair	
Daniel T. Carter	Chair		✓	
Melissa Claassen			✓	✓
Richard A. Collato	✓	✓		
Mario L. Crivello		✓	✓	✓
Linda A. Lang		✓		Chair
Daniel E. Pittard	✓			✓
Gregory A. Sandfort		Chair	✓	
Neal E. Schmale	✓		✓	✓
Number of Meetings Held in Fiscal Year 2016	5	3	4	4

CORPORATE GOVERNANCE COMMITTEE
NOMINATION POLICIES AND PROCEDURES

The Corporate Governance Committee is comprised of Peter D. Bewley (Chair), Daniel T. Carter, Melissa Claassen, Mario L. Crivello, Gregory A. Sandfort and Neal E. Schmale. The Corporate Governance Committee also functions as the Company's nominating committee and is comprised exclusively of independent directors as defined in the Nasdaq Rules. The Corporate Governance Committee met four times during the last fiscal year.

The Corporate Governance Committee acts in conjunction with the Board of Directors to ensure that a regular evaluation is conducted of succession plans, performance, independence, and of the qualifications and integrity of the Board of Directors. The Corporate Governance Committee also reviews the applicable skills and characteristics required of nominees for election as directors. The objective is to balance the composition of the Board of Directors to achieve a combination of individuals of different backgrounds and experiences, including, but not limited to, whether the candidate is currently or has recently been an executive officer at a publicly traded company; whether the candidate has substantial background in matters related to the Company's products or markets, in particular, supply chain management, information technology, retailing and marketing; and whether the candidate has substantial international business experience, a substantial financial background or is serving as a director at one or more publicly traded companies. The Board of Directors has not established any specific diversity criteria for the selection of nominees other than the general composition criteria noted above.

In determining whether to recommend a director for re-election, the Corporate Governance Committee considers the director's past attendance at meetings, results of evaluations and the director's participation in and anticipated future contributions to the Board of Directors. A director who will have reached the age of 72 prior to the date of the next annual meeting of stockholders, except for non-employee directors first elected to the Board prior to June 29, 1999, will be expected to retire from the Board. However, the Board may re-nominate any director for up to three additional years if relevant circumstances warrant continued service.

The Corporate Governance Committee reviews new Board of Director nominees through a series of internal discussions, reviewing available information, and interviewing selected candidates. Generally, candidates for nomination to the Board of Directors have been suggested by directors or employees. The Company does not currently employ a search firm or third party in connection with seeking or evaluating candidates.

The Corporate Governance Committee will consider director candidates recommended by security holders under the same criteria as other candidates described above. Nominations may be submitted by letter addressed to: WD-40 Company Corporate Governance Committee, Corporate Secretary, 1061 Cudahy Place, San Diego, CA 92110. Nominations by security holders must be submitted in accordance with the requirements of the Company's Bylaws, including submission of such nominations within the time required for submission of stockholder proposals as set forth below under the heading, *Stockholder Proposals*.

AUDIT COMMITTEE
RELATED PARTY TRANSACTIONS REVIEW AND OVERSIGHT

The Audit Committee is comprised of Daniel T. Carter (Chair), Giles H. Bateman (retiring director), Peter D. Bewley, Richard A. Collato (retiring director), Daniel E. Pittard and Neal E. Schmale. Five meetings were held during the last fiscal year to review quarterly financial reports, to consider the annual audit and other audit services, to review the audit with the independent registered public accounting firm after its completion and to review the Company's business continuity and insurance programs. The Board of Directors has determined that Mr. Carter is an "audit committee financial expert" as defined by regulations adopted by the Securities and Exchange Commission. Mr. Carter and each of the other members of the Audit Committee are independent directors as defined in the Nasdaq Rules. Each member of the Audit Committee also satisfies the requirements for service on the Audit Committee as set forth in Rule 5605(c)(2) of the Nasdaq Rules.

The Audit Committee has responsibility for review and oversight of related party transactions for potential conflicts of interest. Related party transactions include any independent business dealings between the Company and related parties who consist of the Company's executive officers, directors, director nominees and holders of more than 5% of the Company's shares. Such transactions include business dealings with parties in which any such related party has a material direct or indirect interest. The Board of Directors has adopted a written policy to provide for the review and oversight of related party transactions by the Audit Committee. Executive officers and directors are required to notify the Secretary of the Company of any proposed or existing related party transactions in which they have an interest. The Secretary and the Audit Committee also rely upon the Company's disclosure controls and procedures adopted pursuant to Exchange Act rules for the purpose of assuring that matters requiring disclosure, including related party transactions that may involve the potential for conflicts of interests, are brought to the attention of management and the Audit Committee on a timely basis. Certain related party transactions do not require Audit Committee review and approval. Such transactions are considered pre-approved. Pre-approved transactions include:

- compensation arrangements approved by the Compensation Committee or the Board of Directors and expense reimbursements consistent with the Company's expense reimbursement policy;
- transactions in which the related party's interest is derived solely from the fact that he or she serves as a director of another corporation that is a party to the transaction;
- transactions in which the related party's interest is derived solely from his or her ownership (combined with the ownership interests of all other related parties) of not more than a 5% beneficial interest (but excluding any interest as a general partner of a partnership) in an entity that is a party to the transaction; and
- transactions available to all employees of the Company generally.

If a related party transaction is proposed or if an existing transaction is identified, the Audit Committee has authority to disapprove, approve or ratify the transaction and to impose such restrictions or other limitations on the transaction as the Committee may consider necessary to best assure that the interests of the Company are protected and that the related party involved is not in a position to receive an improper benefit. In making such determination, the Audit Committee considers such factors as it deems appropriate, including without limitation (i) the benefits to the Company of the transaction; (ii) the commercial reasonableness of the terms of the transaction; (iii) the dollar value of the transaction and its materiality to the Company and to the related party; (iv) the nature and extent of the related party's interest in the transaction; (v) if applicable, the impact of the transaction on a non-employee director's independence; and (vi) the actual or apparent conflict of interest of the related party participating in the transaction.

During the fiscal year ended August 31, 2016, there were no transactions required to be reported pursuant to the requirements of Item 404(a) of Regulation S-K under the Exchange Act that did not require review and approval by the Audit Committee.

The Audit Committee also has responsibility for the selection, appointment and oversight of the independent registered public accounting firm for the Company.

FINANCE COMMITTEE

The Finance Committee is comprised of Linda A. Lang (Chair), Giles H. Bateman (retiring director), Melissa Claassen, Mario L. Crivello, Daniel E. Pittard and Neal E. Schmale. Four meetings of the Finance Committee were held during the last fiscal year. The Finance Committee is appointed by the Board for the primary purpose of assisting the Board in overseeing financial matters of importance to the Company, including matters relating to acquisitions, investment policy, capital structure, and dividend policy. The Finance Committee also reviews the Company's annual and long-term financial strategies and objectives.

COMPENSATION COMMITTEE

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee is comprised of Gregory A. Sandfort (Chair), Peter D. Bewley, Richard A. Collato (retiring director), Mario L. Crivello and Linda A. Lang, all of whom are independent directors as defined under the Nasdaq Rules. The Compensation Committee met three times during the last fiscal year. During the fiscal year ended August 31, 2016, there were no compensation committee interlock relationships with respect to members of the Board of Directors and the Compensation Committee as described in Item 407(e)(4)(iii) of Regulation S-K promulgated under the Exchange Act.

ITEM NO. 2
ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

In accordance with the requirements of Section 14A of the Exchange Act, the Company's stockholders are being asked to cast an advisory vote to approve the compensation of the Company's Named Executive Officers ("NEOs") identified in the Compensation Discussion and Analysis section of this proxy statement. This vote is commonly referred to as a "Say-on-Pay" vote.

At the Company's 2011 Annual Meeting of Stockholders, the first Say-on-Pay vote was held and the Company's stockholders were also asked, by a non-binding advisory vote, to express their preference as to the frequency of future Say-on-Pay votes and the Board of Directors recommended annual Say-on-Pay voting. The Company's stockholders expressed a preference to have Say-on-Pay votes every year.

The following resolution will be presented for approval by the Company's stockholders at the 2016 Annual Meeting of Stockholders:

"RESOLVED, that the stockholders of WD-40 Company (the "Company") hereby approve the compensation of the Company's Named Executive Officers as disclosed in the Compensation Discussion and Analysis section of the Company's proxy statement for the 2016 Annual Meeting of Stockholders and in the accompanying compensation tables and narrative disclosures."

The advisory vote to approve executive compensation is a non-binding vote on the compensation of the Company's NEOs. This proxy statement contains a description of the compensation provided to the NEOs as required by Item 402 of Regulation S-K promulgated under the Exchange Act.

Stockholders are encouraged to carefully consider the Compensation Discussion and Analysis, accompanying compensation tables and related narrative discussion in this proxy statement in considering this advisory vote. The Board of Directors believes that the compensation provided to the Company's NEOs offers a competitive pay package with a proper balance of current and long term incentives aligned with the interests of the Company's stockholders.

This is an advisory vote and will not affect compensation previously paid or awarded to the NEOs. While a vote disapproving the NEOs' executive compensation will not be binding on the Board of Directors or the Compensation Committee, the Compensation Committee will consider the results of the advisory vote in making future executive compensation decisions.

The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote on the proposal at the Annual Meeting of Stockholders is required to approve this advisory vote on executive compensation.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE *FOR* ADOPTION OF THE PROPOSED RESOLUTION FOR APPROVAL OF THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS.

COMPENSATION DISCUSSION AND ANALYSIS

WD-40 Company's Compensation Discussion and Analysis addresses the executive compensation philosophy and the processes and decisions of the Compensation Committee of the Company's Board of Directors (the "Committee") with respect to the compensation of the Company's Named Executive Officers (the "NEOs"). For fiscal year 2016, the Company's NEOs were:

- Garry O. Ridge, our Chief Executive Officer ("CEO");
- Jay W. Rembolt, our Vice President, Finance, Treasurer and Chief Financial Officer ("CFO");
- Michael L. Freeman, our Division President, the Americas;
- William B. Noble, our Managing Director, EMEA; and
- Geoffrey J. Holdsworth, our Managing Director, Asia-Pacific.

EXECUTIVE SUMMARY OF EXECUTIVE COMPENSATION DECISIONS AND RESULTS

The compensation structure for the NEOs is comprised of three elements: base salary, retention-related equity compensation and performance-related cash and equity compensation. Through the application of these elements, a significant portion of NEO realized compensation is directly tied to Company performance measured by increased earnings and total stockholder return ("TSR"). Performance-based compensation tied to earnings is based on earnings before interest, income taxes, depreciation and amortization ("EBITDA"), not earnings per share.

Retention-related equity compensation includes restricted stock unit ("RSU") awards that vest over a period of three years after grant. Retention-related equity compensation features are also reflected in our performance-based market share unit ("MSU") awards that may be earned over a market return-based vesting period of three years.

Performance-related compensation includes (i) an annual cash Incentive Compensation opportunity that is tied to current fiscal year financial results; (ii) MSU awards that are tied to a measure of TSR; and (iii) deferred performance unit ("DPU") awards that are tied to current fiscal year financial results that exceed levels required for maximum payment of that portion of the cash Incentive Compensation opportunity that is tied to global EBITDA.

The foregoing compensation structure elements are described fully later in this Compensation Discussion and Analysis.

In establishing the framework for overall NEO compensation and in assessing such compensation for each NEO in light of individual and overall Company performance, the Committee considers actual and target levels of compensation with reference to both short-term and long-term performance periods as well as labor market data and peer group executive compensation. The Committee seeks to align individual NEO performance incentives with both short-term and long-term Company objectives. The Committee reviews each of the principal elements of NEO compensation to determine the effectiveness of the established framework for NEO compensation based on measures of Company performance, specifically including regional and global measures based on the Company's EBITDA, but also including relative Company performance as compared to the established peer group of companies and a comparable market index. Additionally, the Committee also considers the relative achievement of longer term strategic objectives as to which each NEO is accountable. Information regarding NEO strategic objectives is provided in the *Executive Officer Compensation Decisions* section below under the heading, *Base Salary: Process.* The Committee believes that a review of NEO compensation and relative company performance over multi-year periods demonstrates the effectiveness of the Company's established framework for NEO compensation.

THREE YEAR PERFORMANCE-BASED COMPENSATION REVIEW

For fiscal year 2016, the Company's financial performance was strong, resulting in achievement of the maximum performance measure goals for regional and global EBITDA under the Company's Incentive Compensation program (the "Performance Incentive Program"). As described in more detail below, maximum first level performance measure goals for the Americas, EMEA, and Asia-Pacific regions were all achieved. In addition, the full maximum first and second level goals for global EBITDA were achieved. As a result, each of the NEOs earned the maximum amount of Incentive Compensation for fiscal year 2016. The Company's financial performance for fiscal year 2015, as measured against goals for regional and global EBITDA, was mixed. Maximum first level goals for the Americas and Asia-Pacific regions were achieved in fiscal year 2015, but minimum first level goals for EMEA were not achieved. The second level minimum goal for global EBITDA was not achieved. As a result, earned Incentive Compensation amounts for fiscal year 2015 for the NEOs were at or near the target amounts (50% of the maximum earned Incentive Compensation opportunity) for all of the NEOs other than Mr. Noble and no Incentive Compensation was earned by Mr. Noble. The Company's financial performance for fiscal year 2014 exceeded many of the goals established by the Committee for performance-based compensation earned for that year. As a result, earned Incentive Compensation for fiscal year 2014 for each NEO was above the target amount of the potential reward for all of the NEOs.

For the three fiscal years ended August 31, 2016, the TSR for the Company's shares exceeded, by an absolute percentage point difference, the return for the Russell 2000 Index (the "Index") by 91.4%. As a result, MSUs awarded to the NEOs in October 2013 provided vested shares of the Company's common stock to the NEOs at the maximum amount of 200% of the target number of award shares. For the three fiscal years ended August 31, 2015, the TSR for the Company's shares exceeded, by an absolute percentage point difference, the return for the Index by 27.5%. As a result, MSUs awarded to the NEOs in October 2012 provided vested shares of the Company's common stock to the NEOs at the maximum amount of 200% of the target number of award shares. There were no performance-based equity awards providing for vesting as of the end of fiscal year 2014.

FISCAL YEAR 2016 COMPENSATION

Compensation decisions for fiscal year 2016 were made in October 2015 based on individual and Company performance during fiscal year 2015 and a market survey conducted by the Committee's compensation consultant. The relative market percentile of total compensation for each of the NEOs for fiscal year 2016 based on peer group data is provided below under the heading *Overall Reasonableness of Compensation*.

The following is a summary of the decisions made by the Committee for NEO compensation for fiscal year 2016:

- For fiscal year 2016, base salaries for the NEOs were not increased. Base salaries for the NEOs were assessed in relation to labor market information. For fiscal year 2016, consideration was given to the appropriate relative mix of salary, annual Incentive Compensation and equity awards.
- Annual Incentive Compensation is awarded to the NEOs under the Company's Performance Incentive Compensation Plan described below under the heading *Performance Incentive Program*. For purposes of the Performance Incentive Program, goals for regional and global EBITDA were established at the beginning of the year. The Company's performance as measured against these goals is described in detail below. For fiscal year 2016, the target amounts of annual Incentive Compensation (50% of the maximum earned Incentive Compensation opportunity) for each of the NEOs were increased to provide a greater proportion of total target compensation in the form of performance-based annual compensation.
- In October 2015, the NEOs received annual RSU awards providing for the issuance of a total of 7,326 shares of the Company's common stock to be earned by continued employment by the Company over a vesting period of three years. These awards serve a retention purpose together with an incentive to maximize long term stockholder value through share price appreciation.
- In October 2015, the NEOs received MSU awards subject to performance vesting covering a target number of shares of the Company's common stock equal to 7,326 shares. If the Company's TSR over the three year vesting period matches the median return for the Index, the target number of shares of the Company's common stock would be issued to the NEOs. The actual number of shares to be issued will be from 0% to 200% of the target number of shares depending upon the Company's TSR as compared to the return for the Index.[1]
- In October 2015, the NEOs received DPU awards that provided an opportunity to receive up to an aggregate maximum of 11,078 additional shares of the Company's common stock upon termination of employment. The DPU awards provided for vesting as of the end of fiscal year 2016 if the Company were to achieve a level of global EBITDA for the fiscal year in excess of the maximum goal for global EBITDA established for the Performance Incentive Program[2]. Since the Company's global EBITDA for fiscal year 2016 exceeded the maximum goal for global EBITDA established for the Performance Incentive Program, the DPU awards vested as to 19.3% of the maximum number of shares that each NEO was eligible to earn.
- RSU, MSU and DPU award amounts for fiscal year 2016 varied among the NEOs based on labor market compensation practices specific to the region of employment, relative achievement of individual performance measures and goals established for each NEO, as well as Company performance for fiscal year 2015 in areas over which each NEO had direct influence.

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1 For a more complete description of the MSU awards, refer to the *Executive Officer Compensation Decisions* section below under the heading, *Market Share Unit Awards*.

2 For a more complete description of the DPU awards, refer to the *Executive Officer Compensation Decisions* section below under the heading, *Deferred Performance Unit Awards*.

- The Company's stockholders have provided advisory votes to approve executive compensation required by Section 14A of the Exchange Act (the "Say-on-Pay" votes) at the Company's annual meeting of stockholders for fiscal years 2013, 2014 and 2015. In each instance, at least 95% of the votes cast in the Say-on-Pay votes approved the compensation of the NEOs as disclosed in the Compensation Discussion and Analysis section of the Company's proxy statements for those fiscal years and in the accompanying compensation tables and narrative disclosures. The Committee has considered the results of these advisory Say-on-Pay votes in its decision-making for executive compensation of the NEOs and has concluded that no significant changes in executive compensation decisions and policies are warranted.

GOVERNANCE OF EXECUTIVE OFFICER COMPENSATION PROGRAM

The purpose of the Committee is to establish and administer the compensation arrangements for our CEO and the other executive officers of the Company, including the other NEOs, on behalf of the Board of Directors. The Committee is responsible for developing the Company's overall executive compensation strategy, with support from management and the Committee's independent compensation consulting firm. For fiscal year 2016 compensation decisions, the Committee's compensation consulting firm was Board Advisory, LLC. The Committee also has responsibilities in connection with administration of the Company's equity compensation plans.

The Committee operates pursuant to a Charter which outlines its responsibilities, including the Committee's responsibilities with respect to performance reviews and approval of annual compensation arrangements for the NEOs. A copy of the Compensation Committee Charter can be found under the Investors section of the Company's website at *http://www.wd40company.com*.

PROCESS FOR EVALUATING EXECUTIVE OFFICER PERFORMANCE AND COMPENSATION

In accord with its Charter, the Committee works with the Company's Human Resources function in carrying out its responsibilities. The Vice President of Global Organization Development is management's liaison with the Committee. The Committee's independent compensation consulting firm provides advice and information relating to executive compensation. For fiscal year 2016, the compensation consulting firm assisted the Committee in the evaluation of executive base salary, Incentive Compensation opportunities, equity incentive design and award levels, and the specific pay recommendation for our CEO. The Committee's compensation consulting firm reports directly to the Committee and provides no additional services for management.

EXECUTIVE COMPENSATION PHILOSOPHY AND FRAMEWORK

COMPENSATION OBJECTIVES

The Company's executive compensation program is designed to achieve five primary objectives:

1. Attract, motivate, reward and retain high performing executives;
2. Align the interests and compensation of executives with the value created for stockholders;
3. Create a sense of motivation among executives to achieve both short- and long-term Company objectives;
4. Create a direct, meaningful link between business and team performance and individual accomplishment and rewards; and
5. Ensure our compensation programs are appropriately competitive in the relevant labor markets.

TARGET PAY POSITION/MIX OF PAY

The Company's compensation program consists primarily of base salary, annual cash incentives, and long-term oriented equity awards. Each of these components is discussed in greater detail in the *Executive Officer Compensation Decisions* section below. The Committee has established a target for executive officer total compensation (defined as base salary, plus target Incentive Compensation, plus the grant date fair value of equity awards) at the median market level of compensation for each position (details on the use of peer group data to establish the median market level is provided below). Actual pay may vary, based on Company and/or individual performance, length of time within the position, and anticipated contribution. The Committee does not adhere to specific guidelines regarding the percentage of total compensation that should be represented by each compensation component, but monitors market competitiveness. A review of total compensation for each NEO relative to the target market percentile is provided in the *Executive Officer Compensation Decisions* section below under the heading, *Overall Reasonableness of Compensation.*

COMPENSATION BENCHMARKING

For purposes of its fiscal year 2016 compensation decisions, the Committee examined the executive compensation practices of a peer group of nineteen companies to assess the competitiveness of the Company's executive compensation. Peer group companies were selected from a list of U.S. headquartered companies having revenues and earnings reasonably comparable to the Company and doing business in the specialty chemical industry or within specific consumer products categories. In addition to the peer group data, the Committee considers surveys of general industry company data provided by Hay Group, a global management consulting firm and Kenexa, an IBM Company. These data sources are applied by the Committee to establish the market median level of compensation for each executive officer position. The companies used in the peer group analysis for fiscal year 2016 compensation decisions were as follows:

- Aceto Corporation
- American Vanguard Corporation
- Balchem Corporation
- Calgon Carbon Corporation
- Cambrex Corporation
- Flotek Industries Inc.
- Hawkins, Inc.
- Innophos Holdings, Inc.
- Innospec Inc.
- Inter Parfums, Inc.
- Landec Corporation
- National Presto Industries, Inc.
- Nutraceutical International Corporation
- Oil-Dri Corporation of America
- Park Electrochemical Corp.
- Prestige Brands Holdings, Inc.
- Quaker Chemical Corporation
- Synutra International, Inc.
- USANA Health Sciences, Inc.

EXECUTIVE OFFICER COMPENSATION DECISIONS FOR FISCAL YEAR 2016

BASE SALARY: PROCESS

Base salaries for all executive officers, including the NEOs, are approved by the Committee effective for the beginning of each fiscal year. In setting base salaries, the Committee considers the salary range prepared by its compensation advisor based on each NEO’s job responsibilities and the market 50th percentile target pay position. Salary adjustments, if any, are based on factors such as individual performance, position, current pay relative to the market, future anticipated contribution and the Company-wide merit increase budget. Assessment of individual performance follows a rigorous evaluation process, including self-evaluation and the establishment of annual goals for each executive officer and an assessment of the achievement thereof. Individual performance elements considered in this process included individual and Company performance goals and achievements in such areas as growth, innovation, leadership, earnings and customer relations for Mr. Ridge; governance and risk, compliance, forecasting and financial reporting for Mr. Rembolt; and business unit performance, teamwork, execution and growth for Messrs. Freeman, Noble and Holdsworth.

BASE SALARY: FISCAL YEAR 2016

In October 2015, the Committee reviewed the market competitiveness of executive officer base salaries relative to peer group market data presented by the Committee’s compensation advisor. Based on its review of the peer group market data, no increases in base salary were approved by the Committee for any of the NEOs for fiscal year 2016.

PERFORMANCE INCENTIVE PROGRAM

The Company uses its Performance Incentive Program to tie executive officer compensation to the Company's financial performance. All Company employees participate in the same Performance Incentive Program as described below. The Performance Incentive Program is offered to the executive officers pursuant to the WD-40 Company Performance Incentive Compensation Plan most recently approved by the stockholders at the Company's 2012 Annual Meeting of Stockholders.

The Performance Incentive Program provides direct incentives to all Company employees, including executive officers, to affect regional financial performance and, for the Company as a whole, to promote sales at increasing levels of profitability. Specific performance measures tied to regional financial results are used in the Performance Incentive Program formulas as applied to each employee according to his or her particular area of responsibility.

For the NEOs, Incentive Compensation opportunity awards for fiscal year 2016 were based on pre-established goals for the following corporate performance measures: (i) the Company's EBITDA computed for each of the Company's relevant financial reporting segments ("Regional EBITDA"); and (ii) EBITDA computed on a consolidated basis ("Global EBITDA"). The calculations of attainment of these performance measures for the NEOs are the same as the calculations for all other employees for whom such performance measures were applicable.

The Company's Incentive Compensation program, as applied to all of its employees, is designed with the intent to fund the Incentive Compensation payout to all employees, including the NEOs, from increased earnings over the prior fiscal year. If the Company does not realize an increase in Global EBITDA over the prior year, it is possible that Mr. Freeman, Mr. Noble and/or Mr. Holdsworth will earn some Incentive Compensation because the performance measure for a portion of the Incentive Compensation opportunity payable to those NEOs is based on Regional EBITDA.

Depending upon actual performance results, the Incentive Compensation opportunities for fiscal year 2016 range from 0% up to 150% of base salary for Mr. Ridge, from 0% up to 100% of base salary for Messrs. Rembolt and Freeman, from 0% up to 80% of base salary for Mr. Noble, and from 0% up to 80% of an amount referred to in Australia for compensation comparison purposes as the fixed annual reward ("FAR")[1] for Mr. Holdsworth. These Incentive Compensation opportunity percentages represent increases over the percentages applied in prior years. Mr. Ridge's maximum percentage opportunity increased from 100% to 150%. The maximum percentage opportunity increased from 60% to 100% for Messrs. Rembolt and Freeman and from 60% to 80% for Messrs. Noble and Holdsworth. These increased percentage opportunities were established by the Committee based upon competitive market data that supports target incentive compensation at higher levels for each of the NEOs and a greater proportion of overall compensation represented by performance-based compensation.

The maximum Incentive Compensation potential for employees under the Performance Incentive Program is referred to herein as the employee's "Annual Opportunity." For each of the NEOs, the Performance Incentive Program for fiscal year 2016 provided two performance measure levels ("Levels A and C") for determination of earned Incentive Compensation; each level represented 50% of the Annual Opportunity. The Performance Incentive Program is consistently applied for all employees of the Company except that there are three performance measure levels ("Levels A, B and C") for all employees other than the NEOs and certain other management employees. The maximum Incentive Compensation payouts for Messrs. Freeman, Noble and Holdsworth required achievement of specified segment goals for Regional EBITDA (Level A) and Company performance that equaled the maximum goal amount for Global EBITDA as described below (Level C). For Messrs. Ridge and Rembolt (each of whom has global rather than regional responsibilities), the maximum Incentive Compensation payouts required achievement of specified goals for Global EBITDA for each of Levels A and C.

Only two of the three performance measure goals are applied for the NEOs and certain other management employees for purposes of calculating earned Incentive Compensation in order to provide an increased incentive to those employees to achieve the maximum level of Global EBITDA results for the benefit of stockholders. Level B performance measure goals for other employees are more directed to achievement of goals tied to areas over which they have more direct influence. For such other employees, Level A represented 50% of the Annual Opportunity, Level B represented 30% of the Annual Opportunity and Level C represented 20% of the Annual Opportunity.

Target and maximum payout amounts for each of the NEOs for the fiscal year 2016 Performance Incentive Program are disclosed below in the table under the heading, *Grants of Plan-Based Awards - Fiscal Year 2016*.

[1] Mr. Holdsworth's FAR includes his base salary (as reported in the Summary Compensation Table) and welfare benefit costs, vehicle allowance costs and retirement plan contribution as described in footnote 3 to the Summary Compensation Table.

The table below sets forth the fiscal year 2016 Performance Incentive Program payout weightings and the minimum and maximum goals for the performance measures applicable to each of the NEOs. The minimum and maximum Level A goals for Regional and Global EBITDA were based on earnings before deduction of any Incentive Compensation amounts. The minimum and maximum Level C goals for Global EBITDA were based on earnings after deduction of an estimate of the maximum possible Incentive Compensation amounts for Levels A and B, but before deduction of Incentive Compensation amounts for Level C.

Level	Performance Measure	Garry O. Ridge Jay W. Rembolt	Michael L. Freeman	William B. Noble	Geoffrey J. Holdsworth	Minimum Goal FY 2016 ($ thousands)	Maximum Goal FY 2016 ($ thousands)
A	Regional EBITDA (Americas)	N/A	50%	N/A	N/A	$ 51,157	$ 55,174
A	Regional EBITDA (EMEA)[1]	N/A	N/A	50%	N/A	$ 30,738	$ 36,465
A	Regional EBITDA (Asia-Pacific)	N/A	N/A	N/A	50%	$ 13,600	$ 15,600
A	Global EBITDA	50%	N/A	N/A	N/A	$ 77,801	$ 82,815
C	Global EBITDA	50%	50%	50%	50%	$ 74,650	$ 80,788

1 EMEA figures have been converted from Great Britain pounds sterling ("GBP") at an average annual exchange rate for fiscal year 2016 of $1.4499 per GBP.

The following table sets forth the actual fiscal year 2016 performance results and percentage achievement for each of the performance measures under the Performance Incentive Program formulas applicable to the NEOs:

Level	Performance Measure	Actual FY 2016 ($ thousands)	% Achievement
A	Regional EBITDA (Americas)	$ 57,577	100.0%
A	Regional EBITDA (EMEA)[1]	$ 38,425	100.0%
A	Regional EBITDA (Asia-Pacific)	$ 16,821	100.0%
A	Global EBITDA	$ 92,012	100.0%
C	Global EBITDA	$ 81,544	100.0%

1 EMEA figures have been converted from Great Britain pounds sterling ("GBP") at an average annual exchange rate for fiscal year 2016 of $1.4499 per GBP.

Achievement of the maximum goals for Regional EBITDA and Global EBITDA is intended to be attainable through the concerted efforts of all management teams working in their own regions and areas of responsibility and for the Company as a whole.

Based on the Company's fiscal year 2016 performance and the Committee's certification of the relative attainment of each of the performance measures under the Performance Incentive Program, the payouts for our executive officers, including the NEOs, were calculated. On October 10, 2016, the Committee approved payment of the following Incentive Compensation amounts to the NEOs for fiscal year 2016 performance:

Executive Officer	Title	FY 2016 Annual Opportunity (As % of Base Salary[2])	FY 2016 Incentive Compensation Paid ($)	FY 2016 Actual Incentive Compensation (As % of Opportunity)
Garry O. Ridge	President and Chief Executive Officer	150%	$ 963,624	100%
Jay W. Rembolt	Vice President, Finance, Treasurer and Chief Financial Officer	100%	$ 308,664	100%
Michael L. Freeman	Division President, the Americas	100%	$ 332,585	100%
William B. Noble[1]	Managing Director, EMEA	80%	$ 258,516	100%
Geoffrey J. Holdsworth[2]	Managing Director, Asia-Pacific	80%	$ 221,854	100%

1 Mr. Noble's Incentive Compensation amount has been converted from Great Britain pounds sterling ("GBP") at an average annual exchange rate for fiscal year 2016 of $1.4499 per GBP.

2 Mr. Holdsworth's Incentive Compensation amount has been converted from Australian dollars ("AUD") at an average annual exchange rate for fiscal year 2016 of $0.7270 per AUD. As noted above, Mr. Holdsworth' Annual Opportunity is based on his FAR rather than his base salary.

As an example of the operation of the Performance Incentive Program, Mr. Freeman's Incentive Compensation payout for fiscal year 2016 was computed as follows:

- Incentive Compensation Annual Opportunity = 100% X Eligible Earnings ($332,585) = $332,585.
- Level A (Regional EBITDA (Americas)) = 50% of Annual Opportunity = $166,293.
  — Level A Incentive Compensation = Level A Achievement (100%) X Level A Annual Opportunity = $166,293.
- Level C (Global EBITDA) = 50% of Annual Opportunity = $166,293.
  — Level C Incentive Compensation = Level C Achievement (100%) X Level C Annual Opportunity = $166,293.

Mr. Freeman's aggregate Incentive Compensation payout was the sum of the payouts under Levels A and C of the Performance Incentive Program, or $332,585.

EQUITY COMPENSATION

Equity compensation is a critical component of the Company's efforts to attract and retain executives and key employees, encourage employee ownership in the Company, link pay with performance and align the interests of executive officers with those of stockholders. To provide appropriately directed incentives to our executive officers, the Committee has provided awards of time-vesting restricted stock unit ("RSU") awards as well as performance-vesting market share unit ("MSU") awards and deferred performance unit ("DPU") awards. Equity awards are granted pursuant to the Company's 2007 Stock Incentive Plan (the "Stock Incentive Plan") approved by the stockholders at the 2007 Annual Meeting of Stockholders.

The Company's MSU awards are tied to a measure of total stockholder return ("TSR") that is determined by reference to a change in the value of the Company's common stock with reinvestment of dividends. In October 2015, the Committee granted primary equity allocations of RSU and MSU awards for fiscal year 2016. The authorized awards were divided equally between the two types of awards for each NEO. MSU awards provide for vesting after a three year performance vesting period based on a comparison of the Company's TSR against the Russell 2000 Index (the "Index") as described in more detail below. In addition to the RSU and MSU awards, the NEOs also received DPU awards in October 2015. As compared to the retention and long term performance-based attributes of the RSU and MSU awards, the DPU awards provide an incentive reward for achieving Global EBITDA results for the fiscal year in excess of the amount of Global EBITDA required for maximum payout of Incentive Compensation under Level C of the Performance Incentive Program as described above. DPU awards provide for vesting at the end of the fiscal year for which they are granted. All RSU, MSU and DPU awards are subject to terms and conditions set forth in an applicable award agreement (the "Award Agreement").

The principal attributes and benefits of the RSU, MSU and DPU awards for executive officers are as follows:

- RSU awards provide for vesting in relatively equal portions over a period of three years from the grant date.

- MSU awards provide for performance-based vesting tied to the Company's TSR over a performance measurement period of three fiscal years beginning with the fiscal year in which the awards are granted and ending on August 31st of the third year.
- DPU awards provide for performance-based vesting tied to the Company's Global EBITDA achievement for the current fiscal year in excess of the maximum goal for Global EBITDA under Level C of the Company's Performance Incentive Program.
- RSU and MSU awards provide for the issuance of shares of the Company's common stock upon vesting.
- Vested DPU awards provide for the issuance of shares of the Company's common stock only upon termination of employment. Until issuance of the shares for vested DPU awards, the holders of the vested DPU awards are entitled to receive dividend equivalent payments with respect to their vested DPU awards, payable in cash as and when dividends are declared upon shares of the Company's common stock.
- A mix of RSU, MSU and DPU awards is appropriate as compared to RSU awards alone or other equity awards, such as stock options, for the following reasons: i) MSU awards granted annually provide a more direct performance-based incentive aligned directly with longer term stockholder interests; ii) RSU awards have a greater perceived value to recipients than stock options; iii) DPU awards offer a reward for exceeding the highest goal for near-term financial results for the Company; iv) RSU, MSU and DPU awards have a lower compensation expense impact on the Company's reported financial results than stock options; v) RSU, MSU and DPU awards have less dilutive impact on a share count basis than stock options; and vi) the issuance of shares of the Company's common stock upon vesting of RSUs and MSUs, and the deferred issuance of shares following vesting of DPU awards, encourages long-term stock ownership and facilitates the achievement of the Company's stock ownership guidelines (as described below in the Other Compensation Policies section, under the heading, *Executive Officer Stock Ownership Guidelines*).

The Board recognizes the potentially dilutive impact of equity awards. The Company's equity award practices are designed to balance the impact of dilution and the Company's need to remain competitive by recruiting, retaining and providing incentives for high-performing employees.

Restricted Stock Unit Awards

RSU awards provide for the issuance of shares of the Company's common stock to the award recipient upon vesting provided that the recipient remains employed with the Company through each vesting date. Shares of the Company's common stock equal to the portion of the RSU award that has vested are issued promptly upon the vesting date. RSU awards provide for vesting over a period of three years from the grant date. 34% of the RSU award will vest on the first vesting date and 33% of the RSU award will vest on each of the second and third vesting dates. The vesting date each year is the third business day following the Company's public release of its annual earnings for the preceding fiscal year, but not later than November 15 of the vesting year. Payment of required withholding taxes due with respect to the vesting of the RSU awards, if any, will be covered through withholding of shares by the Company. For RSU award recipients who retire from the Company after reaching age 65, all RSUs will have a vesting date that is 30 days following the effective date of retirement. The Company will issue a net number of shares to the recipient for a vested RSU award after withholding shares having a value as of the vesting date equal to the required tax withholding obligation.

Market Share Unit Awards

MSU awards provide for performance-based vesting over a performance measurement period of three fiscal years commencing with the fiscal year in which the MSU awards are granted (the "Measurement Period"). The recipient must remain employed with the Company for vesting purposes until the date on which the Committee certifies achievement of the requisite performance provided for in the MSU Award Agreement. A number of shares of the Company's common stock equal to an "Applicable Percentage" of the "Target Number" of shares covered by the MSU awards to the NEOs will be issued as of the "Settlement Date". The Applicable Percentage is determined by reference to the performance vesting provisions of the MSU Award Agreements as described below. The Settlement Date for an MSU award is the third business day following the Company's public release of its annual earnings for the third fiscal year of the Measurement Period. Payment of required withholding taxes due with respect to the settlement of an MSU award, if any, will be covered through withholding of shares by the Company. The Company will issue a net number of shares to the recipient for a vested MSU award after withholding shares having a value as of the Settlement Date equal to the required tax withholding obligation.

The performance vesting provisions of MSU awards are based on relative TSR for the Company over the Measurement Period as compared to the total return (“Return”) for the Index as reported for total return (with dividends reinvested), as published by Russell Investments. For purposes of computing the relative TSR for the Company as compared to the Return for the Index, dividends paid with respect to the Shares will be treated as having been reinvested as of the ex-dividend date for each declared dividend. The Applicable Percentage of the Target Number of shares will be determined based on the absolute percentage point difference between the TSR for the Company as compared to the Return for the Index as set forth in the table below:

Relative TSR (absolute percentage point difference)	Applicable Percentage
> 20%	200%
20%	200%
15%	175%
10%	150%
5%	125%
Equal	100%
-5%	75%
-10%	50%
>-10%	0%

The Applicable Percentage will be determined on a straight line sliding scale from the minimum 50% Applicable Percentage achievement level to the maximum 200% Applicable Percentage achievement level. For purposes of determining the TSR for the Company and the Return for the Index, the beginning and ending values for each measure will be determined on an average basis over a period of all market trading days within the ninety (90) calendar days prior to the beginning of the fiscal year for the beginning of the Measurement Period and over a period of all market trading days within the ninety (90) calendar days prior to the end of the third fiscal year of the Measurement Period. For purposes of determining relative achievement, actual results are to be rounded to the nearest tenth of one percent and rounded up from the midpoint. The number of MSU Shares to be issued on the Settlement Date is to be rounded to the nearest whole share and rounded upward from the midpoint.

In the event of a Change in Control (as defined in the Stock Incentive Plan), the Measurement Period will end as of the effective date of the Change in Control and the ending values for calculating the TSR for the Company and the Return for the Index will be determined based on the closing price of the Company’s common stock and the value of the Index, respectively, immediately prior to the effective date of the Change in Control. The Applicable Percentage will be applied to a proportionate amount of the Target Number of MSUs based on the portion of the Measurement Period elapsed as of the effective date of the Change in Control. The recipient NEO will receive RSUs for the portion of the Target Number of MSUs to which the Applicable Percentage is not applied. Those RSUs will time vest, subject to rights under the NEO’s Change of Control Severance Agreement, as of the Settlement Date.

Deferred Performance Unit Awards

DPU awards provide for performance-based vesting over a performance measurement period of the fiscal year in which the DPU awards are granted (the “Measurement Year”). The DPU awards provide for vesting of a number of DPUs equal to an “Applicable Percentage” of the “Maximum Number” of DPUs” awarded to the NEOs following conclusion of the Measurement Year (“Vested DPUs”). The recipient must remain employed with the Company for vesting purposes until August 31 of the Measurement Year. For NEOs who are residents of the United States, the Vested DPUs must be held until termination of employment. Following termination of employment, each Vested DPU will be settled by issuance of one share of the Company’s common stock (a “DPU Share”). The Maximum Number of DPUs refers to the maximum number of DPU Shares that may be issued with respect to a DPU award upon full achievement of the applicable performance goal as described below. The Applicable Percentage is determined by reference to the performance vesting provisions of the DPU Award Agreement as described below. For NEOs who are not residents of the United States, the Compensation Committee has discretion to either defer settlement of each Vested DPU by issuance of a DPU Share following termination of employment or settle each Vested DPU in cash by immediate payment of an amount equal to the closing price of one share of the Company’s common stock as of the date of the Compensation Committee’s certification of achievement of the performance measure applied in determination of the Applicable Percentage.

Each Vested DPU that is not settled in cash will include the right to receive a dividend equivalent payment in an amount equal to the dividends declared with respect to the Company’s common stock for each Vested DPU. Such dividend equivalent payments are to be paid in cash as ordinary compensation income as and when common stock dividends are paid by the Company, provided, however, that the Company may elect to accumulate such dividend equivalent payments for later payment not less often than annually.

The performance vesting provisions of the DPUs are based on relative achievement within an established performance measure range of the Company's EBITDA before deduction of the stock-based compensation expense for the Vested DPUs ("Adjusted Global EBITDA") for the Measurement Year.

For fiscal year 2016, the performance vesting provisions for the DPUs were established as set forth in the table below:

Adjusted Global EBITDA[1]	Applicable Percentage
> $80,769,000	100%
$80,769,000	100%
$76,980,000	5%
< $76,980,000	0%
$76,780,000*	0%

* Implied zero percentage achievement level.

[1] The calculation of Adjusted Global EBITDA accounts for full payment of all Incentive Compensation earned for the fiscal year. On the other hand, the maximum goal for Level C under the Performance Incentive Program set forth in the table on page 22 does not account for payment of any Level C Incentive Compensation. As a result, the minimum amount included in the table above is less than the amount included in the table on page 22 as the maximum Level C goal for Global EBITDA.

The Applicable Percentage will be determined on a straight line sliding scale from the implied zero percentage achievement level to the maximum 100% Applicable Percentage achievement level, but the Applicable Percentage shall not be less than 5%. For purposes of determining the Applicable Percentage, the calculated percentage is to be rounded to the nearest tenth of one percent and rounded upward from the midpoint. The number of Vested DPUs is to be rounded to the nearest whole unit and rounded upward from the midpoint.

Equity Awards – Fiscal Year 2016

For fiscal year 2016, equity awards to our executive officers were granted to satisfy goals for executive officer retention, to provide incentives for current and future performance, and to meet objectives for overall levels of compensation and pay mix. RSU, MSU and DPU awards were granted to the NEOs by the Committee in October 2015. All of the equity awards are set forth below in the table under the heading, *Grants of Plan-Based Awards - Fiscal Year 2016*. In establishing award levels for the NEOs for fiscal year 2016, the Committee placed emphasis on long-term retention goals and desired incentives for current and future contributions. The RSU and MSU awards to our CEO were, consistent with past practice, larger than the awards to the other NEOs in recognition of his higher level of responsibility for overall Company performance and based upon market data that supports a higher level of equity compensation for our CEO. The specific RSU award amounts and Target Number of shares covered by MSU awards were determined for each NEO based on an assessment of the NEO's achievement of individual performance goals as well as Company performance for fiscal year 2015 in areas over which the NEO had particular influence. The DPU award amounts were established by reference to each NEO's Incentive Compensation opportunity amount based on fiscal year 2015 base salary amounts and fiscal year 2016 maximum percentage opportunity for Incentive Compensation – the share equivalent value of the DPUs awarded to each NEO as of the date of grant equals 50% of the NEO's maximum Incentive Compensation opportunity amount.

Market Share Unit Award Vesting for Three Fiscal Year Performance Achievement

On October 10, 2016, the Committee certified achievement of the performance measure applicable to MSU awards granted to the NEOs in October 2013. The Committee certified the Company's relative TSR as compared to the Return for the Index for the performance Measurement Period ended August 31, 2016 for purposes of calculating the vested number of shares of the Company's common stock for those MSU awards. The relative TSR as compared to the Return for the Index (as an absolute percentage point difference) over the three fiscal year Measurement Period ending August 31, 2016 was 91.4%. As a result, based on the table above in the description of the MSU awards, the Applicable Percentage of the Target Number of shares underlying the MSU awards granted in October 2013 was 200%.

For the MSU awards granted to the NEOs in October 2013, the NEOs were thus eligible to receive 200% of the Target Number of shares of the Company's common stock underlying the MSU awards. The following table sets forth the Target Number and vested number of shares underlying the MSU awards granted to each NEO in October 2013:

Executive Officer	Target Number	Vested Shares
Garry O. Ridge	4,571	9,142
Jay W. Rembolt	1,142	2,284
Michael L. Freeman	1,142	2,284
William B. Noble	838	1,676
Geoffrey J. Holdsworth	571	1,142

Deferred Performance Unit Award Vesting for Fiscal Year 2016 Performance Achievement

On October 10, 2016, the Committee certified achievement of the performance measure applicable to DPU awards granted to the NEOs in October 2015. The Committee certified the calculation of the Company's Adjusted Global EBITDA (as described above in the description of the DPU awards) in the amount of $77,549,000. As a result, based on the table above in the description of the DPU awards, the Applicable Percentage of the Maximum Number of shares underlying the DPU awards granted in October 2015 was 19.3%.

For the DPU awards granted to the NEOs in October 2015, the number of Vested DPUs that each of the NEOs was entitled to receive as of August 31, 2016 was 19.3% of the Maximum Number of DPU Shares underlying such DPU awards. The following table sets forth the Maximum Number of shares underlying the DPU awards granted to each NEO and the number of Vested DPUs each NEO has received:

Executive Officer	Maximum Number	Vested DPUs
Garry O. Ridge	5,009	967
Jay W. Rembolt	1,604	310
Michael L. Freeman	1,729	334
William B. Noble	1,451	280
Geoffrey J. Holdsworth	1,285	248

BENEFITS AND PERQUISITES

As is the case with most Company employees, the NEOs are provided with standard health and welfare benefits, and, for the NEOs other than Mr. Noble and Mr. Holdsworth, the opportunity to participate in the WD-40 Company Profit Sharing/401(k) Plan (the "Plan"). The Plan serves to provide our executive officers, including the eligible NEOs, with tax-advantaged retirement savings as an additional component of overall compensation. Employees have the right to invest the Company's contributions to the Plan in a Company Stock Fund invested in shares of the Company's common stock as an alternative to other investment choices available under the Plan. For Mr. Noble and Mr. Holdsworth, the Company provides contributions to local retirement programs for their benefit.

The Company maintains individual Supplemental Death Benefit Plan agreements with each of the NEOs other than Mr. Noble and Mr. Holdsworth. The Company's Supplemental Death Benefit Plan agreement obligations are funded by life insurance policies owned by the Company.

The Company also provides leased vehicles to its executive officers and private health insurance for Mr. Noble in excess of coverage available to other Company employees in the United Kingdom. The costs associated with the perquisites and other personal benefits provided to the NEOs are included in the Summary Compensation Table below and they are separately identified in the footnote disclosure of such perquisites and other personal benefits included with the Summary Compensation Table.

The Committee considers the cost of the foregoing health and welfare benefits and perquisites in connection with its approval of the total compensation for each of our NEOs. All such costs are considered appropriate in support of the Committee's objective of attracting and retaining high quality executive officers because they are common forms of compensation for senior executives and are expected by such executives when they consider competing compensation packages.

POST-EMPLOYMENT OBLIGATIONS

The Company has change of control severance agreements with each of the NEOs. The specific terms of the agreements are described in detail below under the heading, *Change of Control Severance Agreements*. The agreements were entered into with our executive officers after extensive review by the Committee and the Board of Directors and negotiation with the executive officers to replace previously existing employment agreements. Consideration was given to possible inclusion of severance compensation to be paid to the executive officers in the event of their termination of employment without cause (or for good reason) without regard to the existence of a change of control of the Company. No such provisions were included and severance compensation is payable only following a termination of employment without "cause" or for "good reason" within two years following a "change of control" of the Company (as the quoted terms are defined in the severance agreements).

The Committee believes that the change of control severance agreements help ensure the best interests of stockholders by fostering continuous employment of key management personnel. As is the case in many public companies, the possibility of an unsolicited change of control exists. The uncertainty among management that can arise from a possible change of control can result in the untimely departure or distraction of key executive officers. Reasonable change of control severance agreements reinforce continued attention and dedication of executive officers to their assigned duties and support the Committee's objective of retaining high quality executives.

OVERALL REASONABLENESS OF COMPENSATION

The Committee believes that the Company is achieving its compensation objectives and, in particular, rewards executive officers for driving operational success and stockholder value creation. Based on reviews of tally sheets and a "pay-for-performance" analysis by the Committee, and in light of the Company's compensation objectives, the Committee and the Board of Directors believe that the pay mix and target pay position relative to market for each of the NEOs are reasonable and appropriate. The "pay-for-performance" analysis includes a review of the individual components of executive officer compensation that are tied to Company performance, as measured by identified performance metrics as well as the price of the Company's common stock. In particular, the Committee reviews executive officer Incentive Compensation to determine whether it appropriately rewards achievement of specific target levels of Company performance and does not otherwise provide rewards in the absence of reasonable measures of individual and Company success. Similarly, with respect to equity awards, the Committee considers the effectiveness of such awards in providing a reasonable incentive to the executive officers to increase profits (as measured by Regional and Global EBITDA) and total stockholder return without inappropriately rewarding the executive officers if performance targets are not achieved over the long term.

The following table sets forth the total compensation for each of our NEOs (based on cash compensation received as base salary and earned Incentive Compensation, the value of Vested DPUs at their date of grant per share value, plus the value of equity awards other than the DPUs at their date of grant per share values) for fiscal year 2016, together with the relative market percentile for each NEO:

Executive Officer	Base Salary	Annual Earned Incentive Compensation	Value of Vested DPU Awards[1]	Value of Stock Awards[2]	Total Compensation	Present Value of Total Compensation Received as a Percentage of Market Median
Garry O. Ridge	$ 642,416	$ 963,624	$ 93,006	$ 849,846	$ 2,548,892	146%
Jay W. Rembolt	$ 308,664	$ 308,664	$ 29,816	$ 174,855	$ 821,999	137%
Michael L. Freeman	$ 332,585	$ 332,585	$ 32,124	$ 174,855	$ 872,149	153%
William B. Noble[3]	$ 323,145	$ 258,516	$ 26,930	$ 109,838	$ 718,429	139%
Geoffrey J. Holdsworth[4]	$ 205,850	$ 221,854	$ 23,853	$ 99,835	$ 551,392	121%

1 For purposes of comparing total compensation for fiscal year 2016 to market median compensation levels for each NEO, the Committee included the Value of Vested DPUs based on the closing price of the Company's common stock on the grant date of $96.18 per share. The Committee treats the DPUs separately from other stock-based awards and has included their value (based on the number of Vested DPUs earned by each NEO) as an additional element of short-term incentive compensation because the DPUs are designed as a supplemental reward for achievement of financial performance for the fiscal year that exceeds the highest level of performance required under the Company's Performance Incentive Program.

2 For purposes of comparing total compensation for fiscal year 2016 to market median compensation levels for each NEO, the Committee included the Value of Stock Awards (RSUs and MSUs) based on the closing price of the Company's common stock on the grant date of $96.18. MSUs are valued based on the target number of shares of the Company's common stock to be issued upon achievement of the applicable performance measure. Information concerning all of the Stock Awards (including the DPUs) for fiscal year 2016 is set forth below in the table under the heading, *Grants of Plan-Based Awards - Fiscal Year 2016*.

3 Mr. Noble's salary and Incentive Compensation amounts have been converted from Great Britain pounds sterling ("GBP") at an average annual exchange rate for fiscal year 2016 of $1.4499 per GBP.

4 Mr. Holdsworth's salary and Incentive Compensation amounts have been converted from Australian dollars ("AUD") at an average annual exchange rate for fiscal year 2016 of $0.7270 per AUD.

For fiscal year 2016, total compensation for our NEOs was assessed by the Committee's compensation consulting firm. As noted in the table above, total compensation for the NEOs ranged from 121% to 153% of the market median compensation level for each position as determined by the Committee's compensation consulting firm. The levels of compensation are considered by the Committee to be in line with target compensation levels for the NEOs in a year in which the Company's performance was strong. These market position comparisons are based on the blended analysis from the Committee's compensation consultant which incorporates peer group proxy analysis and general industry survey data as discussed above under the heading, *Compensation Benchmarking*.

OTHER COMPENSATION POLICIES

EXCHANGE ACT RULE 10b5-1 TRADING PLANS AND INSIDER TRADING GUIDELINES

The Company maintains insider trading guidelines, including transaction pre-approval requirements, applicable to our officers and directors required to report changes in beneficial ownership under Section 16 of the Exchange Act as well as certain other employees who can be expected to have access to material non-public information concerning the Company. These insider trading guidelines also require pre-approval of all trading plans adopted pursuant to Rule 10b5-1 promulgated under the Exchange Act. To avoid the potential for abuse, the Company's policy with respect to such trading plans is that, once adopted, trading plans are not subject to change or cancellation. Any such change or cancellation of an approved trading plan by an executive officer, director or employee covered by the Company's insider trading guidelines in violation of the policy will result in the Company's refusal to approve future trading plan requests for that person.

EXECUTIVE OFFICER STOCK OWNERSHIP GUIDELINES

The Board of Directors has approved guidelines for executive officer ownership of the Company's common stock. The guidelines specify that each executive officer will be expected to attain, within a period of five years from the later of the date of election of the executive officer or the date of adoption of the guidelines, and to maintain thereafter, equity ownership in the Company valued at not less than one times his or her current base salary for executive officers other than our CEO and CFO, two times the current base salary for our CFO, and five times the current base salary for our CEO. Valuation for purposes of the guidelines is to be determined at the higher of cost or current fair market value for shares of the Company's common stock held outright and shares underlying vested RSUs, MSUs and DPUs then held. Vested stock options are valued on a net after tax basis assuming a 45% marginal tax rate on the stock option value equal to the current market price for the Company's common stock less the option exercise price.

The Board of Directors believes that the stock ownership guidelines serve to improve alignment of the interests of our executive officers and the Company's stockholders. At the present time, all of the NEOs have exceeded the expected level of stock ownership.

As noted above under the heading *Equity Compensation,* the NEOs receive both time-vesting RSU awards and performance-based vesting MSU and DPU awards. As the RSU and MSU awards vest, shares of the Company's common stock are issued to the NEOs and these shares may then be sold or retained, subject to the stock ownership guidelines described above. Vested DPU awards provide for deferred issuance of shares to the NEOs upon termination of employment. Outstanding unvested RSU and MSU awards held as of August 31, 2016 by the NEOs are set forth, together with stock options granted for fiscal years prior to 2009, in the table below under the heading, *Outstanding Equity Awards at 2016 Fiscal Year End*. All of the NEOs hold Vested DPUs and each of the NEOs, other than Mr. Rembolt, holds vested RSU awards that must be retained until termination of employment as noted above in the footnotes to the tables under the heading, *Security Ownership of Directors and Executive Officers*.

TAX CONSIDERATIONS

Section 162(m) of the Internal Revenue Code of 1986 (the "Code") limits the deductibility of compensation payable in any tax year to certain covered executive officers (generally limited to the NEOs, but presently excluding the CFO pursuant to current Treasury Department guidance). Section 162(m) of the Code generally provides that a publicly-held company cannot deduct compensation paid to its most highly paid executive officers to the extent that such compensation exceeds $1 million per officer per taxable year. Compensation that is "performance-based" within the meaning of the Code does not count toward the $1 million limit. Compensation paid in fiscal year 2016 to the NEOs pursuant to the WD-40 Company Performance Incentive Compensation Plan most recently approved by the stockholders at the Company's 2012 Annual Meeting of Stockholders is intended to qualify as "performance-based" compensation. In addition, vested shares under MSU awards and vested DPU awards are intended to qualify as "performance-based" compensation.

While the Compensation Committee attempts to maximize the deductibility of compensation paid to the NEOs, the Committee retains the flexibility necessary to provide total compensation in line with competitive practice, the Company's compensation philosophy, and the interests of stockholders. Therefore, the Company may from time to time pay compensation to its executive officers that may not be deductible under Section 162(m).

ACCOUNTING CONSIDERATIONS

We follow Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("ASC Topic 718") for our stock-based compensation awards. ASC Topic 718 requires companies to measure the compensation expense for all share-based payment awards made to employees and directors, including stock options, restricted stock awards, and performance-based awards based on the grant date fair value of these awards. Depending upon the type of performance conditions applicable to performance-based awards, ASC Topic 718 may require the recording of compensation expense over the service period for the award (usually, the vesting period) based on the grant date value (such as for our MSUs) or compensation expense may be recorded based on the expected probability of vesting over the vesting period, subject to adjustment as such probability may vary from period to period (such as for our DPUs). This calculation is performed for accounting purposes and amounts reported in the compensation tables below are based on the compensation expense expected to be recorded over the vesting periods for the awards, determined as of the grant date for the awards. In the case of our MSUs, the grant date values fix the compensation expense to be recorded over the vesting period. These amounts are reported in the tables below even though our executive officers may realize more or less value from their awards depending upon the actual level of achievement of the applicable performance measure. In the case of our DPUs, no value is included in the Summary Compensation Table or in the table under the heading, *Grants of Plan-Based Awards – Fiscal Year 2016*, because ASC Topic 718 requires that we assess the probability of vesting of the DPUs as of the grant date. As of the grant date, we did not consider it probable that the DPUs would become vested even though it was possible that our executive officers would receive Vested DPUs as of the end of the fiscal year.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of WD-40 Company's Board of Directors has reviewed and discussed with management of the Company the Compensation Discussion and Analysis included in this proxy statement and the Company's annual report on Form 10-K for the year ended August 31, 2016, and, based upon that review and discussion, recommended to the board that it be so included.

Compensation Committee
Gregory A. Sandfort, Chair
Peter D. Bewley
Richard A. Collato
Mario L. Crivello
Linda A. Lang

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than ten percent of the Company's stock, to file with the Securities Exchange Commission initial reports of stock ownership and reports of changes in stock ownership. Reporting persons are required by SEC regulation to furnish the Company with copies of all Section 16(a) reports they file.

To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company during the last fiscal year and written representations that no other reports were required, all Section 16(a) requirements were complied with by all persons required to report with respect to the Company's equity securities during the last fiscal year.

EXECUTIVE COMPENSATION

None of our executive officers has an employment agreement or other arrangement, whether written or unwritten, providing for a term of employment or compensation for services rendered other than under specific plans or programs described herein.

For fiscal year 2016, our executive officers received a base salary amount established by the Compensation Committee of the Board of Directors at the beginning of the fiscal year. In addition, each employee of the Company, including each executive officer, may receive Incentive Compensation under a Performance Incentive Program established at the beginning of the fiscal year by the Company and, for our executive officers, by the Committee. A complete description of the Performance Incentive Program is provided in the Compensation Discussion and Analysis section of this proxy statement under the heading, *Performance Incentive Program*. Information regarding the target and maximum potential Incentive Compensation payable under the Performance Incentive Program for fiscal year 2016 is provided below in the table under the heading, *Grants of Plan-Based Awards - Fiscal Year 2016*. The actual payouts under the Performance Incentive Program for fiscal year 2016 and further details regarding the program are provided in the Compensation Discussion and Analysis section of this proxy statement. Our executive officers also received equity compensation in the form of RSUs, MSUs and DPUs, and other compensation benefits for services rendered in fiscal year 2016 as more fully described and reported in the Compensation Discussion and Analysis section of this proxy statement and in the compensation tables below. As a relative share of reported total compensation for fiscal year 2016, annual salary and earned Incentive Compensation was 60% of total compensation for our CEO and from 68% to 74% of total compensation for the other NEOs.

SUMMARY COMPENSATION TABLE

The following table shows information for the three fiscal years ended August 31, 2016, August 31, 2015 and August 31, 2014, concerning the compensation of our CEO, our CFO and the three most highly compensated executive officers other than the CEO and CFO as of the end of fiscal year 2016 (collectively, the "Named Executive Officers" or "NEOs"):

Name and Principal Position	Year	Salary	Stock Awards[1]	Non-Equity Incentive Plan Compensation[2]	All Other Compensation[3]	Total
Garry O. Ridge	2016	$ 642,416	$ 998,645	$ 963,624	$ 99,946	$ 2,704,631
President and	2015	642,416	686,446	261,407	99,575	1,689,844
Chief Executive Officer	2014	626,747	642,682	470,089	89,112	1,828,630
Jay W. Rembolt	2016	$ 308,664	$ 205,470	$ 308,664	$ 81,601	$ 904,399
Vice President, Finance,	2015	308,664	158,322	75,360	84,973	627,319
Treasurer and Chief Financial Officer	2014	301,136	160,565	135,397	80,251	677,349
Michael L. Freeman	2016	$ 332,585	$ 205,470	$ 332,585	$ 86,122	$ 956,762
Division President,	2015	332,585	158,322	99,729	87,269	677,905
the Americas	2014	324,473	160,565	146,013	85,896	716,947
William B. Noble[4]	2016	$ 323,145	$ 129,069	$ 258,516	$ 81,792	$ 792,522
Managing Director, EMEA	2015	348,976	116,113	-	121,861	586,950
	2014	358,555	117,823	141,426	125,675	743,479
Geoffrey J. Holdsworth[5]	2016	$ 205,850	$ 117,315	$ 221,854	$ 78,010	$ 623,029
Managing Director, Asia-Pacific	2015	231,107	79,089	69,332	85,920	465,448
	2014	251,976	80,283	113,483	89,597	535,339

1 Stock Awards other than DPUs for fiscal years 2016, 2015 and 2014 are reported at their grant date fair values. Grant date fair value assumptions and related information is set forth in Note 13, Stock-based Compensation, to the Company's financial statements included in the Company's annual report on Form 10-K filed on October 24, 2016. Stock Awards consisting of MSUs awarded in fiscal years 2016, 2015 and 2014 are included based on the value of 100% of the target number of shares of the Company's common stock to be issued upon achievement of the applicable performance measure. Stock Awards consisting of DPUs awarded in fiscal years 2016 and 2015 are reported as having no value under applicable disclosure rules and ASC Topic 718 due to the lack of any expected probability of vesting of the DPUs as of the grant date, as discussed above in the Compensation Discussion and Analysis section under the heading, *Accounting Considerations*. For achievement of the highest level of the applicable performance measure for the MSUs, NEOs will receive 200% of the target number of shares. For achievement of the highest level of the applicable performance measure for the DPUs, NEOs would receive Vested DPUs covering the maximum number of shares reported for purposes of the table under the heading, *Grants of Plan-Based Awards – Fiscal Year 2016* and as described above in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*.

SUMMARY COMPENSATION TABLE (continued)

The following table sets forth the amounts that would have been included for the Stock Awards for fiscal years 2016, 2015 and 2014 for each of the NEOs if the grant date fair values for the MSUs had been based on the maximum number of shares to be received and if the value of the DPUs were included at their grant date fair values based on the maximum number of shares covered by the DPUs:

Executive Officer	Year	RSUs	MSUs (Maximum)	DPUs (Maximum)	Total Stock Awards
Garry O. Ridge	2016	$ 409,637	$ 1,178,016	$ 473,551	$ 2,061,204
	2015	309,963	752,965	316,339	1,379,267
	2014	287,744	709,876	-	997,620
Jay W. Rembolt	2016	$ 84,282	$ 242,376	$ 151,642	$ 478,300
	2015	71,490	173,664	91,145	336,299
	2014	71,889	177,353	-	249,242
Michael L. Freeman	2016	$ 84,282	$ 242,376	$ 163,460	$ 490,118
	2015	71,490	173,664	98,283	343,437
	2014	71,889	177,353	-	249,242
William B. Noble	2016	$ 52,943	$ 152,251	$ 137,178	$ 342,372
	2015	52,431	127,364	108,577	288,372
	2014	52,752	130,141	-	182,893
Geoffrey J. Holdsworth	2016	$ 48,122	$ 138,386	$ 121,484	$ 307,992
	2015	35,713	86,753	76,718	199,184
	2014	35,944	88,676	-	124,620

2 Amounts reported as Non-Equity Incentive Plan Compensation represent Incentive Compensation payouts under the Company's Performance Incentive Program as described in the narrative preceding the Summary Compensation Table and in the Compensation Discussion and Analysis section of this proxy statement. Threshold, target and maximum payouts for each of the NEOs for fiscal year 2016 are set forth below in the table under the heading, *Grants of Plan-Based Awards - Fiscal Year 2016*.

3 All Other Compensation for each of the NEOs includes the following items: (i) perquisites and benefits described below; (ii) employer profit sharing and matching contributions to the Company's 401(k) Profit Sharing Plan for each NEO other than Messrs. Noble and Holdsworth, a U.K. employer retirement benefit contribution for Mr. Noble, and an Australia employer retirement plan contribution for Mr. Holdsworth; (iii) dividend equivalent amounts paid to each NEO other than Mr. Rembolt with respect to RSUs held by those NEOs that are vested and that will not be settled in shares until termination of employment; and (iv) a taxable payment in the amount of $6,634 made to Mr. Noble in lieu of a retirement plan contribution under the U.K. retirement benefit program that would, if contributed to the retirement plan, result in adverse tax consequences to Mr. Noble. Perquisites and benefits received by each of the NEOs include group medical, dental, vision, wellness and other insurance benefits ("welfare benefit costs") and vehicle allowance costs which include lease or depreciation expense, fuel, maintenance and insurance costs for each NEO other than Mr. Noble, and a cash allowance and fuel for Mr. Noble. For fiscal year 2016, the total employer 401(k) profit sharing and matching contributions for each NEO other than Messrs. Noble and Holdsworth was $44,167. Mr. Noble's and Mr. Holdsworth's employer retirement benefit contributions were $40,922 and $30,877, respectively. Dividend equivalent payments received by the NEOs in fiscal year 2016 were as follows: for Mr. Ridge - $9,650; and for each of Messrs. Freeman, Noble and Holdsworth - $6,512. For fiscal year 2016, the welfare benefit costs for each NEO were as follows: Mr. Ridge - $27,074; Mr. Rembolt - $25,506; Mr. Freeman - $23,605; Mr. Noble - $10,095; and Mr. Holdsworth - $8,184. For fiscal year 2016, the vehicle allowance costs for each NEO were as follows: Mr. Ridge - $19,055; Mr. Rembolt - $11,928; Mr. Freeman - $11,838; Mr. Noble - $17,629; and Mr. Holdsworth - $32,437.

4 Mr. Noble's Salary, Non-Equity Incentive Plan Compensation and All Other Compensation for each fiscal year have been converted from Great Britain pounds sterling ("GBP") at average annual exchange rates for the year as follows: for fiscal year 2016 at $1.4499 per GBP, for fiscal year 2015 at $1.5658 per GBP, and for fiscal year 2014 at $1.6490 per GBP.

5 Mr. Holdsworth's Salary, Non-Equity Incentive Plan Compensation and All Other Compensation for each fiscal year have been converted from Australian dollars ("AUD") at average annual exchange rates for the year as follows: for fiscal year 2016 at 0.7270, for fiscal year 2015 at $0.8162 per AUD, and for fiscal year 2014 at $0.9166 per AUD.

GRANTS OF PLAN-BASED AWARDS - FISCAL YEAR 2016

In December 2007, the Company's stockholders approved the WD-40 Company 2007 Stock Incentive Plan to authorize the issuance of stock-based compensation awards to employees, directors and consultants. In addition to base salary and the Performance Incentive Compensation, for fiscal year 2016 the executive officers were granted RSU, MSU and DPU awards under the Stock Incentive Plan. Descriptions of the RSU, MSU and DPU awards are provided above in the Compensation Discussion and Analysis section under the heading, *Equity Compensation.*

Information concerning the grant of RSU, MSU and DPU awards to the NEOs is provided in the following Grants of Plan-Based Awards table. The table also contains information with respect to Performance Incentive Program opportunity awards for fiscal year 2016 as described above in the Compensation Discussion and Analysis section under the heading, *Performance Incentive Program*. The table provides threshold, target and maximum payout information relating to the Company's fiscal year 2016 Performance Incentive Program.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards[2]				
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units[3] (#)	Grant Date Fair Value of Stock and Options Awards[4] ($)
Garry O. Ridge	10/12/2015	$ 1	$ 481,812	$ 963,624					
	10/12/2015 (MSU)				2,209	4,418	8,836		$ 589,008
	10/12/2015 (RSU)							4,418	$ 409,637
	10/12/2015 (DPU)				250		5,009		$ -
Jay W. Rembolt	10/12/2015	$ 1	$ 154,332	$ 308,664					
	10/12/2015 (MSU)				454	909	1,818		$ 121,188
	10/12/2015 (RSU)							909	$ 84,282
	10/12/2015 (DPU)				80		1,604		$ -
Michael L.	10/12/2015	$ 1	$ 166,293	$ 332,585					
Freeman	10/12/2015 (MSU)				454	909	1,818		$ 121,188
	10/12/2015 (RSU)							909	$ 84,282
	10/12/2015 (DPU)				86		1,729		$ -
William B. Noble[5]	10/12/2015	$ 1	$ 129,258	$ 258,516					
	10/12/2015 (MSU)				285	571	1,142		$ 76,126
	10/12/2015 (RSU)							571	$ 52,943
	10/12/2015 (DPU)				72		1,451		$ -
Geoffrey J.	10/12/2015	$ 1	$ 110,927	$ 221,854					
Holdsworth[6]	10/12/2015 (MSU)				259	519	1,038		$ 69,193
	10/12/2015 (RSU)							519	$ 48,122
	10/12/2015 (DPU)				64		1,285		$ -

1 The Estimated Future Payouts Under Non-Equity Incentive Plan Awards represent Threshold, Target and Maximum payouts under the WD-40 Company Performance Incentive Plan for Incentive Compensation payable for fiscal year 2016 performance. The Target amount represents fifty percent of the Maximum payout for each NEO. The Maximum amount represents the Incentive Compensation opportunity for each NEO that assumes full achievement of the performance measures for Level A of the Performance Incentive Program (as more fully discussed above in the Compensation Discussion and Analysis section under the heading, *Performance Incentive Program*) and attainment by the Company of a level of Global EBITDA sufficient to maximize such payouts under Level C of the Performance Incentive Program.

[2] The Estimated Future Payouts Under Equity Incentive Plan Awards represent the Threshold, Target and Maximum number of shares to be issued upon performance vesting of MSU and DPU awards as described in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*. There is no applicable Target number of shares for DPU awards to be earned by the NEOs.

[3] All Other Stock Awards represent RSUs described in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*.

[4] Information relating to the amounts disclosed as the Grant Date Fair Value of Stock Awards is included in footnote 1 to the Summary Compensation Table above.

[5] The Target and Maximum amounts for Mr. Noble's Estimated Future Payouts Under Non-Equity Incentive Plan Awards have been converted from Great Britain pounds sterling ("GBP") at an average annual exchange rate for fiscal year 2016 of $1.4499 per GBP.

[6] The Target and Maximum amounts for Mr. Holdsworth's Estimated Future Payouts Under Non-Equity Incentive Plan Awards have been converted from Australian dollars ("AUD") at an average annual exchange rate for fiscal year 2016 of $0.7270 per AUD.

OUTSTANDING EQUITY AWARDS AT 2016 FISCAL YEAR END

The following table provides detailed information concerning the unexercised stock options and RSU and MSU awards that were not vested as of the end of the last fiscal year for each of the NEOs:

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)[1]	Market Value of Shares or Units of Stock That Have Not Vested ($)[2]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)[3]	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[4]
Garry O. Ridge					9,070	$ 1,073,435	27,508	$ 3,255,572
	-	-						
Total	**-**	**-**			**9,070**	**$ 1,073,435**	**27,508**	**$ 3,255,572**
Jay W. Rembolt					2,009	$ 237,765	6,300	$ 745,605
	6,160	-	$ 36.03	10/16/17				
Total	**6,160**	**-**			**2,009**	**$ 237,765**	**6,300**	**$ 745,605**
Michael L. Freeman					2,009	$ 237,765	6,300	$ 745,605
	-	-						
Total	**-**	**-**			**2,009**	**$ 237,765**	**6,300**	**$ 745,605**
William B. Noble					1,377	$ 162,968	4,430	$ 524,291
	-	-						
Total	**-**	**-**			**1,377**	**$ 162,968**	**4,430**	**$ 524,291**
Geoffrey J.					1,069	$ 126,516	3,278	$ 387,951
Holdsworth	-	-						
Total	**-**	**-**			**1,069**	**$ 126,516**	**3,278**	**$ 387,951**

1 Represents RSU awards to the NEOs that were not vested as of the fiscal year end.

2 The Market Value of the RSU awards that were not vested as of the fiscal year end was $118.35 per unit, determined by reference to the closing price for the Company's common stock as of August 31, 2016.

3 Represents the maximum number of shares to be issued with respect to MSU awards granted to the NEOs that were not vested as of the fiscal year end. The maximum number of shares to be issued with respect to MSU awards equals the number of shares to be issued with respect to the MSU awards upon achievement of the highest level of achievement for such MSU awards as described above in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*.

4 The Market Value of the maximum number of shares to be issued with respect to unvested MSU awards at fiscal year end was $118.35 per share, determined by reference to the closing price for the Company's common stock as of August 31, 2016.

OPTION EXERCISES AND STOCK VESTED - FISCAL YEAR 2016

The following table sets forth the number of shares of the Company's common stock acquired on exercise of stock options in the Company's last fiscal year and the aggregate dollar value realized on exercise of such stock options for the NEOs. The table also sets forth the number of shares of the Company's common stock acquired (or subject to deferred settlement in the case of DPU awards) upon the vesting of RSU, MSU and DPU awards in the Company's last fiscal year and the aggregate dollar value realized with respect to such vested RSU, MSU and DPU awards.

	Option Awards		Stock Awards	
Executive Officer	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise[1] ($)**	**Number of Shares Acquired on Vesting[2] (#)**	**Value Realized on Vesting[3] ($)**
Garry O. Ridge	-	$ -	18,945	$ 1,786,038
Jay W. Rembolt	5,000	$ 354,070	4,153	$ 394,011
Michael L. Freeman	-	$ -	4,796	$ 454,406
William B. Noble	-	$ -	3,430	$ 326,025
Geoffrey J. Holdsworth	-	$ -	2,477	$ 236,603

1 The Value Realized on Exercise is calculated by subtracting the aggregate exercise price for the shares of the Company's common stock acquired upon exercise of the stock options from the fair market value price of such shares as of the date of exercise. The fair market value price of each share at exercise is determined by the actual trade price for the share if sold in a cashless exercise transaction, otherwise by the closing price as of the date of exercise.

2 The Number of Shares Acquired on Vesting for each NEO includes shares of the Company's common stock issued upon vesting of RSU and MSU awards on October 20, 2015 and upon vesting of DPU awards on August 31, 2016.

3 The Value Realized on Vesting for shares of the Company's common stock issued on October 20, 2015 is calculated based on the number of vested RSU and MSU awards multiplied by the closing price of $92.98 for the Company's common stock as of that date. The Value Realized on Vesting for the Vested DPUs as of August 31, 2016 is calculated based on the number of Vested DPUs multiplied by the closing price of $118.35 for the Company's common stock as of that date. The Value Realized on Vesting attributable to the Vested DPUs for each of the NEOs is deferred pending settlement of the Vested DPUs. Settlement of the DPUs is deferred until termination of employment as described in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*. Amounts deferred for each of the NEOs is set forth in the table below under the heading, *Nonqualified Deferred Compensation – Fiscal Year 2016*.

NONQUALIFIED DEFERRED COMPENSATION – FISCAL YEAR 2016

The following table provides information concerning compensation received by the NEOs that is subject to deferral under applicable RSU and DPU award agreements:

Executive Officer	Registrant Contributions in last FY[1] ($)	Aggregate Earnings in last FY[2] ($)	Aggregate Balance at last FYE[3] ($)
Garry O. Ridge	$ 114,444	$ 203,645	$ 810,816
Jay W. Rembolt	$ 36,689	$ -	$ 36,689
Michael L. Freeman	$ 39,529	$ 137,436	$ 509,497
William B. Noble	$ 33,138	$ 137,436	$ 503,106
Geoffrey J. Holdsworth	$ 29,351	$ 137,436	$ 499,319

1 Registrant Contributions in last FY represents the value, as of the vesting date on August 31, 2016, of the Vested DPUs earned by the NEOs as described in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*. The Vested DPUs entitle each NEO to receive one share of the Company's common stock for each Vested DPU following termination of employment. The value for each Vested DPU is based on the closing price of the Company's common stock on the August 31, 2016 vesting date in the amount of $118.35 per share.

2 The Aggregate Earnings in last FY represents the increase in value from August 31, 2015 to August 31, 2016 of the shares underlying deferred settlement RSUs held by each NEO that will be settled in shares of the Company's common stock following termination of employment as disclosed in footnotes to the table under the heading, *Security Ownership of Directors and Executive Officers*. The number of such deferred settlement RSUs for each NEO was multiplied by the difference in the closing price of the Company's common stock on August 31, 2016 of $118.35 and on August 31, 2015 of $83.74, or $34.61.

3 The Aggregate Balance at last FYE represents the value as of August 31, 2016 of the Vested DPUs and RSUs held by each NEO that will be settled in shares of the Company's common stock following termination of employment as noted in the footnotes above. The value for each Vested DPU and each deferred settlement RSU is based on the closing price of the Company's common stock as of August 31, 2016 in the amount of $118.35 per share.

SUPPLEMENTAL DEATH BENEFIT PLANS AND SUPPLEMENTAL INSURANCE BENEFITS

The Company maintains Supplemental Death Benefit Plans for the NEOs other than Mr. Noble and Mr. Holdsworth. Under the death benefit plan agreements, the NEO's designated beneficiary or estate, as applicable, will receive a death benefit equal to the NEO's then current base salary in the event of his death prior to retirement from the Company. All of the NEOs are also eligible to receive life insurance benefits offered to all employees of the Company and, in the case of Messrs. Noble and Holdsworth, to all employees of the Company's U.K. and Australian subsidiaries, respectively.

The death benefits under the Supplemental Death Benefit Plans are not formally funded but the Company has purchased key man life insurance policies owned by the Company to cover its benefit obligations. The Board of Directors has determined which key employees participate in the plans and the amount of the benefit payable for each participant. Non-employee directors do not have death benefit plan agreements.

Based upon their fiscal year 2016 base salaries, the supplemental death benefit to be provided to the NEOs other than Mr. Noble and Mr. Holdsworth as of the end of fiscal year 2016 would have been as set forth in the following table:

Executive Officer	Death Benefit
Garry O. Ridge	$ 642,416
Jay W. Rembolt	$ 308,664
Michael L. Freeman	$ 332,585
William B. Noble	$ -
Geoffrey J. Holdsworth	$ -

CHANGE OF CONTROL SEVERANCE AGREEMENTS

Each executive officer serves at the discretion of the Board of Directors. On February 14, 2006, the Company entered into Change of Control Severance Agreements ("Severance Agreements") with each of the executive officers identified in the Summary Compensation Table above, with the exception of Mr. Rembolt. On October 16, 2008, the Company entered into a Severance Agreement with Mr. Rembolt. The Severance Agreements provide that each executive officer will receive certain severance benefits if his employment is terminated without "Cause" or if he resigns for "Good Reason", as those terms are defined in the Severance Agreements, within two years after a "Change of Control" as defined in the Severance Agreements and summarized below. If the executive officer's employment is terminated during the aforementioned two-year period by the Company without "Cause" or by the executive officer for "Good Reason", the executive officer will be entitled to a lump sum payment (subject to limits provided by reference to Section 280G of the Internal Revenue Code which limits the deductibility of certain payments to executives upon a change in control) of twice the executive officer's salary, calculated based on the greater of the executive officer's then current annual salary or a five-year average, plus twice the executive officer's earned Incentive Compensation, calculated based on the greater of the most recent annual earned Incentive Compensation or a five-year average. Further, any of the executive officer's outstanding stock options and other equity incentive awards that are not then fully vested (with the exception of DPU awards), will be accelerated and vested in full following such termination of employment within such two-year period and the executive officer will be entitled to continuation of health and welfare benefits under the Company's then existing benefit plans or equivalent benefits for a period of up to two years from the date of termination of employment. No employment rights or benefits other than the change of control severance benefits described in this paragraph are provided by the Severance Agreements.

For purposes of the Severance Agreements and subject to the express provisions and limitations contained therein, a "Change of Control" means a transaction or series of transactions by which a person or persons acting together acquire more than 30% of the Company's outstanding shares; a change in a majority of the incumbent members of the Company's Board of Directors as specified in the Severance Agreements, a reorganization, merger or consolidation as specified in the Severance Agreements or a sale of substantially all of the assets or complete liquidation of the Company. As specified more particularly in the Severance Agreements, a "Change of Control" does not include a reorganization, merger or consolidation or a sale or liquidation where a majority of the incumbent members of the Company's Board of Directors continue in office and more than 60% of the successor company's shares are owned by the Company's pre-transaction stockholders.

The Severance Agreements have a term of two years, subject to automatic renewal for successive two year periods unless notice of non-renewal is provided by the Company's Board of Directors not less than six months prior to the end of the current term. The term of the Severance Agreements will be automatically extended for a term of two years following any "Change of Control."

The following table sets forth the estimated amounts payable to each of the NEOs pursuant to their respective Severance Agreements on the assumption that the employment of each NEO was terminated without "Cause" or otherwise for "Good Reason" effective as of the end of fiscal year 2016 following a "Change of Control" as provided for in the Severance Agreements. The table also includes the value, as of the end of the fiscal year, of all RSU and MSU awards that were not vested as of the end of fiscal year 2016.

Executive Officer	Severance Pay[1]	Welfare Benefits[2]	Accelerated Vesting of RSUs and MSUs[3]	Total Change of Control Severance Benefits
Garry O. Ridge	$ 1,807,645	$ 48,232	$ 2,701,221	$ 4,557,098
Jay W. Rembolt	$ 768,049	$ 47,832	$ 610,568	$ 1,426,449
Michael L. Freeman	$ 864,628	$ 43,832	$ 610,568	$ 1,519,028
William B. Noble	$ 784,954	$ 11,520	$ 425,113	$ 1,221,587
Geoffrey J. Holdsworth	$ 611,557	$ 16,368	$ 320,492	$ 948,417

1 For each NEO other than Mr. Noble and Mr. Holdsworth, Severance Pay includes two times the reported Salary for fiscal year 2016 plus two times the reported Non-Equity Incentive Plan Compensation for fiscal year 2015. For Mr. Noble and Mr. Holdsworth, Severance Pay includes two times the reported Salary for fiscal year 2016 plus two times the average of the Non-Equity Incentive Plan Compensation amounts paid to each of them with respect to the five fiscal years ended August 31, 2015.

2 For each NEO, Welfare Benefits includes an estimate of the Company's cost to provide two years of continuation coverage under the Company's welfare benefit plans, which does not include life insurance or long-term disability insurance.

3 The value included for accelerated vesting of RSU and MSU awards equals the value of the RSU and MSU awards that were not vested at $118.35 for each RSU and MSU based on the closing price for the Company's common stock as of August 31, 2016. MSUs are valued for this purpose based upon the Target Number of shares of the Company's common stock to be issued with respect to the MSUs as described above in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*, in the event of the acceleration of vesting thereof pursuant to the NEOs' Severance Agreements and MSU Award Agreements.

ITEM NO. 3
APPROVAL OF THE WD-40 COMPANY 2016 STOCK INCENTIVE PLAN

The Board of Directors has adopted the 2016 Stock Incentive Plan (the "2016 Plan"), subject to stockholder approval at the Annual Meeting. If stockholders approve the 2016 Plan, the 2016 Plan will become effective on December 13, 2016 and will terminate on December 12, 2026. If the 2016 Plan is approved, the Company's 2007 Stock Incentive Plan (the "2007 Plan") will terminate on December 13, 2016, though such termination will not impact awards previously granted under the 2007 Plan.

2016 PLAN SUMMARY

The following is a summary of the principal features of the 2016 Plan. This summary does not purport to be complete and is subject to, and qualified in its entirety by, the provisions of the 2016 Plan, a copy of which is attached to this proxy statement as Appendix A. Capitalized terms used but not defined herein shall have the meanings set forth in the 2016 Plan.

The purposes of the 2016 Plan are to attract and retain the best caliber personnel available for positions of substantial responsibility, to provide additional incentive to employees, directors or consultants of the Company or its subsidiaries (collectively, the "Participants") and to optimize the profitability and growth of the Company through incentives that are consistent with the Company's goals and that link the goals of the Participants in the 2016 Plan to those of the Company's stockholders. The 2016 Plan permits the grant of the following types of incentive awards: (1) Options (qualified and non-qualified), (2) Stock Appreciation Rights, (3) Restricted Stock, (4) Restricted Stock Units, (5) Performance Shares, (6) Performance Units and (7) Other Stock-Based Awards.

The number of shares of the Company's common stock ("Shares") initially reserved for issuance under the 2016 Plan is 1,000,000 Shares.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information regarding shares of the Company's common stock authorized for issuance under the 2007 Plan as of August 31, 2016:

	Securities to be issued upon Exercise of Outstanding Options, Warrants & Rights (#)	Weighted Average Exercise Price of Outstanding Options, Warrants & Rights ($)	Securities Remaining Available for Future Issuance Under Equity Compensation Plans (#)
Equity Compensation Plans Approved by Security Holders	229,878	$ 35.59	1,696,909
Equity Compensation Plans Not Approved Security	n/a	n/a	n/a
Total	229,878	$ 35.59	1,696,909

If the 2016 Plan is approved by the stockholders at the Annual Meeting, none of the Shares remaining available under the 2007 Plan on that date will be available for issuance under the 2016 Plan, and any shares reserved for issuance under outstanding share awards under the 2007 Plan that are subsequently cancelled or forfeited will not be available for issuance under the 2016 Plan. If the 2016 Plan is not approved by the stockholders at the Annual Meeting, Shares remaining available for future issuance under the 2007 Plan as of the date of the Annual Meeting will continue to be available for future Awards until expiration of the 2007 Plan on December 10, 2017.

For purposes of determining the number of Shares available for Awards under the 2016 Plan, Awards of Options and Stock Appreciation Rights ("SARs") are counted as one (1) Share used for each Option or SAR awarded. Awards of Restricted Stock, Restricted Stock Units ("RSUs"), Performance Shares, Performance Units providing for a share-based award, and Other Stock-Based Awards (referred to as "Full Value Stock Awards") are counted as three (3) Shares used for each Share to be issued with respect to a Full Value Stock Award.

The 2016 Plan will be administered by the Board or by the Committee. Subject to the provisions of the 2016 Plan and the authority of the Board, the Committee has the authority to: (1) select the persons to whom Awards are to be granted, (2) determine whether and to what extent Awards are to be granted, (3) determine the size and type of Awards, (4) approve forms of agreement for use under the 2016 Plan, (5) determine the terms and conditions applicable to Awards, (6) establish Performance Measures for any Performance Period and determine whether such measures were satisfied, (7) amend any outstanding Award in the event of termination of employment or a Change in Control, (8) construe and interpret the 2016 Plan and any Award Agreement and apply its provisions and (9) subject to certain limitations, take any other actions deemed necessary or advisable for the administration of the 2016 Plan. Subject to the power of the Board to administer the 2016 Plan, all decisions, interpretations and other actions of the Committee shall be final and binding on all holders of Awards or rights and on all persons deriving their rights therefrom.

The 2016 Plan provides that Awards may be granted to Participants as identified by the Board or the Committee, except that Incentive Stock Options may be granted only to Employees. The Company has 445 total employees eligible to participate in the 2016 Plan, 44 of which are presently identified as prospective participants, having been awarded RSUs and Performance Unit Awards designated as market share units ("MSUs") and/or deferred performance unit awards ("DPUs") under the 2007 Plan on October 10 and 11, 2016. Upon the election of the nominees for election as directors at the Annual Meeting, 9 non-employee directors will be eligible to participate in the 2016 Plan. No consultants have been identified as prospective participants.

The Company has designed the 2016 Plan so that it permits the issuance of Awards that are intended to qualify as performance-based under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). See the discussion below relating to the Federal Tax Aspects of the 2016 Plan for more information relating to Code Section 162(m).

The 2016 Plan prohibits repricing of Options or SARs, including by way of an exchange for another Award, unless stockholder approval is obtained.

Terms and Conditions of Option and SAR Awards

Each Option granted under the 2016 Plan will be evidenced by an Award Agreement between the Participant and the Company and will be subject to the following terms and conditions:

- Exercise Price. The Committee sets the Exercise Price for the Shares subject to each Option, provided that the Exercise Price cannot be less than 100% of the Fair Market Value of the Company's common stock on the Option grant date. In addition, the Exercise Price of an Incentive Stock Option must be at least 110% of Fair Market Value if, on the grant date, the Participant owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its subsidiaries (a "10% Stockholder").
- Form of Consideration. The means of payment for Shares issued upon exercise of an option is specified in each option agreement. Payment generally may be made by cash, other shares of common stock owned by the Participant, any other method permitted by the Committee, or by a combination of the foregoing.
- Exercise of the Option. Each Award Agreement will specify the term of the Option and the date when the Option is to become exercisable, provided that, except for Options granted to a non-employee director or a consultant, or as specified in an Award Agreement upon a termination of employment or a Change in Control or Subsidiary Disposition, no Option may be exercisable prior to one (1) year from the date of grant. The 2016 Plan provides that in no event shall an Option granted under the 2016 Plan be exercised more than ten (10) years after the date of grant. Moreover, in the case of an Incentive Stock Option granted to a 10% Stockholder, the term of the Option shall be for no more than five (5) years from the date of grant.
- Termination of Employment. If an option holder's employment terminates for any reason (including death or permanent disability), all Options held by such option holder under the 2016 Plan will expire upon the earlier of (i) such period of time as is set forth in his or her Award Agreement or (ii) the expiration date of the Option. The option holder may exercise all or part of his or her Option at any time before such expiration to the extent that such Option was exercisable at the time of termination of employment.

SAR grants may be either freestanding or tandem with Option grants. Each SAR grant shall be evidenced by an Award Agreement that will specify the Exercise Price, the term of the SAR, the conditions of exercise, and such other terms and conditions as the Committee shall determine.

The Exercise Price of SARs may not be less than 100% of the Fair Market Value of the Company's common stock on the grant date of the Award. The Committee, subject to the provisions of the 2016 Plan, shall have the discretion to determine the terms and conditions of SARs granted under the 2016 Plan. Each Award Agreement will specify the term of the SAR and the date when the SAR is to become exercisable, provided that except for Awards to non-employee directors or consultants or as specified in an Award Agreement upon a termination of employment or a Change in Control or Subsidiary Disposition, no SAR may be exercisable prior to one (1) year from the date of grant.

Upon exercise of a SAR, the holder of the SAR will be entitled to receive payment in an amount equal to the product of (i) the difference between the Fair Market Value of a share on the date of exercise and the Exercise Price and (ii) the number of Shares for which the SAR is exercised. At the discretion of the Committee, payment to the holder of a SAR may be in cash, shares of common stock or a combination thereof.

SARs granted under the 2016 Plan will expire as determined by the Committee, but in no event later than ten (10) years from the date of grant. No SAR may be exercised by any person after its expiration.

In order that Option and SAR Awards may qualify as performance-based compensation under Section 162(m) of the Code, no Participant may be granted Options and SARs with respect to more than 75,000 Shares in any one calendar year period, provided that such limit is increased to 150,000 Shares for a Participant during the year following his or her date of hire.

Terms and Conditions of Full Value Stock Awards

Each Restricted Stock or RSU grant will be evidenced by an Award Agreement that will specify the purchase price (if any) and such other terms and conditions as the Committee shall determine.

The Committee will have the discretion to determine (i) the number of Shares subject to a Restricted Stock or RSU Award granted to any Participant and (ii) the conditions for vesting that must be satisfied, provided that there shall be a minimum vesting period of one (1) year for Participants other than non-employee directors and consultants or as specified in an Award Agreement upon a termination of employment or a Change in Control or Subsidiary Disposition.

Each Performance Share grant will be evidenced by an Award Agreement that shall specify such other terms and conditions as the Committee, in its sole discretion, shall determine.

The Committee will have complete discretion to determine (i) the number of Shares subject to a Performance Share Award and (ii) the conditions that must be satisfied for grant or for vesting, provided that there shall be a minimum vesting period of one (1) year for Participants other than non-employee directors and consultants or as specified in an Award Agreement upon a termination of employment or a Change in Control or Subsidiary Disposition.

The Committee may also grant Other Stock-Based Awards that may include, without limitation, grants of Shares based on attainment of performance goals, payment of shares as a bonus in lieu of cash based on attainment of performance goals, and the payment of Shares in lieu of cash under other Company incentive, bonus or compensation programs. The Committee will have the discretion to determine the conditions for vesting of any such Award, provided that, except for Awards to directors and consultants or as specified in an Award Agreement upon a termination of employment or a Change in Control or Subsidiary Disposition, there shall be a minimum vesting period of one (1) year, provided that an Award for payment of Shares in lieu of cash under other Company incentive, bonus or compensation programs shall not be subject to a minimum vesting period.

In order that Full Value Stock Awards subject to vesting upon attainment of specified performance goals may qualify as performance-based compensation under Section 162(m) of the Code, no Participant may be granted Awards of Restricted Stock, RSUs, Performance Shares, Performance Units or Other Stock-Based Awards with respect to more than 37,500 Shares in any one calendar year period, provided that such limit is increased to 75,000 Shares for a Participant during the year following his or her date of hire.

Terms and Conditions of Performance Unit Awards

Performance Units are similar to Performance Shares, except that they may include cash-valued unit awards that may be settled in Shares, cash or a combination of the two. The Shares available for issuance under the 2016 Plan will not be diminished as a result of the settlement of a Performance Unit in cash. Each Performance Unit grant will be evidenced by an Award Agreement that will specify such terms and conditions as may be determined at the discretion of the Committee, provided that there shall be a minimum vesting period of one (1) year for Participants other than non-employee directors and consultants or as specified in an Award Agreement upon a termination of employment or a Change in Control or Subsidiary Disposition.

In order to qualify as performance-based compensation under Section 162(m) of the Code, no Participant shall be granted a Performance Unit Award that is a cash value award (rather than a share-based award) that provides for a cash payment value of more than $2,500,000 in any one fiscal year.

Other 2016 Plan Provisions

The aggregate grant date fair value of Awards granted to non-employee directors in any fiscal year of the Company may not exceed $300,000; provided that (i) the maximum amount shall be $600,000 in the year in which a non-employee director commences service on the Board; and (ii) the limitation shall not apply to Awards made pursuant to an election to receive the Award in lieu of all or a portion of cash compensation received for service on the Board or any committee of the Board.

Certain Awards under the 2016 Plan will be intended to qualify as "performance-based compensation" for purposes of deductibility under Section 162(m) of the Code. For any such Award, the Committee will establish the performance objectives to be used within 90 days after the commencement of the Performance Period (being at least one (1) year.) The performance objectives to be used shall be selected from the following list of measures (collectively, the "Performance Measures"): total shareholder return, stock price, net customer sales, volume, gross profit, gross margin, operating profit, operating margin, management profit, earnings from continuing operations (including derivatives thereof before interest, taxes, depreciation and/or amortization), earnings per share from continuing operations, net operating profit after tax, net earnings, net earnings per share, brand contribution to earnings, return on assets, return on investment, return on equity, return on invested capital, cost of capital, average capital employed, cash value added, economic value added, cash flow, cash flow from operations, working capital, working capital as a percentage of net customer sales, asset growth, asset turnover, market share, customer satisfaction, and employee satisfaction. The targeted level or levels of performance with respect to the Performance Measures may be established at such levels and on such terms as the Committee may determine, in its discretion, on a corporate-wide basis or with respect to one or more business units, divisions, subsidiaries, business segments or functions, and in either absolute terms or relative to the performance of one or more comparable companies or an index covering multiple companies. Unless otherwise determined by the Committee, measurement of the Performance Measures above shall exclude the impact of charges for restructurings, discontinued operations, extraordinary items and other unusual or non-recurring items, as well as the cumulative effects of tax or accounting changes, each as determined in accordance with generally accepted accounting principles or identified in the Company's financial statements, notes to the financial statements, management's discussion and analysis or other filings with the SEC. Awards that are not intended to qualify as "performance-based compensation" under Section 162(m) of the Code may be based on these or such other performance measures as the Committee may determine.

An Award granted under the 2016 Plan which is an Incentive Stock Option may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the recipient, only by the recipient. Other Awards will be transferable to the extent provided in the Award, except that no Award may be transferred for consideration.

Unless otherwise provided for in an Award Agreement for the issuance of Restricted Stock, the Participant holder of Restricted Stock will be entitled to all dividends paid with respect to such Shares prior to full vesting. The Award Agreements for other Full Value Stock Awards may include provision for the payment or accumulation of the amount of dividends that would otherwise be paid with respect to the number of Shares covered by the Award as if they were issued and outstanding ("Dividend Equivalents"), provided that no Dividend Equivalents may be paid with respect to a Full Value Stock Award that is subject to performance-based vesting provisions prior to the vesting thereof. Dividend Equivalents may be paid in cash and/or Shares as and when the dividends are paid with respect to the Company's common stock or they may be accumulated and paid, with or without interest, at such time as may be provided for in the Award Agreement. No Dividend Equivalents may be paid or accumulated in connection with an Option or SAR Award.

In the event of any merger, reorganization, consolidation, recapitalization, liquidation, stock dividend, split-up, spin-off, stock split, reverse stock split, share combination, share exchange, extraordinary dividend, or any change in the corporate structure affecting the Shares, such adjustment shall be made in the number and kind of Shares that may be delivered under the 2016 Plan, the individual Award limits set forth in the 2016 Plan, and, with respect to outstanding Awards, in the number and kind of Shares subject to outstanding Awards, the Exercise Price, grant price or other price of Shares subject to outstanding Awards, any performance conditions relating to Shares, the market price of Shares, or per Share results, and other terms and conditions of outstanding Awards, as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights; provided, however, that, unless otherwise determined by the Committee, the number of Shares subject to any Award shall always be rounded down to a whole number. Any such adjustment shall be made by the Committee, whose determination shall be conclusive.

In the event of a Change in Control, if the successor corporation does not assume the Awards or substitute equivalent Awards, such Awards shall become fully vested and exercisable. In this event, performance-based Awards will vest on a pro-rata monthly basis based on the performance level attained as of the date of the Change in Control, if determinable, or at the target level, if not determinable. In such event, the Committee shall notify the Participant that each Award subject to exercise is fully exercisable. The Committee may, in its sole discretion, provide that all outstanding Options and SARs shall be terminated upon the effectiveness of a Change in Control and provide each Participant an amount in cash equal to the excess of the Fair Market Value of a Share immediately prior to the effectiveness of a Change in Control over the Option Exercise Price or the SAR grant price, or the Committee may cancel or terminate Options or SARs without payment if the Fair Market Value of a Share as of the effective date of a Change of Control is less than the Option Exercise Price or SAR grant price per Share. In the event of a Subsidiary Disposition, the Committee may, in its sole discretion, provide for the automatic full vesting of Awards only with respect to those Participants who are, at the time of the Subsidiary Disposition, engaged primarily in Continuous Service with the Subsidiary involved in such Subsidiary Disposition.

The Board of Directors may amend, suspend or terminate the 2016 Plan at any time; provided, however, that stockholder approval is required for any amendment to the extent necessary to comply with the NASDAQ listing standards or applicable laws. In addition, no amendment, suspension or termination may adversely impact an Award previously granted without the consent of the Participant to whom such Award was granted unless required by applicable law.

FEDERAL TAX ASPECTS

The following paragraphs are a summary of the material U.S. federal income tax consequences associated with certain Award types to be granted under the 2016 Plan. The summary is based on existing U.S. laws and regulations, and there can be no assurance that those laws and regulations will not change in the future. The summary does not purport to be complete and does not discuss the tax consequences upon a Participant's death, or the provisions of the income tax laws of any municipality, state or foreign country in which the Participant may reside. Furthermore, this summary does not address applicable federal tax provisions of Section 409A of the Code enacted under the American Jobs Creation Act of 2004. To the extent applicable, it is intended that the 2016 Plan and any Awards granted thereunder will comply with the requirements of Section 409A of the Code. The new rules imposed by Section 409A may impact the way certain types of deferred compensation are taxed and certain provisions of Award Agreements may be included to protect against undesired tax consequences.

Incentive Stock Options

No taxable income is recognized when an Incentive Stock Option is granted or exercised, although the exercise is an adjustment item for alternative minimum tax purposes and may subject the Participant to the alternative minimum tax. If the Participant exercises the Option and then later sells or otherwise disposes of the Shares more than two years after the grant date and more than one year after the exercise date, the difference between the sale price and the Exercise Price generally will be taxed as long-term capital gain or loss. If these holding periods are not satisfied, the Option will generally be treated for tax purposes as a nonqualified stock option as described below. The Participant will recognize ordinary income at the time of sale or other disposition equal to the difference between the Exercise Price and the lower of (i) the Fair Market Value of the Shares at the date of the Option exercise or (ii) the sale price of the Shares. Any gain or loss recognized on such a premature disposition of the Shares in excess of the amount treated as ordinary income will be treated as long-term or short-term capital gain or loss, depending on the holding period.

Nonqualified Stock Options

No taxable income is recognized when a Nonqualified Stock Option is granted to a Participant with an Exercise Price equal to the Fair Market Value on the date of grant. Upon exercise, the Participant will recognize ordinary income in an amount equal to the excess of the Fair Market Value of the Shares on the exercise date over the Exercise Price. Any taxable income recognized in connection with the exercise of a Nonqualified Stock Option by an Employee is subject to tax withholding by the Company. Any additional gain or loss recognized upon later disposition of the Shares is capital gain or loss, which may be long-term or short-term capital gain or loss depending on the holding period.

Stock Appreciation Rights

No taxable income is recognized when a stock appreciation right is granted to a Participant. Upon exercise, the Participant will recognize ordinary income in an amount equal to the amount of cash received and the Fair Market Value of any Shares received. Any additional gain or loss recognized upon later disposition of the Shares is capital gain or loss, which may be long-term or short-term capital gain or loss depending on the holding period.

Full Value Stock Awards and Performance Units

A Participant generally will not have taxable income upon grant of Restricted Stock, RSUs, Performance Shares, Performance Units or Other Stock-Based Awards that are subject to vesting provisions. Instead, the Participant will usually recognize ordinary income at the time of vesting equal to the Fair Market Value (on the vesting date) of the Shares or cash received minus any amount paid. RSUs, Performance Units or Other Stock-Based Awards settled in stock may not be taxable until the settlement date if the award otherwise complies with the requirements for deferral of taxation under applicable tax laws. For Restricted Stock, Performance Shares and shares issued pursuant to Other Stock-Based Awards subject to risk of forfeiture, a Participant instead may elect to be taxed at the time of issuance of Shares subject to restrictions and risk of forfeiture.

Company Tax Treatment

The Company generally will be entitled to a tax deduction in connection with an Award under the 2016 Plan in an amount equal to the ordinary income realized by a Participant and at the time the Participant recognizes such income (for example, the exercise of a Nonqualified Stock Option, early disposition of an Incentive Stock Option or upon vesting of a Full Value Stock Award that is not otherwise subject to deferred taxation.) For Incentive Stock Options, the Company will not be entitled to a tax deduction unless the Participant makes an early disposition of the Shares acquired upon exercise of the Option as discussed above. Special rules limit the deductibility of compensation paid to the chief executive officer and to each of the next four most highly compensated executive officers. Under Section 162(m) of the Code, unless various conditions are met that enable compensation to qualify as “performance-based,” the annual compensation paid to any of these specified executive officers will be deductible only to the extent that it does not exceed $1,000,000. However, the 2016 Plan has been designed to permit the Committee to grant Awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m) of the Code, thereby permitting the Company to receive a federal income tax deduction in connection with such Awards even to the extent that the income recognized by the executive officer with respect to the Award would cause the executive officer's non-exempt income for such year to exceed $1,000,000.

2007 PLAN STOCK-BASED INCENTIVE AWARDS

The following table presents information relating to stock-based incentive awards granted under the 2007 Plan on October 10 and 11, 2016 to the Named Executive Officers, all current executive officers as a group and all employees, including all officers who are not executive officers, as a group. The table also includes information relating to the prospective grant of RSU awards to all current directors who are not executive officers as a group expected to be granted under the 2007 Plan immediately following the Annual Meeting of Stockholders on December 13, 2016 if the 2016 Plan is not approved by the stockholders at the Annual Meeting or under the 2016 Plan if it is approved. The awards included in the table consist of RSU awards, MSU awards and DPU awards granted to employees as generally described in the Compensation, Discussion and Analysis section under the heading *Equity Compensation* and RSUs to be granted to the non-employee directors as described above under the heading, *Board of Directors Compensation*. The benefits included in this table are representative of benefits that would be received or allocated to these persons and groups under the 2016 Plan if the 2007 Plan had terminated prior to October 10, 2016. It is not otherwise possible to determine the benefits to be received by the persons or groups referred to in the table.

Name and Principal Position	Dollar Value[1] ($)	RSUs Granted (#)	MSUs Granted (#)	DPUs Granted (#)
Garry O. Ridge	$ 956,335	4,250	4,250	4,311
President and				
Chief Executive Officer				
Jay W. Rembolt	$ 175,966	782	782	1,381
Vice President, Finance,				
Treasurer and Chief Financial Officer				
Michael L. Freeman	$ 175,966	782	782	1,488
Division President,				
the Americas				
William B. Noble	$ 110,710	492	492	1,156
Managing Director, EMEA				
Geoffrey J. Holdsworth	$ 100,584	447	447	1,365
Managing Director, Asia-Pacific				
Executive Officer Group	$ 1,821,537	8,095	8,095	11,387
Non-Executive Director Group	$ 444,000 [2]	N/A [2]		
Non-Executive Officer Employee Group	$ 1,443,810	6,460	6,460	14,138

1 The Dollar Value of RSUs, MSUs and DPUs granted to employees and NEOs on October 10 and 11, 2016 is based on the grant date closing price of the Company's common stock multiplied by the number of RSU awards and the target number of MSU Shares underlying the MSU awards. No amount is included for the DPUs since the Company has determined that, as of the grant date, under the applicable accounting treatment for the DPUs as described in the Compensation Discussion and Analysis section under the heading, *Accounting Considerations*, it is not probable that the DPUs will vest.

2 On October 10, 2016 the Board of Directors approved a compensation policy for non-employee directors elected to serve as directors at the Annual Meeting of Stockholders on December 13, 2016. The director compensation policy provides for the award of RSUs on December 13, 2016 with respect to shares of the Company's common stock having a fair market value as of the date of grant equal to $55,500. The number of RSUs to be granted to each non-employee director will be determined as of the date of grant by dividing $55,500 by the closing price for the Company's shares on December 13, 2016. The RSUs awarded to each director will be fully vested upon grant and will be settled in shares only upon termination of the director's service as a director. The RSUs described herein will also be granted to director nominee, Eric Etchart, if he is elected as a director at the Annual Meeting.

VOTE REQUIRED AND BOARD OF DIRECTORS' RECOMMENDATION

The affirmative vote of a majority of the shares of common stock represented and entitled to vote at the Annual Meeting is required to approve the 2016 Plan. The persons designated in the enclosed proxy will vote your shares **FOR** ratification unless you include instructions to the contrary. The Board of Directors urges stockholders to vote in favor of approval of the WD-40 Company 2016 Stock Incentive Plan.

AUDIT COMMITTEE REPORT

Each year the Board of Directors appoints an Audit Committee to fulfill regulatory requirements and to assist the Board in oversight of the Company's financial reporting, internal control functions, internal audit activities and audit process. Each member of the Audit Committee meets the independence requirements set by the Nasdaq Stock Market.

The responsibilities of the Audit Committee include the selection and appointment of an independent registered public accounting firm to be hired as the Company's independent accountants. The Audit Committee is also responsible for recommending to the Board that the Company's consolidated financial statements be included in its annual report on Form 10-K.

With respect to the preparation and audit of the Company's consolidated financial statements, management is responsible for the preparation of the financial statements; the establishment of accounting and financial reporting principles; the establishment of disclosure controls and procedures; the establishment of internal control over financial reporting; the evaluation of the effectiveness of both disclosure controls and procedures and internal control over financial reporting; and the evaluation of changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting. The Company's independent registered public accounting firm is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion as to whether the consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

The Audit Committee has reviewed the consolidated financial statements of the Company for the fiscal year ended August 31, 2016. The Audit Committee has discussed the preparation of the consolidated financial statements with management and with the Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, and the Audit Committee has met separately with PricewaterhouseCoopers LLP and with management to discuss issues relating to the preparation and audit of the financial statements.

For the fiscal year ended August 31, 2016, management has completed the documentation, testing and evaluation of the Company's system of internal control over financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002. The Audit Committee has been kept apprised of management's activities in the completion of such work and evaluation and the Audit Committee has provided oversight and advice with respect to the process undertaken by management. The Audit Committee will continue to oversee such work being undertaken by the Company for the fiscal year ending August 31, 2017.

The Audit Committee has taken the following steps in making its recommendation that the Company's consolidated financial statements be included in its annual report on Form 10-K for the fiscal year ended August 31, 2016:

1. At regularly scheduled meetings of the Audit Committee, management and PricewaterhouseCoopers LLP provided periodic reports as to the work undertaken by the Company to complete the documentation, testing and evaluation of the Company's system of internal control over financial reporting. Upon completion of such work and upon preparation of the Company's consolidated financial statements for the fiscal year ended August 31, 2016, the Audit Committee reviewed a report provided by management on the effectiveness of the Company's internal control over financial reporting;
2. The Audit Committee discussed with PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm for the fiscal year ended August 31, 2016, those matters required to be discussed by Statement on Auditing Standards No. 61 and Public Company Accounting Oversight Board Auditing Standard No. 2, including information concerning the scope and results of the audit. These communications and discussions are intended to assist the Audit Committee in overseeing the financial reporting and disclosure process;
3. The Audit Committee discussed with PricewaterhouseCoopers LLP its independence and received from PricewaterhouseCoopers LLP a letter concerning independence as required under applicable independence standards for auditors of public companies. This discussion and disclosure helped the Audit Committee in evaluating such independence;
4. The Audit Committee reviewed and discussed with the Company's management and PricewaterhouseCoopers LLP the Company's audited consolidated balance sheet at August 31, 2016, and the related consolidated statements of operations, of shareholders' equity, of comprehensive income and of cash flows for the fiscal year ended August 31, 2016; and
5. The Audit Committee has reviewed PricewaterhouseCoopers LLP's Report of Independent Registered Public Accounting Firm and Management's Report on Internal Control over Financial Reporting included in the Company's annual report on Form 10-K for the fiscal year ended August 31, 2016.

Based on the reviews and discussions explained above, the Audit Committee recommended to the Board that the Company's consolidated financial statements be included in its annual report on Form 10-K for its fiscal year ended August 31, 2016. PricewaterhouseCoopers LLP has been selected to serve as the Company's independent registered public accounting firm for the fiscal year ending August 31, 2017.

Audit Committee
Daniel T. Carter, Chair
Giles H. Bateman
Peter D. Bewley
Richard A. Collato
Daniel E. Pittard
Neal E. Schmale

ITEM NO. 4
RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has appointed PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company to audit the consolidated financial statements of the Company for fiscal year 2017. Although ratification by stockholders is not required by law, the Audit Committee has determined that it is desirable to request ratification of this selection by the stockholders. Notwithstanding its selection, the Audit Committee, in its discretion, may appoint a new independent registered public accounting firm at any time during the year if the Audit Committee believes that such a change would be in the best interests of the Company and its stockholders. If the stockholders do not ratify the appointment of PricewaterhouseCoopers LLP, the Audit Committee may reconsider its selection.

A majority of the votes of the common stock present or represented at the meeting is required for approval. Broker non-votes will be voted in favor of approval. PricewaterhouseCoopers LLP acted as the Company's independent registered public accounting firm during the past fiscal year and, unless the Audit Committee appoints new independent accountants, PricewaterhouseCoopers LLP will continue to act in such capacity during the current fiscal year. It is anticipated that a representative of PricewaterhouseCoopers LLP will attend the Annual Meeting of Stockholders, will have an opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions.

The Audit Committee's policy is to pre-approve all audit and permissible non-audit products and services provided by the independent registered public accounting firm. These products and services may include audit services, audit-related services, tax services, software and other products or services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent accountants and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent public accountants in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis. The possible effect on the independence of the public accountants is considered by the Audit Committee. There is no direct or indirect understanding or agreement that places a limit on current or future years' audit fees or permissible non-audit products and services.

AUDIT FEES

PricewaterhouseCoopers LLP has provided audit services to the Company for each of the past two fiscal years. Audit fees consist of fees for professional services rendered for the audit of the Company's consolidated annual financial statements, the review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by PricewaterhouseCoopers LLP in connection with statutory and regulatory filings or engagements. The aggregate fees billed to the Company by PricewaterhouseCoopers LLP for audit services performed for the Company for the past two fiscal years were $905,951 for the year ended August 31, 2015 and $998,179 for the year ended August 31, 2016.

AUDIT-RELATED FEES

Audit-related services consist of assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under "Audit Fees." The aggregate fees billed to the Company by PricewaterhouseCoopers LLP were $14,353 for the year ended August 31, 2016 and these fees were associated with technical assistance provided in connection with the transition of the Company's U.K. subsidiary to new U.K. generally accepted accounting principles ("GAAP"). No such audit-related services were performed by PricewaterhouseCoopers LLP or billed to the Company for the year ended August 31, 2015.

TAX FEES

Tax fees consist of tax compliance, tax advice, tax consulting or tax planning services provided by PricewaterhouseCoopers LLP to the Company. The aggregate fees billed to the Company by PricewaterhouseCoopers LLP were $49,679 for the year ended August 31, 2015, and $56,480 for the year ended August 31, 2016, primarily in connection with international tax planning consulting services.

ALL OTHER FEES

Other fees for services provided by PricewaterhouseCoopers LLP for fiscal years 2015 and 2016 consisted of fees for access provided by PricewaterhouseCoopers LLP to its online research reference materials. The aggregate fees billed to the Company by PricewaterhouseCoopers LLP for other services performed for the Company were $1,800 for both the year ended August 31, 2015 and the year ended August 31, 2016.

STOCKHOLDER PROPOSALS

Stockholder proposals must be received by the Company no sooner than June 6, 2017 and not later than July 6, 2017 to be included in the proxy statement and form of proxy for the next annual meeting. Any proposal submitted outside of these dates will be considered untimely in order to be considered at the Company's 2017 Annual Meeting of Stockholders in accordance with the Company's Bylaws.

By Order of the Board of Directors
Richard T. Clampitt
Corporate Secretary

Dated: November 3, 2016

IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. THEREFORE, STOCKHOLDERS ARE URGED TO FILL IN, SIGN AND RETURN THE ACCOMPANYING FORM OR FORMS OF PROXY IN THE ENCLOSED ENVELOPE.

Appendix A

WD-40 COMPANY
2016 STOCK INCENTIVE PLAN

1. Establishment, Objectives and Duration.

(a) Establishment of the Plan. WD-40 Company (hereinafter referred to as the "Company"), hereby establishes an incentive compensation plan to be known as the "WD-40 Company 2016 Stock Incentive Plan" (hereinafter referred to as the "Plan"). The Plan permits the granting of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units and Other Stock-Based Awards. The Plan is effective as of December 13, 2016 (the "Effective Date"), subject to the approval of the Plan by the stockholders of the Company at the 2016 Annual Meeting.

(b) Definitions. Definitions of capitalized terms used in the Plan are contained in the attached Glossary, which is incorporated as part of the Plan.

(c) Objectives of the Plan. The objectives of the Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Participants and to optimize the profitability and growth of the Company through incentives that are consistent with the Company's goals and that link the personal interests of Participants to those of the Company's stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of Participants who make or are expected to make significant contributions to the Company's success and to allow Participants to share in the success of the Company.

(d) Duration of the Plan. No Award may be granted under the Plan after the day immediately preceding the tenth (10^{th}) anniversary of the Effective Date, or such earlier date as the Board shall determine. The Plan will remain in effect with respect to outstanding Awards until no Awards remain outstanding.

2. Administration of the Plan.

(a) The Committee. The Plan shall be administered by the Board or by the Compensation Committee of the Board or such other committee (the Compensation Committee or such other committee is hereinafter referred to as the "Committee") as the Board shall select consisting of two or more members of the Board each of whom is intended to be a "non-employee director" within the meaning of Rule 16b-3 (or any successor rule) of the Exchange Act, an "outside director" under regulations promulgated under Section 162(m) of the Code, and an "independent director" under NASDAQ listing standards. The members of the Committee shall be appointed from time to time by, and shall serve at the discretion of, the Board.

(b) Authority of the Committee. Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Committee hereunder), and except as otherwise provided by the Board, the Committee shall have full and final authority in its discretion to take all actions determined by the Committee to be necessary in the administration of the Plan, including, without limitation, discretion to:

(i) select the Employees, Directors and Consultants to whom Awards may from time to time be granted hereunder;

(ii) determine whether and to what extent Awards are granted hereunder;

(iii) determine the size and types of Awards granted hereunder;

(iv) approve forms of Award Agreement for use under the Plan;

(v) determine the terms and conditions of any Award granted hereunder;

(vi) establish performance goals for any Performance Period and determine whether such goals were satisfied;

(vii) amend the terms of any outstanding Award granted under the Plan at any time, including following a Participant's termination of employment or in the event of a Change in Control, provided that, except as otherwise provided in Section 18, no such amendment shall reduce the Exercise Price of outstanding Options or the grant price of outstanding SARs without the approval of the stockholders of the Company, and provided further, that any amendment that would adversely affect the Participant's rights under an outstanding Award shall not be made without the Participant's written consent;

(viii) construe and interpret the terms of the Plan and any Award Agreement entered into under the Plan, and to decide all questions of fact arising in its application; and

(ix) take such other action, not inconsistent with the terms of the Plan, as the Committee deems appropriate.

Notwithstanding the foregoing, except as Applicable Laws may require the grant of an Award to be authorized only by the Committee or that determinations with respect to the attainment or satisfaction of Performance Measure(s) be made by the Committee, the Board shall have full authority to administer the Plan.

(c) Effect of Committee's Decisions. Subject to the authority of the Board to administer the Plan, all decisions, determinations and interpretations of the Committee shall be final, binding and conclusive on all persons, including the Company, its Subsidiaries, its stockholders, Employees, Directors, Consultants and their estates and beneficiaries.

3. Shares Subject to the Plan; Effect of Grants; Individual Limits.

(a) Number of Shares Available for Grants. Subject to adjustment as provided in Section 18 hereof, the maximum number of Shares that may be issued pursuant to Awards under the Plan shall be 1,000,000 Shares. Shares that are potentially deliverable under a Full-Value Award (counted as provided for in Section 3(b)) that expires or is canceled or forfeited, or (subject to the provisions of Section 16 with respect to tax withholding) is otherwise settled without the delivery of Shares, shall not be treated as having been issued under the Plan for purposes of Section 3(b). Shares that are potentially deliverable upon exercise of an Option Award or an SAR that may be settled in Shares (counted as provided for in Section 3(b)) that expires or is canceled or forfeited, or is otherwise settled without the delivery of Shares, shall, nevertheless, be treated as having been issued under the Plan for purposes of Section 3(b). The Shares to be issued pursuant to Awards may be authorized but unissued Shares or treasury Shares. No Award shall be granted under the Plan providing for the issuance of Shares to the extent that, as of the date of the Award, the number of Shares deliverable under such Award will exceed the maximum number of Shares authorized pursuant to this Section 3(a) reduced by the total number of Shares issued pursuant to Awards under the Plan (counted as provided for in Section 3(b)) plus the number of Shares that are potentially deliverable under all outstanding Awards pursuant to the Plan (counted as provided for in Section 3(b)).

(b) Award Type Share Counting. The issuance of each Share pursuant to Awards of Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units and Other Stock-Based Awards shall be counted as three (3) Shares for purposes of computing the number of Shares authorized for issuance under the Plan pursuant to Section 3(a). Each Share issued pursuant to an Award of an Option or an SAR shall be counted as one Share for purposes of the number of Shares authorized for issuance under the Plan pursuant to Section 3(a).

(c) Individual Award Limits. Subject to adjustment as provided in Section 18 hereof, the following limitations shall apply with respect to Awards under the Plan:

(i) Options and SARs – Individual Limits: The maximum aggregate number of Shares with respect to which Options and SARs may be granted in any calendar year to any one Participant shall be 75,000 Shares, provided that such limit shall be increased to 150,000 Shares during the first year following the date of hire for an Employee who has not previously been in Continuous Service with the Company or a Subsidiary for a period of at least one year.

(ii) Full-Value Awards of Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units and Other Stock-Based Awards – Individual Limits: The maximum aggregate number of Shares of Restricted Stock and Shares with respect to which Restricted Stock Units, Performance Shares, Performance Units and Other Stock-Based Awards may be granted in any calendar year to any one Participant shall be 37,500 Shares, provided that such limit shall be increased to 75,000 Shares during the first year following the date of hire for an Employee who has not previously been in Continuous Service with the Company or a Subsidiary for a period of at least one year.

(iii) Performance Units Having a Cash Value – Individual Limits: The maximum aggregate compensation that can be paid pursuant to Performance Units providing for a cash value award rather than a share-based award in any one fiscal year to any one Participant shall be $2,500,000.

(iv) Awards to Non-Employee Directors – Individual Limits: The aggregate grant date fair value of Awards that may be granted under the Plan during any fiscal year of the Company to any Director shall not exceed $300,000; provided, however, that (i) the limit set forth in this sentence shall be multiplied by two in the year in which a Director commences service on the Board; and (ii) the limit set forth in this sentence shall not apply to Awards made pursuant to an election to receive the Award in lieu of all or a portion of cash compensation received for service on the Board or any committee of the Board.

4. Eligibility and Participation.

(a) Eligibility. Persons eligible to participate in the Plan include all Employees, Directors and Consultants.

(b) Actual Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from all eligible Employees, Directors and Consultants, those to whom Awards shall be granted and shall determine the nature and amount of each Award. The Committee may establish additional terms, conditions, rules or procedures to accommodate the rules or laws of applicable foreign jurisdictions and to afford Participants favorable treatment under such laws; provided, however, that no Award shall be granted under any such additional terms, conditions, rules or procedures with terms or conditions which are inconsistent with the provisions of the Plan.

(c) Termination of Service. An eligible Employee, Director or Consultant to whom an Award is granted under the Plan shall be remain eligible for such Award so long as he or she remains in Continuous Service with the Company or a Subsidiary and thereafter only on such terms and conditions as may be specified in the applicable Award Agreement.

5. Types of Awards.

(a) Type of Awards. Awards under the Plan may be in the form of Options (both Nonqualified Stock Options and/or Incentive Stock Options), SARs, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units and Other Stock-Based Awards.

(b) Designation of Award. Each Award shall be designated in the Award Agreement.

6. Options.

(a) Grant of Options. Subject to the terms and provisions of the Plan, Options may be granted to Participants in such number and upon such terms, and at any time and from time to time, as shall be determined by the Committee.

(b) Award Agreement. Each Option grant shall be evidenced by an Award Agreement that shall specify the Exercise Price, the duration of the Option, the number of Shares to which the Option pertains, and such other provisions as the Committee shall determine including, but not limited to, the Option vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, and payment contingencies. The Award Agreement also shall specify whether the Option is intended to be an Incentive Stock Option or a Nonqualified Stock Option. Options that are intended to be Incentive Stock Options shall be subject to the limitations set forth in Section 422 of the Code.

(c) Exercise Price. Except for Options adjusted pursuant to Section 18 herein, and replacement Options granted in connection with a merger, acquisition, reorganization or similar transaction, the Exercise Price for each grant of an Option shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the date the Option is granted. However, in the case of an Incentive Stock Option granted to a Participant who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Subsidiary, the Exercise Price for each grant of an Option shall not be less than one hundred ten percent (110%) of the Fair Market Value of a Share on the date the Option is granted.

(d) Term of Options. The term of an Option granted under the Plan shall be determined by the Committee, in its sole discretion; provided, however, that such term shall not exceed ten (10) years. However, in the case of an Incentive Stock Option granted to a Participant who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Award Agreement.

(e) Exercise of Options. Options granted under this Section 6 shall be exercisable at such times and be subject to such restrictions and conditions as set forth in the Award Agreement and as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant; provided, however, that except for Options granted to a Director or a Consultant, or as otherwise provided in a Participant's Award Agreement upon a termination of employment or service as a Director or Consultant or pursuant to Section 19 in the event of a Change in Control or Subsidiary Disposition, no Option may be exercisable prior to one (1) year from the date of grant.

(f) Payments. Options granted under this Section 6 shall be exercised by the delivery of a written notice to the Company, setting forth the number of Shares with respect to which the Option is to be exercised and specifying the method of payment of the Exercise Price. The Exercise Price of an Option shall be payable to the Company: (i) in cash or its equivalent, (ii) by tendering (either actually or constructively by attestation) Shares having an aggregate Fair Market Value at the time of exercise equal to the Exercise Price, (iii) in any other manner then permitted by the Committee, or (iv) by a combination of any of the permitted methods of payment. The Committee may limit any method of payment, other than that specified under (i), for administrative convenience, to comply with Applicable Laws or otherwise.

(g) Restrictions on Share Transferability. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option granted under this Section 6 as it may deem advisable, including, without limitation, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and under any blue sky or state securities laws applicable to such Shares.

(h) Termination of Employment or Service. Each Participant's Option Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the Option following termination of the Participant's employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Options, and may reflect distinctions based on the reasons for termination of employment or service.

7. Stock Appreciation Rights.

(a) Grant of SARs. Subject to the terms and provisions of the Plan, SARs may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee. The Committee may grant Freestanding SARs, Tandem SARs, or any combination of these forms of SAR.

(b) Award Agreement. Each SAR grant shall be evidenced by an Award Agreement that shall specify the grant price, the term of the SAR, and such other provisions as the Committee shall determine.

(c) Grant Price. The grant price of a Freestanding SAR shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the date of grant of the SAR, and the grant price of a Tandem SAR shall equal the Exercise Price of the related Option; provided, however, that these limitations shall not apply to Awards that are adjusted pursuant to Section 18 herein.

(d) Term of SARs. The term of an SAR granted under the Plan shall be determined by the Committee, in its sole discretion; provided, however, that such term shall not exceed ten (10) years.

(e) Exercise of Tandem SARs. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable. To the extent exercisable, Tandem SARs may be exercised for all or part of the Shares subject to the related Option. The exercise of all or part of a Tandem SAR shall result in the forfeiture of the right to purchase a number of Shares under the related Option equal to the number of Shares with respect to which the SAR is exercised. Conversely, upon exercise of all or part of an Option with respect to which a Tandem SAR has been granted, an equivalent portion of the Tandem SAR shall similarly be forfeited.

Notwithstanding any other provision of the Plan to the contrary, with respect to a Tandem SAR granted in connection with an ISO: (i) the Tandem SAR will expire no later than the expiration of the underlying ISO; (ii) the value of the payout with respect to the Tandem SAR may be for no more than one hundred percent (100%) of the difference between the Exercise Price of the underlying ISO and the Fair Market Value of the Shares subject to the underlying ISO at the time the Tandem SAR is exercised; and (iii) the Tandem SAR may be exercised only when the Fair Market Value of the Shares subject to the ISO exceeds the Exercise Price of the ISO.

(f) Exercise of Freestanding SARs. Freestanding SARs may be exercised upon whatever terms and conditions the Committee, in its sole discretion, imposes upon them and sets forth in the Award Agreement; provided, however, that except as otherwise provided in a Participant's Award Agreement upon a termination of employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries, or pursuant to Section 19 in the event of a Change in Control or Subsidiary Disposition, no Freestanding SARs may be exercisable prior to one (1) year from the date of grant.

(g) Payment of SAR Amount. Upon exercise of an SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

i) the difference between the Fair Market Value of a Share on the date of exercise over the grant price; times

ii) the number of Shares with respect to which the SAR is exercised.

At the discretion of the Committee, the payment upon SAR exercise may be in cash, in Shares of equivalent value or in some combination thereof as specified in the SAR Award Agreement.

(h) Termination of Employment or Service. Each SAR Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the SAR following termination of the Participant's employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all SARs, and may reflect distinctions based on the reasons for termination of employment or service.

8. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, Restricted Stock may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee.

(b) Award Agreement. Each Restricted Stock grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock granted, the nature of applicable vesting conditions and/or restrictions on transferability, and such other provisions as the Committee shall determine.

(c) Period of Restriction and Other Restrictions. Except as otherwise provided in a Participant's Award Agreement upon a termination of employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries, or pursuant to Section 19 in the event of a Change in Control or Subsidiary Disposition, an Award of Restricted Stock shall have a minimum Period of Restriction of one (1) year, which period may, at the discretion of the Committee, lapse in stages over such period on a pro-rated, graded, or cliff basis (as specified in an Award Agreement.) The Committee shall impose such other conditions and/or restrictions on any Shares of Restricted Stock granted pursuant to the Plan as it may deem advisable including, without limitation, a requirement that Participants pay a stipulated purchase price for each Share of Restricted Stock, a requirement that the issuance of Shares of Restricted Stock be delayed, restrictions based upon the achievement of specific performance goals, additional time-based restrictions, and/or restrictions under Applicable Laws or under the requirements of any stock exchange or market upon which such Shares are listed or traded, or holding requirements or sale restrictions placed on the Shares by the Company upon vesting of such Restricted Stock. The Company may retain in its custody any certificate evidencing the Shares of Restricted Stock and place thereon a legend and institute stop-transfer orders on such Shares, and the Participant shall be obligated to sign any stock power requested by the Company relating to the Shares to give effect to the forfeiture provisions of the Restricted Stock.

(d) Removal of Restrictions. Subject to Applicable Laws, Restricted Stock shall become freely transferable by the Participant after the last day of the Period of Restriction applicable thereto. Once Restricted Stock is released from the restrictions, the Participant shall be entitled to receive a certificate evidencing the Shares free of all restrictions.

(e) Voting Rights. Unless otherwise determined by the Committee and set forth in a Participant's Award Agreement, to the extent permitted or required by Applicable Laws, as determined by the Committee, Participants holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares during the Period of Restriction.

(f) Dividends and Other Distributions. Except as otherwise provided in a Participant's Award Agreement, during the Period of Restriction, Participants holding Shares of Restricted Stock shall receive all regular cash Dividends paid with respect to all Shares while they are so held, and, except as otherwise determined by the Committee, all other distributions paid with respect to such Restricted Stock shall be credited to Participants subject to the same restrictions on transferability and forfeitability as the Restricted Stock with respect to which they were paid and paid at such time following full vesting as are paid the Shares of Restricted Stock with respect to which such distributions were made.

(g) Termination of Employment or Service. Each Restricted Stock Award Agreement shall set forth the extent to which the Participant shall have the right to retain unvested Restricted Stock following termination of the Participant's employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Awards of Restricted Stock, and may reflect distinctions based on the reasons for termination of employment or service.

9. Restricted Stock Units.

(a) Grant of Restricted Stock Units. Subject to the terms and provisions of the Plan, Restricted Stock Units may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee.

(b) Award Agreement. Each grant of Restricted Stock Units shall be evidenced by an Award Agreement that shall specify the applicable Period of Restriction, the number of Restricted Stock Units granted, the nature of applicable vesting conditions and/or restrictions on transferability, and such other provisions as the Committee shall determine.

(c) Value of Restricted Stock Units. The initial value of a Restricted Stock Unit shall equal the Fair Market Value of a Share on the date of grant; provided, however, that this restriction shall not apply to Awards that are adjusted pursuant to Section 18 herein.

(d) Period of Restriction. Except as otherwise provided in a Participant's Award Agreement upon a termination of employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries, or pursuant to Section 19 in the event of a Change in Control or Subsidiary Disposition, an Award of Restricted Stock Units shall have a minimum Period of Restriction of one (1) year, which period may, at the discretion of the Committee, lapse in stages over such period on a pro-rated, graded, or cliff basis (as specified in an Award Agreement.)

(e) Form and Timing of Payment. Except as otherwise provided in Section 19 herein or a Participant's Award Agreement, payment of Restricted Stock Units shall be made at a specified settlement date that shall not be earlier than the last day of the Period of Restriction. The Committee, in its sole discretion, may pay earned Restricted Stock Units by delivery of Shares, by payment in cash of an amount equal to the Fair Market Value of such Shares or in some combination thereof as specified in the Restricted Stock Unit Award Agreement. The Committee may provide that settlement of Restricted Stock Units shall be deferred, on a mandatory basis or at the election of the Participant.

(f) Voting Rights. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.

(g) Termination of Employment or Service. Each Restricted Stock Unit Award Agreement shall set forth the extent to which the Participant shall have the right to receive a payout with respect to an Award of Restricted Stock Units following termination of the Participant's employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Restricted Stock Units, and may reflect distinctions based on the reasons for termination of employment or service.

10. Performance Shares.

(a) Grant of Performance Shares. Subject to the terms and provisions of the Plan, Performance Shares may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee.

(b) Award Agreement. Each grant of Performance Shares shall be evidenced by an Award Agreement that shall specify the applicable Performance Period(s) and Performance Measure(s), the number of Performance Shares granted, and such other provisions as the Committee shall determine; provided, however, that except as otherwise provided in a Participant's Award Agreement upon a termination of employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries, or pursuant to Section 19 in the event of a Change in Control or Subsidiary Disposition, in no case shall a Performance Period be for a period of less than one (1) year.

(c) Value of Performance Shares. The initial value of a Performance Share shall equal the Fair Market Value of a Share on the date of grant; provided, however, that this restriction shall not apply to Awards that are adjusted pursuant to Section 18 herein.

(d) Form and Timing of Payment. Subject to Applicable Laws and except as otherwise provided in Section 19 herein or a Participant's Award Agreement, payment of Performance Shares shall be made after final determination by the Committee as to the number of such Performance Shares that have vested upon attainment of the applicable Performance Measure(s) at a specified settlement date that shall not be earlier than the last day of the Performance Period. The Committee, in its sole discretion, may pay earned Performance Shares by delivery of Shares, by payment in cash of an amount equal to the Fair Market Value of such Shares or in some combination thereof. The Committee may provide that settlement of Performance Shares shall be deferred, on a mandatory basis or at the election of the Participant.

(e) Voting Rights. A Participant shall have no voting rights with respect to any Performance Shares granted hereunder.

(f) Termination of Employment or Service. Each Performance Share Award Agreement shall set forth the extent to which the Participant shall have the right to receive a payout respecting an Award of Performance Shares following termination of the Participant's employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Participants, and may reflect distinctions based on the reasons for termination of employment or service

11. Performance Units.

(a) Grant of Performance Units. Subject to the terms and conditions of the Plan, Performance Units may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee.

(b) Award Agreement. Each grant of Performance Units shall be evidenced by an Award Agreement that shall specify the number of Performance Units granted, the Performance Period(s) and Performance Measure(s) and such other provisions as the Committee shall determine; provided, however, that except as otherwise provided in a Participant's Award Agreement upon a termination of employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries, or pursuant to Section 19 in the event of a Change in Control or Subsidiary Disposition, in no case shall a Performance Period be for a period of less than one (1) year.

(c) Value of Performance Units. The Committee shall set Performance Measure(s) in its discretion that, depending on the extent to which they are met, will determine the number and/or value of Performance Units that will be paid out to the Participant.

(d) Form and Timing of Payment. Except as otherwise provided in Section 19 herein or a Participant's Award Agreement, payment of earned Performance Units shall be made after final determination by the Committee as to the number of such Performance Units that have vested upon attainment of the applicable Performance Measure(s) at a specified settlement date that shall not be earlier than the last day of the Performance Period. The Committee, in its sole discretion, may pay earned Performance Units in cash, in Shares that have an aggregate Fair Market Value equal to the value of the earned Performance Units or in some combination thereof as specified in the Performance Unit Award Agreement. The Committee may provide that settlement of Performance Units shall be deferred, on a mandatory basis or at the election of the Participant.

(e) Termination of Employment or Service. Each Performance Unit Award Agreement shall set forth the extent to which the Participant shall have the right to receive a payout respecting an Award of Performance Units following termination of the Participant's employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Performance Units and may reflect distinctions based on reasons for termination of employment or service.

12. Other Stock-Based Awards.

(a) Grant. The Committee shall have the right to grant other Awards that may include, without limitation, the grant of Shares based on attainment of Performance Measure(s) established by the Committee, the payment of Shares as a bonus in lieu of cash based on attainment of Performance Measure(s) established by the Committee, and the payment of Shares in lieu of cash under any Company incentive, bonus or other compensation program.

(b) Award Agreement. Other Stock-Based Awards may be evidenced by an Award Agreement that specifies Period(s) of Restriction, if any, the number of Shares to be awarded, applicable Performance Period(s) and Performance Measure(s), if any, the nature of other applicable vesting conditions and/or restrictions on transferability, and such other provisions as the Committee shall determine.

(c) Period of Restriction. Except as otherwise provided hereinafter, or in a Participant's Award Agreement upon a termination of employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries, or pursuant to Section 19 in the event of a Change in Control or Subsidiary Disposition, Awards granted pursuant to this Section 12 shall have a minimum Period of Restriction of one (1) year, which period may, at the discretion of the Committee, lapse in stages over such period on a pro-rated, graded, or cliff basis (as specified in an Award Agreement.) Notwithstanding the above, an Award of payment of Shares in lieu of cash under a Company incentive, bonus or other compensation program shall not be subject to the minimum Period of Restriction limitations described above.

(d) Payment of Other Stock-Based Awards. Subject to Section 12(c) hereof, payment under or settlement of any such Other Stock-Based Award shall be made in such manner and at such times as the Committee may specify in the Award Agreement for such Other Stock-Based Award. The Committee may provide that settlement of Other Stock-Based Awards shall be deferred, on a mandatory basis or at the election of the Participant.

(e) Termination of Employment or Service. The Committee shall determine the extent to which the Participant shall have the right to receive Other Stock-Based Awards following termination of the Participant's employment or, if the Participant is a Director or Consultant, service with the Company and its Subsidiaries. Such provisions shall be determined in the sole discretion of the Committee, such provisions may be included in an agreement entered into with each Participant, but need not be uniform among all Other Stock-Based Awards, and may reflect distinctions based on the reasons for termination of employment or service.

13. Dividend Equivalents. Only Award Agreements for Full Value Awards granted pursuant to the Plan may, at the discretion of the Committee, provide Participants with the right to receive Dividend Equivalents, which may be paid currently or credited to an account for the Participants, and may be settled in cash and/or Shares, as determined by the Committee in its sole discretion, subject in each case to such terms and conditions as the Committee shall establish. Under no circumstance will Dividend Equivalents be paid with respect to any Full Value Award that is subject to performance-based vesting provisions prior to the vesting thereof.

14. Performance-Based Exception.

(a) Performance Measures. The Committee may specify that the attainment of one or more of the Performance Measures set forth in this Section 14 shall determine the degree of granting, vesting and/or payout with respect to Awards that the Committee intends will qualify for the Performance-Based Exception. The performance goals to be used for such Awards shall be chosen from among the following performance measures (the "Performance Measures"): total shareholder return, stock price, net customer sales, volume, gross profit, gross margin, operating profit, operating margin, management profit, earnings from continuing operations (including derivatives thereof before interest, taxes, depreciation and/or amortization), earnings per share from continuing operations, net operating profit after tax, net earnings, net earnings per share, brand contribution to earnings, return on assets, return on investment, return on equity, return on invested capital, cost of capital, average capital employed, cash value added, economic value added, cash flow, cash flow from operations, working capital, working capital as a percentage of net customer sales, asset growth, asset turnover, market share, customer satisfaction, and employee satisfaction. The targeted level or levels of performance with respect to such Performance Measures may be established at such levels and on such terms as the Committee may determine, in its discretion, on a corporate-wide basis or with respect to one or more business units, divisions, subsidiaries, business segments or functions, and in either absolute terms or relative to the performance of one or more comparable companies or an index covering multiple companies. Awards that are not intended to qualify for the Performance-Based Exception may be based on these or such other performance measures as the Committee may determine.

(b) Excluded Financial Items. Unless otherwise determined by the Committee, measurement of performance goals with respect to the Performance Measures above shall exclude the impact of charges for restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring items, as well as the cumulative effects of tax or accounting changes, each as determined in accordance with generally accepted accounting principles or identified in the Company's financial statements, notes to the financial statements, management's discussion and analysis or other filings with the SEC.

(c) Alternative Performance Measures. Performance Measures may differ for Awards granted to any one Participant or to different Participants.

(d) Performance Period and Timing of Establishment of Performance Measures. Achievement of Performance Measures in respect of Awards intended to qualify under the Performance-Based Exception shall be measured over a Performance Period specified in the Award Agreement, and the goals shall be established not later than 90 days after the beginning of the Performance Period.

(e) Adjustment of Awards. The Committee shall have the discretion to adjust the determinations of the degree of attainment of the pre-established Performance Measure(s); provided, however, that such determinations for Awards that are designed to qualify for the Performance-Based Exception may not be adjusted to increase the prospective Award for attainment of the Performance Measure(s) (but the Committee may, in its discretion, adjust such determinations in a manner resulting in a lesser Award.)

15. Transferability of Awards. Incentive Stock Options may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution, and shall be exercisable during a Participant's lifetime only by such Participant. Other Awards shall be transferable to the extent provided in the Award Agreement, except that no Award may be transferred for consideration.

16. Taxes. The Company shall have the power and right, prior to the delivery of Shares pursuant to an Award, to deduct or withhold, or require a participant to remit to the Company (or a Subsidiary), an amount (in cash or Shares) sufficient to satisfy any applicable tax withholding requirements applicable to an Award. Whenever payments are to be made in cash under the Plan, such payments shall be net of an amount sufficient to satisfy any applicable tax withholding requirements. Subject to such restrictions as the Committee may prescribe, a Participant may satisfy all or a portion of any tax withholding requirements by electing to have the Company withhold Shares having a Fair Market Value equal to the amount to be withheld up to the minimum statutory tax withholding rate (or such other rate that will not result in a negative accounting impact). Shares withheld in satisfaction of any tax withholding requirements shall be treated as having been issued under the Plan for purposes of Section 3(b).

17. Conditions Upon Issuance of Shares.

(a) Compliance with Applicable Laws. Shares shall not be issued pursuant to the exercise or payment of an Award unless the exercise of such Award and/or the issuance and delivery of such Shares pursuant thereto shall comply with all Applicable Laws, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Required Investment Intent. As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws.

18. Adjustments Upon Changes in Capitalization. In the event of any merger, reorganization, consolidation, recapitalization, liquidation, stock dividend, split-up, spin-off, stock split, reverse stock split, share combination, share exchange, extraordinary dividend, or any change in the corporate structure affecting the Shares, such adjustment shall be made in the number and kind of Shares that may be delivered under the Plan, in the limits set forth in Section 3(c), and, with respect to outstanding Awards, in the number and kind of Shares subject to outstanding Awards, the Exercise Price, grant price or other price of Shares subject to outstanding Awards, any performance conditions relating to Shares, the market price of Shares, or per Share results, and other terms and conditions of outstanding Awards, as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights; provided, however, that, unless otherwise determined by the Committee, the number of Shares subject to any Award shall always be rounded down to a whole number. Adjustments made by the Committee pursuant to this Section 18 shall be final, binding, and conclusive.

19. Change in Control, Cash-Out and Termination of Underwater Options/SARs, and Subsidiary Disposition.

(a) Change in Control. Except as otherwise provided in a Participant's Award Agreement or pursuant to Section 19(b) hereof, immediately prior to the occurrence of a Change in Control, but conditioned upon the consummation of such Change of Control, unless otherwise specifically prohibited under Applicable Laws, or by the rules and regulations of any governing governmental agencies or national securities exchanges:

(i) any and all outstanding Options and SARs granted hereunder shall become immediately exercisable unless such Awards are assumed, converted or replaced by the continuing entity; provided, however, that in the event of a Participant's termination of employment without Cause within twenty-four (24) months following consummation of a Change in Control, any assumed, converted or replaced Awards will become immediately exercisable;

(ii) any Period of Restriction or other restriction imposed on Restricted Stock, Restricted Stock Units, and Other Stock-Based Awards shall lapse unless such Awards are assumed, converted or replaced by the continuing entity; provided, however, that in the event of a Participant's termination of employment without Cause within twenty-four (24) months following consummation of a Change in Control, the Period of Restriction on any assumed, converted or replaced Awards shall lapse; and

(iii) any and all Performance Shares, Performance Units and other Awards (if performance-based) shall vest on a pro rata monthly basis, including full credit for partial months elapsed, and will be paid based on (A) the level of performance achieved as of the date of the Change in Control, if determinable, or (B) at the target level, if not determinable. The amount of the vested Award may be computed under the following formula: total Award number of Shares times (number of full months elapsed in shortest possible vesting period divided by number of full months in shortest possible vesting period) times percent performance level achieved immediately prior to the specified effective date of the Change in Control.

With respect to paragraphs (i) and (ii) of Section 19(a) above, the Award Agreement may provide that any assumed, converted or replaced awards will become immediately exercisable or any Period of Restriction shall lapse in the event of a termination of employment by the Participant for "good reason" as such term is defined in any employment agreement or severance agreement or policy applicable to such Participant.

(b) Cash-Out and Termination of Underwater Options/SARs. The Committee may, in its sole discretion, provide that (i) all outstanding Options and SARs shall be terminated upon the occurrence of a Change in Control and that each Participant shall receive, with respect to each Share subject to such Options or SARs, an amount in cash equal to the excess of the Fair Market Value of a Share immediately prior to the occurrence of the Change in Control over the Option Exercise Price or the SAR grant price; and (ii) Options and SARs outstanding as of the date of the Change in Control may be cancelled and terminated without payment therefore if the Fair Market Value of a Share as of the date of the Change in Control is less than the Option Exercise Price or the SAR grant price.

(c) Subsidiary Disposition. The Committee shall have the authority, exercisable either in advance of any actual or anticipated Subsidiary Disposition or at the time of an actual Subsidiary Disposition and either at the time of the grant of an Award or at any time while an Award remains outstanding, to provide for the automatic full vesting and exercisability of one or more outstanding unvested Awards under the Plan and the termination of restrictions on transfer and repurchase or forfeiture rights on such Awards, in connection with a Subsidiary Disposition, but only with respect to those Participants who are at the time engaged primarily in Continuous Service with the Subsidiary involved in such Subsidiary Disposition. The Committee also shall have the authority to condition any such Award vesting and exercisability or release from such limitations upon the subsequent termination of the affected Participant's Continuous Service with that Subsidiary within a specified period following the effective date of the Subsidiary Disposition. The Committee may provide that any Awards so vested or released from such limitations in connection with a Subsidiary Disposition shall remain fully exercisable until the expiration or sooner termination of the Award.

20. Amendment, Suspension or Termination of the Plan.

(a) Amendment, Modification and Termination. The Board may at any time and from time to time, alter, amend, suspend or terminate the Plan in whole or in part; provided, however, that no amendment that requires stockholder approval in order for the Plan to continue to comply with the NASDAQ listing standards or any rule promulgated by the SEC or any securities exchange on which Shares are listed or any other Applicable Laws shall be effective unless such amendment shall be approved by the requisite vote of stockholders of the Company entitled to vote thereon within the time period required under such applicable listing standard, rule or Applicable Law.

(b) Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 18 hereof) affecting the Company or the financial statements of the Company or of changes in Applicable Laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan. With respect to any Awards intended to comply with the Performance-Based Exception, unless otherwise determined by the Committee, any such adjustments shall be specified at such times and in such manner as will not cause such Awards to fail to qualify under the Performance-Based Exception.

(c) Awards Previously Granted. No termination, amendment or modification of the Plan or of any Award shall adversely affect in any material way any Award previously granted under the Plan without the written consent of the participant holding such Award, unless such termination, modification or amendment is required by Applicable Laws and except as otherwise provided herein.

(d) No Repricing. Except for adjustments made pursuant to Section 18, no amendment shall reduce the Exercise Price of outstanding Options or the grant price of outstanding SARs, nor may any outstanding Options or outstanding SARs be surrendered to the Company for cash or as consideration for the grant of new Options or SARs with a lower Exercise Price or for the grant of a Full-Value Award without the approval of the stockholders of the Company.

(e) Compliance with the Performance-Based Exception. If it is intended that an Award comply with the requirements of the Performance-Based Exception, the Committee may apply any restrictions it deems appropriate such that the Awards maintain eligibility for the Performance-Based Exception. If changes are made to Code Section 162(m) or regulations promulgated thereunder to permit greater flexibility with respect to any Award or Awards available under the Plan, the Committee may, subject to this Section 20, make any adjustments to the Plan and/or Award Agreements it deems appropriate.

21. Reservation of Shares.

(a) Maintenance of Authorized Shares. The Company, during the term of the Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

(b) Inability to Obtain Regulatory Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

22. Rights and Obligations of Participants.

(a) Continued Service. The Plan shall not confer upon any Participant any right with respect to continuation of employment, service as a director or consulting relationship with the Company, nor shall it interfere in any way with his or her right or the Company's right to terminate his or her employment, service as a director or consulting relationship at any time, with or without cause.

(b) Participant. No Employee, Director or Consultant shall have the right to be selected to receive an Award under the Plan, or, having been so selected, to be selected to receive future Awards.

(c) Clawback Policy Obligations. All Awards granted to a Participant are subject to forfeiture or repayment pursuant to the terms of any applicable compensation recovery policy that has been, or will be, adopted by the Company, including any such policy that may be adopted to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act or any rules or regulations issued by the SEC or any applicable securities exchange thereunder, or to the extent that such forfeiture or repayment may be required by any other law.

23. Successors. All obligations of the Company under the Plan and with respect to Awards shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or other event, or a sale or disposition of all or substantially all of the business and/or assets of the Company and references to the "Company" herein and in any Award agreements shall be deemed to refer to such successors.

24. Legal Construction.

(a) Gender, Number and References. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular and the singular shall include the plural. Any reference in the Plan to a Section of the Plan either in the Plan or any Award agreement or to an act or code or to any section thereof or rule or regulation thereunder shall be deemed to refer to such Section of the Plan, act, code, section, rule or regulation, as may be amended from time to time, or to any successor Section of the Plan, act, code, section, rule or regulation.

(b) Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

(c) Requirements of Law. The granting of Awards and the issuance of Shares or cash under the Plan shall be subject to all Applicable Laws and to such approvals by any governmental agencies or national securities exchanges as may be required.

(d) Governing Law. To the extent not preempted by federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan to the substantive law of another jurisdiction.

(e) Non-Exclusive Plan. Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable.

(f) Code Section 409A Compliance. To the extent applicable, it is intended that this Plan and any Awards granted hereunder comply with the requirements of Section 409A of the Code and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service ("Section 409A"). Any provision that would cause the Plan or any Award granted hereunder to fail to satisfy Section 409A shall have no force or effect until amended to comply with Section 409A, which amendment may be retroactive to the extent permitted by Section 409A.

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2016 STOCK INCENTIVE PLAN

GLOSSARY

As used in the Plan, the following definitions shall apply:

1) "Applicable Laws" means the legal requirements relating to the administration of stock incentive plans, if any, under applicable provisions of federal securities laws, state corporate and securities laws, the Code, and the rules of any applicable stock exchange or national market system.

2) "Award" means, individually or collectively, Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units and Other Stock-Based Awards granted under the Plan.

3) "Award Agreement" means an agreement entered into by the Company and a Participant setting forth the terms and provisions applicable to an Award.

4) "Board" means the Board of Directors of the Company.

5) "Cause" means (i) the Participant's commission of acts subject to prosecution as a felony involving moral turpitude; (ii) the Participant's material breach of fiduciary duty as an executive officer or director of the Company which has resulted, or is likely to result, in material economic damage to the Company; or (iii) the Participant's willful gross misconduct or willful gross neglect of duties (other than any such neglect resulting from the Participant's incapacity due to physical or mental illness); provided that no act or failure to act by the Participant will constitute "Cause" under clause (ii) if the Executive believed in good faith that such act or failure to act was in the best interest of the Company.

Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer of the Company or a member of the Committee or another authorized officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done or omitted to be done by the Participant in good faith and in the best interests of the Company. The cessation of employment of the Participant shall not be deemed to be for Cause unless and until the Chief Executive Officer, the Vice President, Global Organization Development, and the Vice President, General Counsel/Corporate Secretary unanimously agree that, in their good faith opinion, the Participant is guilty of the conduct described in subsections (i), (ii) or (iii) above, and so notify the Participant specifying the particulars thereof in detail.

6) "Change in Control" means

a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection, the following acquisitions shall not constitute a Change in Control: 1) any acquisition directly from the Company (excluding an acquisition by virtue of the exercise of a conversion privilege), 2) any acquisition by the Company, including any acquisition which, by reducing the number of shares outstanding, is the sole cause for increasing the percentage of shares beneficially owned by any such Person to more than the applicable percentage set forth above, 3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or 4) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this definition; or

b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board, shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

c) A reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation (a "Business Combination"), in each case, unless, following such Business Combination, (i) more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) is represented by Outstanding Company Common Stock and Outstanding Company Voting Securities, respectively, that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Outstanding Company Common Stock and Outstanding Company Voting Securities were converted pursuant to such Business Combination) and such ownership of common stock and voting power among the holders thereof is in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

d) A complete liquidation or dissolution of the Company.

e) Notwithstanding the foregoing, as to any Participant that is party to a severance agreement with the Company having provisions for payment of severance compensation in the event of a change of control, the definition of Change of Control for purposes of the Plan shall be interpreted in a manner consistent with the definition of a change of control under such severance agreement, provided that Change of Control is assumed to mean, for purposes of Section 19 of the Plan, a consummated Change of Control as otherwise so defined.

7) "Code" means the Internal Revenue Code of 1986, as amended.

8) "Committee" means the Committee, as specified in Section 2(a) of the Plan, appointed by the Board to administer the Plan.

9) "Company" means WD-40 Company and any successor thereto as provided in Section 23 of the Plan.

10) "Consultant" means any consultant or advisor to the Company or a Subsidiary.

11) "Continuous Service" means that the provision of services to the Company or any Subsidiary in any capacity of Employee, Director or Consultant is not interrupted or terminated. Continuous Service shall not be considered interrupted in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, any Subsidiary, or any successor. A leave of absence approved by the Company shall include sick leave, military leave, or any other personal leave approved by an authorized representative of the Company. For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract.

12) "Director" means any individual who is a member of the Board of Directors of the Company or a Subsidiary who is not an Employee.

13) "Dividend" means the dividends declared and paid on Shares subject to an Award.

14) "Dividend Equivalent" means, with respect to Shares subject to an Award, a right to be paid an amount equal to the Dividends declared and paid on an equal number of outstanding Shares.

15) "Employee" means any employee of the Company or a Subsidiary.

16) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

17) "Exercise Price" means the price at which a Share may be purchased by a Participant pursuant to an Option.

18) "Fair Market Value" means, as of any date, the value of a Share determined as follows:

a) Where there exists a public market for the Share, the Fair Market Value shall be (A) the closing sales price for a Share on the date of the determination (or, if no sales were reported on that date, on the last trading date on which such sales were reported) on the New York Stock Exchange, the NASDAQ National Market or the principal securities exchange on which the Share is listed for trading, whichever is applicable, or (B) if the Share is not traded on any such exchange or national market system, the average of the closing bid and asked prices of a Share on the NASDAQ Small Cap Market, in each case, as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

b) In the absence of an established market of the type described above, for the Share, the Fair Market Value thereof shall be determined by the Committee in good faith, and such determination shall be conclusive and binding on all persons.

19) "Freestanding SAR" means an SAR that is granted independently of any Options, as described in Section 7 of the Plan.

20) “Full-Value Award” means Awards other than Options, SARs, or other Awards for which the Participant pays, upon exercise, the grant date intrinsic value directly or by forgoing a right to receive a cash payment from the Company.

21) “Incentive Stock Option” or “ISO” means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

22) “Nonqualified Stock Option” means an Option that is not intended to meet the requirement of Section 422 of the Code.

23) “Option” means an Incentive Stock Option or a Nonqualified Stock Option granted under the Plan, as described in Section 6 of the Plan.

24) “Other Stock-Based Award” means a Share-based or Share-related Award granted pursuant to Section 12 of the Plan.

25) “Participant” means a current or former Employee, Director or Consultant who has rights relating to an outstanding Award.

26) “Performance-Based Exception” means the performance-based exception from the tax deductibility limitations of Code Section 162(m).

27) “Performance Measures” shall have the meaning set forth in Section 14(a) of the Plan.

28) “Performance Period” means the fiscal period during which a Performance Measure must be attained and during which an Award is subject to a substantial risk of forfeiture and not transferable, as provided in Sections 10 and 11 of the Plan. For the sake of clarity, an Award may be granted within ninety (90) days after the commencement of the Performance Period.

29) “Performance Share” means an Award granted to a Participant, as described in Section 10 of the Plan.

30) “Performance Unit” means an Award granted to a Participant, as described in Section 11 of the Plan.

31) “Period of Restriction” means the period Restricted Stock, Restricted Stock Units or Other Stock-Based Awards are subject to a substantial risk of forfeiture and/or are not transferable, as provided in Sections 8, 9 and 12 of the Plan.

32) “Plan” means the WD-40 Company 2016 Stock Incentive Plan.

33) “Restricted Stock” means an Award granted to a Participant, as described in Section 8 of the Plan.

34) “Restricted Stock Units” means an Award granted to a Participant, as described in Section 9 of the Plan.

35) “SEC” means the United States Securities and Exchange Commission.

36) “Share” means a share of common stock of the Company, par value $.001 per share, subject to adjustment pursuant to Section 18 herein.

37) “Stock Appreciation Right” or “SAR” means an Award granted to a Participant, either alone or in connection with a related Option, as described in Section 7 of the Plan.

38) “Subsidiary” means any corporation in which the Company owns, directly or indirectly, at least fifty percent (50%) of the total combined voting power of all classes of stock, or any other entity (including, but not limited to, partnerships and joint ventures) in which the Company owns, directly or indirectly, at least fifty percent (50%) of the combined equity thereof. Notwithstanding the foregoing, for purposes of determining whether any individual may be a Participant for purposes of any grant of Incentive Stock Options, the term “Subsidiary” shall have the meaning ascribed to such term in Code Section 424(f).

39) “Subsidiary Disposition” means the disposition by the Company of its equity holdings in any Subsidiary effected by a merger or consolidation involving that Subsidiary, the sale of all or substantially all of the assets of that Subsidiary or the Company’s sale or distribution of substantially all of the outstanding capital stock of such Subsidiary.

40) “Tandem SAR” means a SAR that is granted in connection with a related Option, as described in Section 7 of the Plan.

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ANNUAL REPORT ON FORM 10-K

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

FORM 10-K

(Mark One)

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

For the fiscal year ended August 31, 2016

or

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

For the transition period from ______ to ______ .

Commission File Number: 000-06936

WD-40 COMPANY

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**95-1797918** (I.R.S. Employer Identification No.)
1061 Cudahy Place, San Diego, California (Address of principal executive offices)	**92110** (Zip code)

Registrant's telephone number, including area code: **(619) 275-1400**

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

Title of each class	Name of each exchange on which registered
Common Stock, $0.001 par value	The NASDAQ Stock Market, LLC

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

Title of each class
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

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

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☑

The aggregate market value (closing price) of the voting stock held by non-affiliates of the registrant as of February 29, 2016 was approximately $1,492,434,072.

As of October 19, 2016, there were 14,175,738 shares of the registrant's common stock outstanding.

Documents Incorporated by Reference:

The Proxy Statement for the annual meeting of stockholders on December 13, 2016 is incorporated by reference into Part III, Items 10 through 14 of this Annual Report on Form 10-K.

WD-40 COMPANY

ANNUAL REPORT ON FORM 10-K
For the Fiscal Year Ended August 31, 2016

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PART I

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements other than those that are purely historical are forward-looking statements which reflect the Company's current views with respect to future events and financial performance.

These forward-looking statements include, but are not limited to, discussions about future financial and operating results, including: growth expectations for maintenance products; expected levels of promotional and advertising spending; plans for and success of product innovation, the impact of new product introductions on the growth of sales; anticipated results from product line extension sales; and forecasted foreign currency exchange rates and commodity prices. These forward-looking statements are generally identified with words such as "believe," "expect," "intend," "plan," "could," "may," "aim," "anticipate," "estimate" and similar expressions. The Company undertakes no obligation to revise or update any forward looking statements.

Actual events or results may differ materially from those projected in forward-looking statements due to various factors, including, but not limited to, those identified in Item 1A of this report. As used in this report, the terms "we," "our," "us" and "the Company" refer to WD-40 Company and its wholly-owned subsidiaries, unless the context suggests otherwise. Amounts and percentages in tables and discussions may not total due to rounding.

Item 1. Business

Overview

WD-40 Company is a global marketing organization dedicated to creating positive lasting memories by developing and selling products which solve problems in workshops, factories and homes around the world. The Company was founded in 1953 and is headquartered in San Diego, California.

For more than four decades, the Company sold only one product, WD-40® multi-use product, a maintenance product which acts as a lubricant, rust preventative, penetrant, cleaner and moisture displacer. Over the last two decades, the Company has evolved and expanded its product offerings through both research and development activities and through the acquisition of several brands worldwide. As a result, the Company has built a family of brands and product lines that deliver high quality performance at an extremely good value to their end users.

The Company currently markets and sells its products in more than 176 countries and territories worldwide primarily through mass retail and home center stores, warehouse club stores, grocery stores, hardware stores, automotive parts outlets, sport retailers, independent bike dealers, online retailers and industrial distributors and suppliers.

The Company's sales come from its two product groups – maintenance products and homecare and cleaning products. Maintenance products are sold worldwide in markets throughout North, Central and South America, Asia, Australia, Europe, the Middle East and Africa. Homecare and cleaning products are sold primarily in North America, the United Kingdom ("U.K.") and Australia.

The Company's strategic initiatives and the areas where it will continue to focus its time, talent and resources in future periods include: (i) maximizing WD-40 multi-use product sales through geographic expansion and increased market penetration; (ii) leveraging the WD-40 brand by growing the WD-40 Specialist product line; (iii) leveraging the strengths of the Company through broadened product and revenue base; (iv) attracting, developing and retaining talented people; and (v) operating with excellence.

The Company is focused on and committed to innovation and renovation of its products. The Company sees innovation and renovation as important factors to the long-term growth of its brands and product lines, and it intends to continue to work on future products, product lines, product packaging, product delivery systems and promotional innovations and renovations. The Company is also focused on expanding its current brands in existing markets with new product development. The Company's product development teams support new product development and current product improvement for the Company's brands. Over the years, the Company's research and development team has made an innovation impact on most of the Company's brands. Key innovations for the Company's products include, but are not limited to, WD-40 Smart Straw®, WD-40 Trigger Pro®, WD-40 Specialist®, WD-40 Bike™, 3-IN-ONE Professional Garage Door Lube™, and Spot Shot Pet Clean™, which is a non-aerosol Spot Shot trigger product. In late fiscal year 2015, the Company launched a new innovative product called WD-40 EZ Reach Flexible Straw™ in the United States. WD-40 EZ Reach Flexible Straw features a unique delivery system in the form of an attached 8” flexible straw that bends and keeps its shape to allow for easier use of the WD-40 multi-use product in hard to reach places.

Financial Information about Operating Segments

The Company’s operating segments are determined consistent with the way management organizes and evaluates financial information internally for making operating decisions and assessing performance. The Company is organized on the basis of geographical area into the following three segments:

- Americas segment consists of the United States (“U.S.”), Canada and Latin America;
- Europe, Middle East and Africa (“EMEA”) segment consists of countries in Europe, the Middle East, Africa and India; and
- Asia-Pacific segment consists of Australia, China and other countries in the Asia region.

The Company’s management reviews product performance on the basis of sales, which come from its two product groups – maintenance products and homecare and cleaning products. The financial information required by this item is included in Note 15 – Business Segments and Foreign Operations of the Company’s consolidated financial statements, included in Item 15 of this report, and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, included in Item 7 of this report.

Products

Maintenance Products

Included in the Company’s maintenance products are both multi-purpose maintenance products and specialty maintenance products. These maintenance products are sold worldwide and they provide end users with a variety of product and delivery system options.

The Company’s signature brand in the blue and yellow can with the red top, the WD-40 brand, is included within the maintenance product category and it accounts for a significant majority of the Company’s sales. The Company has various products and product lines which it currently sells under the WD-40 brand and they are as follows:

WD-40 Multi-Use Product - The WD-40 multi-use product is a market leader among multi-purpose maintenance products and is sold as an aerosol spray, a non-aerosol trigger spray and in liquid form through mass retail stores, hardware stores, warehouse club stores, automotive parts outlets, online retailers and industrial distributors and suppliers. The WD-40 multi-use product is sold worldwide in North, Central and South America, Asia, Australia, Europe, the Middle East and Africa. The WD-40 multi-use product has a wide variety of consumer uses in, for example, household, marine, automotive, construction, repair, sporting goods and gardening applications, in addition to numerous industrial applications. WD-40 EZ Reach Flexible Straw is the Company’s latest innovation to its multi-use product. It features a unique delivery system which includes an attached flexible straw that bends and keeps its shape to allow for easy use of the WD-40 multi-use product in hard to reach places. This new product was launched at the end of fiscal year 2015 and is currently being marketed in the U.S. and Latin America. WD-40 EZ Reach Flexible Straw has started to contribute to the overall growth of the WD-40 brand and it is expected to continue to do so in the future. The launch of the WD-40 EZ Reach Flexible Straw product line has used the same established distribution channels through which the Company currently sells its existing products.

WD-40 Specialist product line – WD-40 Specialist consists of a line of best-in-class specialty maintenance products that include penetrants, degreasers, corrosion inhibitors, lubricants and rust removers that are aimed at end users that currently use the WD-40 multi-use product. The WD-40 Specialist product line is sold primarily in the U.S., Canada, Latin America, Europe, Australia and Asia. Within the WD-40 Specialist product line, the Company also sells WD-40 Specialist Motorbike in Europe and WD-40 Specialist Lawn and Garden in Australia.

WD-40 Bike product line - The WD-40 Bike product line consists of a comprehensive line of bicycle maintenance products that include wet and dry chain lubricants, heavy-duty degreasers and foaming wash that are designed for avid and recreational cyclists, bike enthusiasts and mechanics. The Company launched this product line in the U.S. in fiscal year 2013 in Australia and Europe in fiscal year 2014, and in Latin America and select countries in Asia in early fiscal year 2016. Although the initial focus for such sales was on smaller independent bike dealers, distribution of WD-40 Bike products has been expanded to include certain distributors and retailers in select countries where the Company sells this product. Early in fiscal year 2016, the Company transitioned the WD-40 Bike business in the U.S. from one with distribution limited primarily to independent bike dealers to one which also includes a limited group of customers which are currently in place for other maintenance products in the Americas segment.

The Company also has the following additional brands which are included within its maintenance products group:

3-IN-ONE - The 3-IN-ONE brand consists of multi-purpose drip oil, specialty drip oils, and spray lubricant products, as well as other specialty maintenance products. The multi-purpose drip oil is a lubricant with unique spout options that allow for precise applications to small mechanisms and assemblies, tool maintenance and threads on screws and bolts. 3-IN-ONE Oil is the market share leader among drip oils for household consumers. It also has wide industrial applications in such areas as locksmithing, HVAC, marine, farming and construction. In addition to the drip oil line of products, the 3-IN-ONE brand also includes a professional line of products known as 3-IN-ONE Professional, which is a line of high quality, maintenance products. The high quality of the 3-IN-ONE brand and its established distribution network have enabled these products to gain international acceptance. 3-IN-ONE products are sold primarily in the U.S., Europe, Canada, Latin America, Australia and Asia.

GT85® - The GT85 brand is a multi-purpose bike maintenance product that consists of professional spray maintenance products and lubricants which are sold primarily in the bike market through the automotive and industrial channels in the U.K., with additional sales in foreign markets including those in Spain and other European countries. GT85 products are also currently sold in the United States. This brand was acquired by the Company's U.K. subsidiary in September 2014 and it has helped build upon the Company's strategy to develop new product categories for WD-40 Specialist and WD-40 BIKE.

Homecare and Cleaning Products

The Company sells its homecare and cleaning products in certain locations worldwide and they include a portfolio of well-known brands as follows:

X-14 - The X-14 brand is a line of quality products designed for unique cleaning needs. X-14 is sold as a liquid mildew stain remover and as an automatic toilet bowl cleaner. X-14 is sold primarily in the U.S. through grocery and mass retail channels as well as through online retailers.

2000 Flushes - The 2000 Flushes brand is a line of long-lasting automatic toilet bowl cleaners which includes a variety of formulas. 2000 Flushes is sold primarily in the U.S. and Canada through grocery and mass retail channels as well as through online retailers.

Carpet Fresh - The Carpet Fresh brand is a line of room and rug deodorizers sold as powder, aerosol quick-dry foam and trigger spray products. Carpet Fresh is sold primarily through grocery and mass retail channels as well as through online retailers in the U.S., the U.K. and Australia. In the U.K., these products are sold under the 1001 brand name and in Australia, they are sold under the No Vac brand name.

Spot Shot - The Spot Shot brand is sold as an aerosol carpet stain remover and a liquid trigger carpet stain and odor eliminator. The brand also includes environmentally friendly products such as Spot Shot Instant Carpet Stain & Odor Eliminator™ and Spot Shot Pet Clean, which are non-toxic and biodegradable. Spot Shot products are sold primarily through grocery and mass retail channels, online retailers, warehouse club stores and hardware and home center stores in the U.S. and Canada. Spot Shot products are also sold in the U.K. under the 1001 brand name.

1001 - The 1001 brand includes carpet and household cleaners and rug and room deodorizers which are sold primarily through mass retail, grocery and home center stores in the U.K. The brand was acquired in order to introduce the Company's other homecare and cleaning product formulations under the 1001 brand and to expand the Company's homecare and cleaning products business into the U.K. market.

Lava - The Lava and Solvol brands consist of heavy-duty hand cleaner products which are sold in bar soap and liquid form through hardware, grocery, industrial, automotive and mass retail channels as well as through online retailers. Lava is sold primarily in the U.S., while Solvol is sold exclusively in Australia.

The Company's homecare and cleaning products, particularly those in the U.S., are considered harvest brands which continue to provide positive returns to the Company but are becoming a smaller part of the business as sales of the maintenance products grow with the execution of the Company's strategic initiatives. Although the Company has evaluated strategic alternatives for certain of its homecare and cleaning products in prior fiscal years, particularly those in the U.S., it has continued to sell these brands but has done so with a reduced level of investment.

Financial information about operating segments and product lines is included in Note 15 – Business Segments and Foreign Operations of the consolidated financial statements, included in Item 15 of this report.

Sales and Marketing

The Company's sales do not reflect any significant degree of seasonality. However, it is common for the Company's sales to fluctuate from period to period or year to year due to various factors including, but not limited to, new or lost distribution, the number of product offerings carried by a customer and the level of promotional activities and programs being run at customer locations. New or lost distribution occurs when the Company gains or loses customers, when it gains or loses store count for a customer or when its products are added to new locations within a store or removed from existing locations. From time to time, as part of new product offering launches, the Company may gain access to entirely new distribution channels. The number of product offerings refers to the number of brands and/or the number of products within each of those brands that the Company's customers offer for sale to end user customers. The level of promotional activities and programs relates to the number of events or volumes of purchases by customers in support of off-shelf or promotional display activities. Changes in any one of these three factors or a combination of them can cause the Company's sales levels to increase or decrease from period to period. It is also common and/or possible that the Company could lose distribution or product offerings and experience a decrease in promotional activities and programs in one period and subsequently regain this business in a future period. The Company is accustomed to such fluctuations and manages this as part of its normal business activities.

Sources and Availability of Components and Raw Materials

The Company relies on a limited number of suppliers, including single or sole suppliers, for certain of its raw materials, packaging, product components and other necessary supplies. The Company's primary components and raw materials include petroleum-based specialty chemicals and aerosol cans, which are manufactured from commodities that are subject to volatile price changes. The availability of these components and raw materials is affected by a variety of supply and demand factors, including global market trends, plant capacity decisions and natural disasters. The Company expects these components and raw materials to continue to be readily available in the future, although the Company will continue to be exposed to volatile price changes.

Research and Development

The Company recognizes the importance of innovation and renovation to its long-term success and is focused on and committed to research and new product development activities, primarily in its maintenance product group. The Company's product development team engages in consumer research, product development, current product improvement and testing activities. The product development team also leverages its development capabilities by partnering with a network of outside resources including the Company's current and prospective outsource suppliers. In addition, the research and development team engages in activities and product development efforts which are necessary to ensure that the Company meets all regulatory requirements for the formulation of its products. The Company incurred research and development expenses of $7.7 million, $9.0 million, and $6.9 million in fiscal years 2016, 2015 and 2014, respectively. None of this research and development activity was customer-sponsored.

Manufacturing

The Company outsources directly or through its marketing distributors the manufacturing of its finished products to various third-party contract manufacturers. The Company or its marketing distributors use contract manufacturers in the U.S., Canada, Mexico, Brazil, Argentina, Columbia, the U.K., Italy, Australia, Japan, China, South Korea and India. Although the Company does not typically have definitive minimum purchase obligations included in the contract terms with its contract manufacturers, when such obligations have been included, they have been immaterial to date. Supply needs are communicated by the Company to its contract manufacturers, and the Company is committed to purchase the products manufactured based on orders and short-term projections, ranging from two to five months, provided to the contract manufacturers. The Company also formulates and manufactures concentrate used in its WD-40 products at its own facilities and at third-party contract manufacturers.

In addition to the commitments to purchase products from contract manufacturers described above, the Company may also enter into commitments with other manufacturers from time to time to purchase finished goods and components to support innovation and renovation initiatives and/or supply chain initiatives.

Order Backlog

Order backlog is not a significant factor in the Company's business.

Competition

The markets for the Company's products, particularly those related to its homecare and cleaning products, are highly competitive. The Company's products compete both within their own product classes as well as within product distribution channels, competing with many other products for store placement and shelf space. Competition in international markets varies by country. The Company is aware of many competing products, some of which sell for lower prices or are produced and marketed by companies with greater financial resources than those of the Company. The Company relies on the awareness of its brands among consumers, the value offered by those brands as perceived by consumers, product innovation and renovation and its multiple channel distributions as its primary strategies. New products typically encounter intense competition, which may require advertising and promotional support and activities. When or if a new product achieves consumer acceptance, ongoing advertising and promotional support may be required in order to maintain its relative market position.

Trademarks and Patents

The Company owns a number of patents, but relies primarily upon its established trademarks, brand names and marketing efforts, including advertising and sales promotions, to compete effectively. The WD-40 brand, 3-IN-ONE, Lava, Solvol, X-14, 2000 Flushes, Carpet Fresh and No Vac, Spot Shot, GT85, and 1001 trademarks are registered or have pending registrations in various countries throughout the world.

Employees

At August 31, 2016, the Company employed 445 people worldwide: 172 by the U.S. parent corporation; 7 by the Malaysia subsidiary; 11 by the Canada subsidiary; 177 by the U.K. subsidiary (including 82 in the U.K., 34 in Germany, 32 in France, 18 in Spain and 11 in Italy); 22 by the Australia subsidiary; 54 by the China subsidiary; and 2 by WD-40 Manufacturing Company, the Company's manufacturing subsidiary.

Financial Information about Foreign and Domestic Operations

For detailed information about the Company's foreign and domestic operations, including net sales by reportable segment and long-lived assets by geography, refer to Note 15 - Business Segments and Foreign Operations of the consolidated financial statements, included in Item 15 of this report.

Access to SEC Filings

The Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available through the Investors section of the Company's website at www.wd40company.com. These reports can be accessed free of charge from the Company's website as soon as reasonably practicable after the Company electronically files such materials with, or furnishes them to, the Securities and Exchange Commission ("SEC"). Information contained on the Company's website is not included as a part of, or incorporated by reference into, this report.

Interested readers may also read and copy any materials that the Company files at the SEC Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Readers may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet site (www.sec.gov) that contains the Company's reports.

Item 1A. Risk Factors

The following risks and uncertainties, as well as other factors described elsewhere in this report or in other SEC filings by the Company, could adversely affect the Company's business, financial condition and results of operations.

The Company's financial results could suffer if the Company is unable to implement and successfully manage its strategic initiatives or if the Company's strategic initiatives do not achieve the intended results.

There is no assurance that the Company will be able to implement and successfully manage its strategic initiatives, including its five major strategic initiatives, or that the strategic initiatives will achieve the intended results, which include sales volume growth. The Company's five core strategic initiatives include: (i) maximizing WD-40 multi-use product sales through geographic expansion and increased market penetration; (ii) leveraging the WD-40 brand by growing the WD-40 Specialist product line; (iii) leveraging the strengths of the Company through a broadened product and revenue base; (iv) attracting, developing and retaining talented people; and (v) operating with excellence. An important part of the Company's success depends on its continuing ability to attract, retain and develop highly qualified personnel. The Company's future performance depends in significant part on the continued service of its executive officers, key personnel and other talented people. The loss of the services of key employees could have a material adverse effect on the Company's business and prospects. Competition for such personnel is intense, and there can be no assurance that the Company can retain its key employees or attract, assimilate and retain employee engagement in the future. If the Company is unable to implement and successfully manage its strategic initiatives in accordance with its business plans, the Company's business and financial results could be adversely affected. Moreover, the Company cannot be certain that the implementation of its strategic initiatives will necessarily advance its business or financial results as intended.

Cost increases or cost volatility in finished goods, components, raw materials, transportation and other necessary supplies or services could harm or impact the Company's financial condition and results of operations.

Increases in the cost of finished goods, components and raw materials and increases in the cost of transportation and other necessary supplies or services may harm the Company's financial condition and results of operations. Petroleum-based specialty chemicals and aerosol cans, which constitute a significant portion of the costs for many of the Company's maintenance products, have experienced significant price volatility in the past, and may continue to do so in the future. In particular, volatility in the price of oil directly impacts the cost of petroleum-based specialty chemicals which are indexed to the price of crude oil. Additionally, fluctuations in oil and diesel fuel prices have also historically impacted the Company's cost of transporting its products among other input costs. If there are significant increases in the costs of components, raw materials and other expenses, and the Company is not able to increase the prices of its products or achieve cost savings to offset such cost increases, the Company's gross margins and operating results will be negatively impacted. In addition, if the Company increases product sales prices in response to increases in the cost of such raw materials, and those raw material costs later decline significantly, the Company may not be able to sustain its sales prices at these higher levels. As component and raw material costs are the principal contributors to the cost of goods sold for all of the Company's products, any significant fluctuation in the costs of components and raw materials could have a material impact on the gross margins realized on the Company's products. Sustained increases in the cost of raw materials, components, transportation and other necessary supplies or services, or significant volatility in such costs, could have a material adverse effect on the Company's financial condition and results of operations.

Global operations outside the U.S. expose the Company to uncertain conditions, foreign currency exchange rate risk and other risks in international markets.

The Company's sales outside of the U.S. were approximately 58% of consolidated net sales in fiscal year 2016 and one of its strategic initiatives includes maximizing the WD-40 multi-use product through geographic expansion and market penetration. As a result, the Company currently faces, and will continue to face, substantial risks associated with having increased global operations outside the U.S., including:

- economic or political instability in the Company's global markets, including Canada, Latin America, the Middle East, parts of Asia, Russia, Eastern Europe and the Eurozone countries;
- restrictions on or costs relating to the repatriation of foreign profits to the U.S., including possible taxes or withholding obligations on any repatriations;
- challenges associated with conducting business in foreign jurisdictions, including those related to the Company's understanding of business laws and regulations in such foreign jurisdictions;
- increasing tax complexity associated with operating in multiple tax jurisdictions;
- dispersed employee base and compliance with employment regulations and other labor issues, such as labor laws and minimum wages, in countries outside the U.S.; and
- the imposition of tariffs or trade restrictions and costs, burdens and restrictions associated with other governmental actions.

These risks could have a significant impact on the Company's ability to sell its products on a competitive basis in global markets outside the U.S. and could have a material adverse effect on the Company's business, financial condition and results of operations.

Approximately 38% of the Company's revenues in fiscal year 2016 were generated in currencies other than the U.S. dollar, which is the reporting currency of the Company. In addition, all of the Company's foreign subsidiaries have functional currencies other than the U.S. Dollar and the Company's largest subsidiary is located in the U.K. and generates significant sales in Pound Sterling and Euro. As a result, the Company is also exposed to foreign currency exchange rate risk with respect to its sales, expenses, profits, cash and cash equivalents, other assets and liabilities denominated in currencies other than the U.S. Dollar. In particular, the Company's financial results are negatively impacted when the foreign currencies in which its subsidiary offices operate weaken relative to the U.S. Dollar. Although the Company uses instruments to hedge certain foreign currency risks, primarily those associated with its U.K. subsidiary and converting accounts receivable and accounts payable balances denominated in non-functional currencies, it is not fully protected against foreign currency fluctuations and, therefore, the Company's reported earnings may be affected by changes in foreign currency exchange rates. Moreover, any favorable impacts to profit margins or financial results from fluctuations in foreign currency exchange rates are likely to be unsustainable over time.

As a result of the June 23, 2016 referendum by British voters to exit the European Union ("Brexit"), global markets and foreign currencies have been adversely impacted. In particular, the value of the Pound Sterling has sharply declined as compared to the U.S. Dollar and other currencies in the months following this vote. This volatility in foreign currencies is expected to continue as the U.K. negotiates and executes its exit from the European Union but it is uncertain over what time period this will occur. A significantly weaker Pound Sterling compared to the U.S. Dollar over a sustained period of time may have a significant negative effect on the Company's results of operations.

Additionally, the Company's global operations outside the U.S. are subject to risks relating to appropriate compliance with legal and regulatory requirements in local jurisdictions, potential difficulties in staffing and managing local operations, potentially higher incidence of fraud or corruption, credit risk of local customers and distributors and potentially adverse tax consequences. The uncertainties and likely complications resulting from Brexit may increase these risks for the Company's European business operations. As the Company further develops and grows its business operations outside the U.S., the Company is exposed to additional complexities and risks, particularly in China, Russia and emerging markets. In many foreign countries, particularly in those with developing economies, business practices that are prohibited by the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act or other applicable anti-corruption laws and regulations may be customary. Any failure to comply with these laws, even if inadvertent, could result in significant penalties or otherwise harm the Company's reputation and business. Although the Company has adopted policies and contract terms to mandate compliance with these laws, there can be no assurance that all of its employees, contractors and agents will comply with the Company's requirements. Violations of these laws could be costly and disrupt the Company's business, which could have a material adverse effect on its business, financial condition and results of operations

Global economic conditions may negatively impact the Company's financial condition and results of operations.

A general weakening or decline in the global economy or a reduction in industrial outputs, business or consumer spending or confidence could delay or significantly decrease purchases of the Company's products by its customers and end users. Consumer purchases of discretionary items, which could include the Company's maintenance products and homecare and cleaning products, may decline during periods where disposable income is reduced or there is economic uncertainty, and this may negatively impact the Company's financial condition and results of operations. During unfavorable or uncertain economic times, end users may also increase purchases of lower-priced or non-branded products and the Company's competitors may increase their level of promotional activities to maintain sales volumes, both of which may negatively impact the Company's financial condition and results of operations. In addition, the Company's sales and operating results may be affected by uncertain or changing economic and market conditions, including inflation, deflation, prolonged weak consumer demand, political instability or other changes which may affect the principal markets in which the Company conducts its business. If economic or market conditions in key global markets deteriorate, the Company may experience material adverse effects on its business, financial condition and results of operations.

Adverse economic and market conditions could also harm the Company's business by negatively affecting the parties with whom it does business, including its customers, retailers, distributors and wholesalers, and third-party contract manufacturers and suppliers. These conditions could impair the ability of the Company's customers to pay for products they have purchased from the Company. As a result, allowances for doubtful accounts and write-offs of accounts receivable from the Company's customers may increase. In addition, the Company's third-party contract manufacturers and its suppliers may experience financial difficulties that could negatively affect their operations and their ability to supply the Company with finished goods and the raw materials, packaging, and components required for the Company's products.

If the success and reputation of one or more of the Company's leading brands erodes, its business, financial condition and results of operations could be negatively impacted.

The financial success of the Company is directly dependent on the success and reputation of its brands, particularly its WD-40 brand. The success and reputation of the Company's brands can suffer if marketing plans or product development and improvement initiatives do not have the desired impact on the brands' image or do not attract customers as intended. The Company's brands can also be adversely impacted due to the activities and pressures placed on them by the Company's competitors. Further, the Company's business, financial condition and results of operations could be negatively impacted if one of its leading brands suffers damage to its reputation due to real or perceived quality or safety issues. Quality issues, which can lead to large scale recalls of the Company's products, can be due to items such as product contamination, regulatory non-compliance, packaging errors, incorrect ingredients or components in the Company's product or low quality ingredients in the Company's products due to suppliers delivering items that do not meet the Company's specifications. Product quality issues, which could include lower product efficacy due to formulation changes attributable to regulatory requirements, could also result in decreased customer confidence in the Company's brands and a decline in product quality could result in product liability claims. Although the Company makes every effort to prevent brand erosion and preserve its reputation and the reputation of its brands, there can be no assurance that such efforts will be successful.

Sales unit volume growth may be difficult to achieve.

The Company's ability to achieve sales volume growth will depend on its ability to (i) execute its strategic initiatives, (ii) drive growth within its existing markets through innovation, renovation and enhanced merchandising and marketing of its established brands, and (iii) capture market share from its competitors. It is more difficult for the Company to achieve sales volume growth in mature markets where the Company's products are widely used as compared to in developing or emerging markets where the Company's products have been newly introduced or are not as well known by consumers. In order to protect the Company's existing market share or capture additional market share from its competitors, the Company may need to increase its expenditures related to promotions and advertising or introduce and establish new products or product lines. In past periods, the Company has also increased sales prices on certain of its products in response to increased costs for components and raw materials. Sales price increases may slow sales volume growth or create declines in volume in the short term as customers adjust to sales price increases. In addition, a change in the strategies of the Company's existing customers, including shelf simplification, the discontinuation of certain product offerings or the shift in shelf space to competitors' products could reduce the Company's sales and potentially offset sales volume increases achieved as a result of other sales growth initiatives. If the Company is unable to increase market share in its existing product lines by developing product improvements, investing adequately in its existing brands, building usage among new customers, developing, acquiring or successfully launching new products or product line extensions, or successfully penetrating new and developing markets globally, the Company may not achieve its sales volume growth objectives.

Government laws and regulations, including environmental laws and regulations, could result in material costs or otherwise adversely affect the Company's financial condition and results of operations.

The manufacturing, chemical composition, packaging, storage, distribution and labeling of the Company's products and the manner in which the Company's business operations are conducted must comply with an extensive array of federal, state and foreign laws and regulations. If the Company is not successful in complying with the requirements of all such regulations, it could be fined or other actions could be taken against the Company by the applicable governing body, including the possibility of a required product recall. Any such regulatory action could adversely affect the Company's financial condition and results of operations. It is also possible that governments and regulatory agencies will increase regulation, including the adoption of further regulations relating to the transportation, storage or use of certain chemicals, to enhance homeland security or protect the environment and such increased regulation could negatively impact the Company's ability to obtain raw materials, components and/or finished goods or could result in increased costs. In the event that such regulations result in increased product costs, the Company may not be in a position to raise selling prices, and therefore an increase in costs could have a material adverse effect on the Company's business, financial condition and results of operations.

Some of the Company's products have chemical compositions that are controlled by various state, federal and international laws and regulations, such as regulations issued by the California Air Resources Board relating to permitted levels of volatile organic compounds. The Company is required to comply with these laws and regulations and it seeks to anticipate regulatory developments that could impact the Company's ability to continue to produce and market its products. The Company invests in research and development to maintain product formulations that comply with such laws and regulations. There can be no assurance that the Company will not be required to alter the chemical composition of one or more of the Company's products in a way that will have an adverse effect upon the product's efficacy or marketability. A delay or other inability of the Company to complete product research and development and successfully reformulate its products in response to any such regulatory requirements could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is subject to an SEC rule mandated by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that requires management to conduct annual due diligence to determine whether certain minerals and metals, known as "conflict minerals", are contained in the Company's products and, if so, whether they originate from the Democratic Republic of Congo ("DRC") or adjoining countries. Although the Company's current products do not contain such conflict minerals and the Company has concluded this in its annual evaluations to date, the Company's supply chain structure is complex. As a result, management may have difficulty determining whether these materials exist within the Company's products in future periods, and if the Company were to conclude that these materials exist within the Company's products in future periods, the Company may have difficulty verifying the origin of such materials for purposes of disclosures required by the SEC rules.

The Company is also subject to numerous environmental laws and regulations that impose various environmental controls on its business operations, including, among other things, the discharge of pollutants into the air and water, the handling, use, treatment, storage and clean-up of solid and hazardous wastes and the investigation and remediation of soil and groundwater affected by hazardous substances. Such laws and regulations may otherwise relate to various health and safety matters that impose burdens upon the Company's operations. These laws and regulations also impose strict, retroactive and joint and several liability for the costs of, and damages resulting from, cleaning up current sites, past spills, disposals and other releases of hazardous substances. The Company believes that its expenditures related to environmental matters have not had, and are not currently expected to have, a material adverse effect on its financial condition, results of operations or cash flows. However, the environmental laws under which the Company operates are complicated, often become increasingly more stringent and may be applied retroactively. Accordingly, there can be no assurance that the Company will not be required to incur additional expenditures to remain in or to achieve compliance with environmental laws in the future or that any such additional expenditures will not have a material adverse effect on the Company's business, financial condition or results of operations.

Additional laws and regulations require that the Company carefully manage its supply chain for the production, distribution and sale of goods. For instance, regulations under the California Transparency in Supply Chains Act and the U.K. Modern Slavery Act require attention to the employment practices of our suppliers. Various regulations affect the packaging, labelling and shipment of our products, including the Globally Harmonized System of Classification and Labelling of Chemicals which is applicable in many countries worldwide, and regulations issued by the U.S. Consumer Product Safety Commission, the U.S. Environmental Protection Agency, the U.S. Federal Trade Commission, and similar foreign jurisdiction regulatory agencies. Our failure to comply with any of these regulations or our inability to adequately predict the manner in which these regulations are interpreted and applied to our business by the applicable enforcement agencies could have a materially adverse effect on our financial condition and results of operations.

Failure to maximize or to successfully assert the Company's intellectual property rights or infringement by the Company on the intellectual property rights of others could impact its competitiveness or otherwise adversely affect the Company's financial condition and results of operations.

The Company relies on trademark, trade secret protection, patent and copyright laws to protect its intellectual property rights. Although the Company maintains a global enforcement program to protect its intellectual property rights, there can be no assurance that these intellectual property rights will be maximized or that they can be successfully asserted. Trade secret protection, particularly for the Company's most valuable product formulation for the WD-40 multi-use product, requires specific agreements, policies and procedures to assure the secrecy of information classified as a trade secret. If such agreements, policies and procedures are not effective to maintain the secrecy of the Company's trade secrets, the loss of trade secret protection could have an adverse effect on the Company's financial condition. There is a risk that the Company will not be able to obtain and perfect its own intellectual property rights or, where appropriate, license intellectual property rights necessary to support new product introductions or acquired product lines. The Company cannot be certain that these rights, if obtained, will not be invalidated, circumvented or challenged in the future, and the Company could incur significant costs in connection with legal actions to defend its intellectual property rights. In addition, even if such rights are obtained in the U.S., it may be that the laws of some of the other countries in which the Company's products are or may be sold do not protect intellectual property rights to the same extent as the laws of the United States, or they may be difficult to enforce. If other companies infringe the Company's intellectual property rights or take part in counterfeiting activities, they may dilute the value of the Company's brands in the marketplace, which could diminish the value that consumers associate with the Company's brands and harm its sales. The failure of the Company to protect or successfully assert its intellectual property rights or to protect its other proprietary information could make the Company less competitive and this could have a material adverse effect on its business, financial condition and results of operations.

If the Company is found to have violated the trademark, copyright, patent or other intellectual property rights of others, such a finding could result in the need to cease the use of a trademark, trade secret, copyrighted work or patented invention in the Company's business and an obligation to pay a substantial amount for past infringement. It could also be necessary to pay a substantial amount in the future if the holders of such rights are willing to permit the Company to continue to use the intellectual property rights. Either having to cease use or pay such amounts could make the Company less competitive and could have a material adverse impact on its business, financial condition and results of operations.

Malfunctions of the critical information systems that the Company uses for the daily operations of its business, cyberattacks and privacy breaches could adversely affect the Company's ability to conduct business.

To conduct its business, the Company relies extensively on information technology systems, networks and services, some of which are managed, hosted and provided by third-party service providers. System failure, malfunction or loss of data which is housed in the Company's critical information systems could disrupt its ability to timely and accurately process transactions and produce key financial reports, including information on the Company's operating results, financial position and cash flows. In addition, information technology security threats and more sophisticated computer crime pose a potential risk to the security of the Company's information technology systems and networks, as well as to the confidentiality, availability and integrity of the Company's data. The Company's information systems could be damaged or cease to function properly due to a number of reasons, including catastrophic events, power outages and security breaches. A security breach resulting in the unauthorized release of sensitive data from the Company's information systems could also materially increase the costs that the Company already incurs to protect against such risks. Although the Company has certain business continuity plans in place to address such service interruptions, there is no guarantee that these business continuity plans will provide alternative processes in a timely manner. As a result, the Company may experience interruptions in its ability to manage its daily operations and this could adversely affect the Company's business, financial condition and results of operations.

The information system that the U.S. office uses for its business operations is a market specific application which is not widely used by other companies. The company that owns and supports this application may not be able to provide the same level of support as that of companies which own larger, more widely spread information systems. If the company that supports this application in the U.S. were to cease its operations or were unable to provide continued support for this application, it could adversely affect the Company's daily operations or its business, financial condition and results of operations.

In addition, the Company's U.K. subsidiary has been in the process of implementing a major upgrade to its critical information system. The final phase of this implementation is expected to be completed in fiscal year 2017. This information system is being used by the U.K. subsidiary to process all of the daily transactions for the U.K. subsidiary and its branch offices located in Europe and to produce key financial reports for the European operations. If the U.K. subsidiary experiences difficulties in completing the final phase of this implementation at its various locations, the Company may experience interruptions in its ability to manage its daily operations and report financial results and this could adversely affect the Company's business, financial condition and results of operations.

The Company faces competition in its markets which could lead to reduced sales and profitability.

The Company encounters competition from similar and alternative products, many of which are produced and marketed by major national or multinational companies. In addition, the Company frequently discovers products in certain markets that are counterfeit reproductions of the Company's WD-40 products as well as products otherwise bearing an infringing trade dress. The availability of counterfeits and other infringing products, particularly in China, Russia and emerging markets, could adversely impact the Company's sales and potentially damage the value and reputation of its brands.

The Company's products generally compete on the basis of product performance, brand recognition, price, quality or other benefits to consumers and meeting end users' needs. Advertising, promotions, merchandising and packaging also have a significant impact on consumer purchasing decisions. A newly introduced consumer product, whether improved or recently developed, usually encounters intense competition requiring substantial expenditures for advertising, sales and consumer promotion. If a product gains consumer acceptance, it normally requires continued advertising, promotional support and product improvements in order to maintain its relative market position.

Some of the competitors for the Company's homecare and cleaning products are larger and have financial resources greater than those of the Company. These competitors may be able to spend more aggressively on advertising and promotional activities, introduce competing products more quickly and respond more effectively to changing business and economic conditions than the Company.

Competitive activity may require the Company to increase its investment in marketing or reduce its sales prices and this may lead to reduced profit margins, a loss of market share or loss of distribution, each of which could have a material adverse effect on the Company's business, financial condition and results of operations. There can be no assurance that the Company will be able to compete successfully against current and future competitors or that competitive pressures faced by the Company or the infringement of its products and brands will not have a material adverse effect on its business, financial condition and results of operations.

Dependence on key customers could adversely affect the Company's business, financial condition and results of operations.

The Company sells its products through a network of domestic and international mass retail and consumer retailers as well as industrial distributors and suppliers. The retail industry has historically been the subject of consolidation, and as a result, the development of large chain stores has taken place. Today, the retail channel in the U.S. is comprised of several of these large chain stores that capture the bulk of the market share. Since many of the Company's customers have been part of the consolidation in the retail industry, these limited customers account for a large percentage of the Company's net sales. Although the Company expects that a significant portion of its revenues will continue to be derived from this limited number of customers, there was no individual customer that contributed to more than 10% of the Company's consolidated net sales in fiscal year 2016. As a result, changes in the strategies of the Company's largest customers, including shelf simplification, a reduction in the number of brands they carry or a shift in shelf space to "private label" or competitors' products, may harm the Company's sales. The loss of, or reduction in, orders from any of the Company's most significant customers could have a material adverse effect on the Company's brand values, business, financial condition and results of operations. Large customers may seek price reductions, added support or promotional concessions. If the Company agrees to such customer demands and/or requests, it could negatively impact the Company's ability to maintain existing profit margins.

In addition, the Company's business is based primarily upon individual sales orders, and the Company typically does not enter into long-term contracts with its customers. Accordingly, these customers could reduce their purchasing levels or cease buying products from the Company at any time and for any reason. The Company is also subject to changes in customer purchasing patterns or the level of promotional activities. These types of changes may result from changes in the manner in which customers purchase and manage inventory levels, or display and promote products within their stores. Other potential factors such as customer disputes regarding shipments, fees, merchandise condition or related matters may also impact operating results. If the Company ceases doing business with a significant customer or if sales of its products to a significant customer materially decrease, the Company's business, financial condition and results of operations may be harmed.

The Company may not successfully develop, introduce and /or establish new products and line extensions.

The Company's future performance and growth depend, in part, on its ability to successfully develop, introduce and/or establish new products as both brand extensions and/or line extensions. The Company cannot be certain that it will successfully achieve those goals. The Company competes in several product categories where there are frequent introductions of new products and line extensions and such product introductions often require significant investment and support. The ability of the Company to understand consumer preferences is key to maintaining and improving the competitiveness of its product offerings. The development and introduction of new products, as well as the renovation of current products and product lines, require substantial and effective research, development and marketing expenditures, which the Company may be unable to recoup if the new or renovated products do not gain widespread market acceptance. There are inherent risks associated with new product development and marketing efforts, including product development or launch delays, product performance issues during development, changing regulatory frameworks that affect the new products in development and the availability of key raw materials included in such products. These inherent risks could result in the failure of new products and product line extensions to achieve anticipated levels of market acceptance, additional costs resulting from failed product introductions and the Company not being first to market. As the Company continues to focus on innovation and renovation of its products, the Company's business, financial condition or results of operations could be adversely affected in the event that the Company is not able to effectively develop and introduce new or renovated products and line or brand extensions.

Goodwill and intangible assets are subject to impairment risk.

In accordance with the authoritative accounting guidance on goodwill and intangibles, the Company assesses the potential impairment of its existing goodwill during the second quarter of each fiscal year and otherwise when events or changes in circumstances indicate that an impairment condition may exist. The Company also assesses its definite-lived intangible assets for potential impairment when events and circumstances indicate that the carrying amount of the asset may not be recoverable or its estimated remaining useful life may no longer be appropriate. Indicators such as underperformance relative to historical or projected future operating results, changes in the Company's strategy for its overall business or use of acquired assets, unexpected negative industry or economic trends, decline in the Company's stock price for a sustained period, decreased market capitalization relative to net book values, unanticipated technological change or competitive activities, loss of key distribution, change in consumer demand, loss of key personnel and acts by governments and courts may signal that an asset has become impaired.

The assessment for possible impairment of the Company's goodwill and intangible assets requires management to make judgments on a number of significant estimates and assumptions, including macroeconomic conditions, overall category growth rates, sales growth rates, cost containment and margin expansion and expense levels for advertising and promotions and general overhead, all of which must be developed from a market participant standpoint. The Company may be required to record a significant charge in its consolidated financial statements during the period in which any impairment of its goodwill or intangible assets is identified and this could negatively impact the Company's financial condition and results of operations. Although the Company has recorded significant impairments to certain of its intangible assets in prior fiscal years, no such impairments have been identified or recorded to its goodwill. Changes in management estimates and assumptions as they relate to valuation of goodwill and intangible assets could affect the Company's financial condition or results of operations in the future.

The Company may also divest of certain of its assets, businesses or brands that do not align with the Company's strategic initiatives. Any divestiture could negatively impact the profitability of the Company as a result of losses that may result from such a sale, the loss of sales and operating income or a decrease in cash flows subsequent to the divestiture. The Company may also be required to recognize impairment charges as a result of a divesture.

Changes in marketing distributor relationships that are not managed successfully by the Company could result in a disruption in the affected markets.

The Company distributes its products throughout the world in one of two ways: the direct distribution model, in which products are sold directly by the Company to wholesalers and retailers in the U.S., Canada, Australia, China, the U.K. and a number of other countries throughout Europe; and the marketing distributor model, in which products are sold to marketing distributors who in turn sell to wholesalers and retailers. The marketing distributor model is generally used in certain countries where the Company does not have direct Company-owned operations. Instead, the Company partners with local companies who perform the sales, marketing and distribution functions. The Company invests time and resources into these relationships. Should the Company's relationship with a marketing distributor change or terminate, the Company's sales within such marketing distributor's territory could be adversely impacted until such time as a suitable replacement could be found and the Company's key marketing strategies implemented. There is a risk that changes in such marketing distributor relationships, including changes in key marketing distributor personnel, that are not managed successfully, could result in a disruption in the affected markets and that such disruption could have a material adverse effect on the Company's business, financial condition and results of operations. Additionally, in some countries, local laws may require substantial payments to terminate existing marketing distributor relationships, which could also have a material adverse effect on the Company's business, financial condition and results of operations.

Reliance on a limited base of third-party contract manufacturers, logistics providers and suppliers of raw materials and components may result in disruption to the Company's business and this could adversely affect the Company's financial condition and results of operations.

The Company relies on a limited number of third-party contract manufacturers, logistics providers and suppliers, including single or sole source suppliers for certain of its raw materials, packaging, product components and other necessary supplies. The Company does not have direct control over the management or business of these third parties, except indirectly through terms negotiated in service or supply contracts. Should the terms of doing business with the Company's primary third-party contract manufacturers, suppliers and/or logistics providers change or should the Company have a disagreement with or be unable to maintain relationships with such third parties or should such third parties experience financial difficulties, the Company's business may be disrupted. In addition, if the Company is unable to contract with third-party manufacturers or suppliers for the quantity and quality levels needed for its business, the Company could experience disruptions in production and its financial results could be adversely affected.

Product liability claims and other litigation and/or regulatory action could adversely affect the Company's sales and operating results.

While the Company makes every effort to ensure that the products it develops and markets are safe for consumers, the use of the Company's products may expose the Company to liability claims resulting from such use. Claims could be based on allegations that, among other things, the Company's products contain contaminants, provide inadequate instructions regarding their use or inadequate warnings concerning their use or interactions with other substances. Product liability claims could result in negative publicity that could harm the Company's sales and operating results. The Company maintains product liability insurance that it believes will be adequate to protect the Company from material loss attributable to such claims but the extent of such loss could exceed available limits of insurance or could arise out of circumstances under which such insurance coverage would be unavailable. Other business activities of the Company may also expose the Company to litigation risks, including risks that may not be covered by insurance such as contract disputes. If successful claims are asserted by third parties against the Company for uninsured liabilities or liabilities in excess of applicable limits of insurance coverage, the Company's business, financial condition and results of operations may be adversely affected. In addition, if one of the Company's products was determined to be defective, the Company could be required to recall the product, which could result in adverse publicity, loss of revenues and significant expenses.

Additionally, the Company's products may be associated with competitor products or other products in the same category, which may be alleged to have caused harm to consumers. As a result of this association, the Company may be named in unwarranted legal actions. The potential costs to defend such claims may materially affect the Company's business, financial condition and results of operations.

The Company's operating results and financial performance may not meet expectations which could adversely affect the Company's stock price.

The Company cannot be sure that its operating results and financial performance, which include sales growth, net income, earnings per common share, gross margin and cash flows, will meet expectations. If the Company's assumptions and estimates are incorrect or do not come to fruition, or if the Company does not achieve all of its key goals or strategic initiatives, then the

Company's actual performance could vary materially from its internal expectations and those of the market. Failure to meet or exceed these expectations could cause the market price of the Company's stock to decline. The Company's operating results and financial performance may be negatively influenced by a number of factors, many of which are discussed in this Item 1A "Risk Factors".

In addition, sales volume growth, whether due to acquisitions or internal growth, can place burdens on management resources and financial controls that, in turn, can have a negative impact on operating results and financial condition of the Company. To some extent, the Company plans its expense levels in anticipation of future revenues. If actual revenues fall short of these expectations, operating results may be adversely affected by reduced operating margins due to actual expense levels that are higher than might otherwise have been appropriate.

Resolution of income tax matters may impact the Company's financial condition and results of operations.

Significant judgment is required in determining the Company's effective income tax rate and in evaluating tax positions, particularly those related to uncertain tax positions. The Company provides for uncertain tax positions when such tax positions do not meet the recognition thresholds or measurement standards prescribed by the accounting standard for uncertain tax positions. Changes in uncertain tax positions or other adjustments resulting from tax audits and settlements with taxing authorities, including related interest and penalties, impact the Company's effective tax rate. When particular tax matters arise, a number of years may elapse before such matters are audited and finally resolved. Favorable resolution of such matters could be recognized as a reduction to the Company's effective tax rate in the year of resolution. Unfavorable resolution of any tax matter could increase the Company's effective tax rate. Any resolution of a tax matter may require the adjustment of tax assets or tax liabilities or the use of cash in the year of resolution. For additional information, refer to the information set forth in Note 12 – Income Taxes of the consolidated financial statements, included in Item 15 of this report.

In addition, changes in tax rules may adversely affect the Company's future financial results or the way management conducts its business. For example, the Company holds a significant amount of cash outside of the United States. As of August 31, 2016, the Company has not provided for U.S. federal and state income taxes and foreign withholding taxes on $113.4 million of undistributed earnings of certain foreign subsidiaries since these earnings are considered indefinitely reinvested outside of the United States. The Company's future financial results and liquidity may be adversely affected if tax rules regarding un-repatriated earnings change, if management elects for any reason in the future to repatriate some or all of the foreign earnings that were previously deemed to be indefinitely reinvested outside of the U.S., or if the U.S. international tax rules change as part of comprehensive tax reform or other tax legislations.

In the fourth quarter of fiscal year 2016, the Company determined that it would undertake, in fiscal year 2017, a one-time repatriation of $8.2 million, which represents all of the historical foreign earnings from its Australia subsidiary and 90% of the historical foreign earnings from its China subsidiary. Management determined that such a foreign distribution was prudent due to the current favorable tax consequences of such a distribution, stemming principally from the recent significant strengthening of the U.S. dollar against various currencies in which the Company conducts business. The Company continues to consider the remaining amount of unremitted foreign earnings, primarily in the U.K. and China, to be indefinitely reinvested outside of the United States. See Note 12 – Income Taxes for additional information on this one-time repatriation.

The Company may not have sufficient cash to service its indebtedness or to pay cash dividends.

The Company's debt consists of a revolving credit facility and management has used the proceeds of this revolving credit facility primarily for stock repurchases. In addition, the Company utilized this revolving credit facility in September 2016 to fund the purchase of its new headquarters office, which will house both corporate employees and employees in the Company's Americas segment. In order to service such debt, the Company is required to use its income from operations to make interest and principal payments required by the terms of the loan agreement. In addition, the Company's loan agreement includes covenants to maintain certain financial ratios and to comply with other financial terms, conditions and covenants. Also, the Company has historically paid out a large part of its earnings to stockholders in the form of regular quarterly cash dividends. In December 2015, the Board of Directors declared an 11% increase in the regular quarterly cash dividend, increasing it from $0.38 per share to $0.42 per share.

The Company may incur substantial debt in the future for acquisitions or other general business or business development activities. In addition, the Company may continue to use available cash balances to execute share repurchases under approved share buy-back plans. To the extent that the Company is required to seek additional financing to support certain of these activities, such financing may not be available in sufficient amounts or on terms acceptable to the Company. If the Company is unable to obtain such financing or to service its existing or future debt with its operating income, or if available cash balances are affected by future business performance, liquidity, capital needs, alternative investment opportunities or debt covenants, the Company could be required to reduce, suspend or eliminate its dividend payments to its stockholders.

The Company's business development activities may not be successful.

The Company seeks to increase growth through business development activities such as acquisitions, joint ventures, licensing and/or other strategic partnerships in the U.S. and internationally. However, if the Company is not able to identify, acquire and successfully integrate acquired products or companies or successfully manage joint ventures or other strategic partnerships, the Company may not be able to maximize these opportunities. The failure to properly manage business development activities because of difficulties in the assimilation of operations and products, the diversion of management's attention from other business concerns, the loss of key employees or other factors could materially adversely affect the Company's business, financial condition and results of operations. In addition, there can be no assurance that the Company's business development activities will be profitable at their inception or that they will achieve sales levels and profitability that justify the investments made.

Future acquisitions, joint ventures or strategic partnerships could also result in the incurrence of debt, potentially dilutive issuances of equity securities, contingent liabilities, amortization expenses related to certain intangible assets, unanticipated regulatory complications and/or increased operating expenses, all of which could adversely affect the Company's results of operations and financial condition. In addition, to the extent that the economic benefits associated with any of the Company's business development activities diminish in the future, the Company may be required to record impairments to goodwill, intangible assets or other assets associated with such activities, which could also adversely affect the Company's business, financial condition and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Americas

The Company owns and occupies an office and plant facility, consisting of office, plant and storage space, at 1061 Cudahy Place, San Diego, California 92110. The Company also leases additional office and storage space in San Diego. In addition, the Company purchased a new building located at 9715 Businesspark Avenue, San Diego, California 92131 in September 2016, which the Company intends to use to house the corporate employees and employees in the Company's Americas segment who are currently located at the owned and leased offices in San Diego. The Company leases a regional sales office in Miami, Florida, a research and development office in Summit, New Jersey and office space in Toronto, Ontario, Canada.

EMEA

The Company owns and occupies an office and plant facility, consisting of office, plant and storage space, in Milton Keynes, United Kingdom. In addition, the Company also leases another office in United Kingdom and space for its branch offices in Germany, France, Italy, Spain, Portugal and the Netherlands.

Asia-Pacific

The Company leases office space in Epping, New South Wales, Australia; Shanghai, China; and Kuala Lumpur, Malaysia.

Item 3. Legal Proceedings

The information required by this item is incorporated by reference to the information set forth in Item 15 of Part IV, "Exhibits, Financial Statement Schedules" Note 11 — Commitments and Contingencies, in the accompanying notes to the consolidated financial statements included in this report.

Item 4. Mine Safety Disclosures

Not applicable.

Executive Officers of the Registrant

The following table sets forth the names, ages, fiscal year elected to current position and current titles of the executive officers of the Company as of August 31, 2016:

Name, Age and Year Elected to Current Position			Title
Garry O. Ridge	60	1997	President and Chief Executive Officer
Jay W. Rembolt	65	2008	Vice President, Finance, Treasurer and Chief Financial Officer
Stanley A. Sewitch	63	2012	Vice President, Global Organization Development
Richard T. Clampitt	61	2014	Vice President, General Counsel and Corporate Secretary
Michael L. Freeman	63	2002	Division President, The Americas
Geoffrey J. Holdsworth	54	1997	Managing Director, Asia-Pacific
William B. Noble	58	1996	Managing Director, EMEA

Mr. Ridge joined the Company's Australian subsidiary, WD-40 Company (Australia) Pty. Limited, in 1987 as Managing Director. He held several senior management positions prior to his election as Chief Executive Officer in 1997.

Mr. Rembolt joined the Company in 1997 as Manager of Financial Services. He was promoted to Controller in 1999 and to Vice President, Finance/Controller in 2001. He was then named Vice President, Finance and Chief Financial Officer in 2008.

Mr. Sewitch joined the Company in 2012 as Vice President, Global Organization Development. Prior to joining the Company, Mr. Sewitch was a founder of four businesses, including a human resources and organizational consulting firm (HRG Inc.) which he led from 1989 until joining the Company.

Mr. Clampitt joined the Company in 2014 as Vice President, General Counsel and Corporate Secretary. He was named as Corporate Secretary on October 15, 2013. He has been licensed to practice law in the State of California since 1981. Prior to joining the Company, Mr. Clampitt served as a partner at Gordon & Rees LLP from 2002 through 2013.

Mr. Freeman joined the Company in 1990 as Director of Marketing and was promoted to Director of Operations in 1994. He became Vice President, Administration and Chief Information Officer in 1996, and was named Senior Vice President, Operations in 2001 and Division President, The Americas, in 2002.

Mr. Holdsworth joined the Company's Australia subsidiary, WD-40 Company (Australia) Pty. Limited, in 1996 as General Manager and was promoted to his current position of Managing Director, Asia-Pacific and as a Director of WD-40 Company (Australia) Pty. Limited in 1997.

Mr. Noble joined the Company's Australia subsidiary, WD-40 Company (Australia) Pty. Limited, in 1993 as International Marketing Manager for the Asia Region. He was then promoted to his current position of Managing Director, EMEA and as a Director of the Company's U.K. subsidiary, WD-40 Company Limited, in 1996.

All executive officers hold office at the discretion of the Board of Directors.

PART II

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

Market Information

The Company's common stock is traded on the NASDAQ Global Select Market. The following table sets forth the high and low sales prices per share of the Company's common stock for each of the quarterly periods indicated as reported by the NASDAQ Global Select Market.

	Fiscal Year 2016			Fiscal Year 2015		
	High	Low	Dividend	High	Low	Dividend
First Quarter	$ 101.00	$ 81.68	$ 0.38	$ 78.14	$ 65.19	$ 0.34
Second Quarter	$ 109.37	$ 94.00	$ 0.42	$ 87.09	$ 75.30	$ 0.38
Third Quarter	$ 111.99	$ 99.32	$ 0.42	$ 89.49	$ 80.15	$ 0.38
Fourth Quarter	$ 125.00	$ 109.58	$ 0.42	$ 91.78	$ 80.86	$ 0.38

On October 19, 2016, the last reported sales price of the Company's common stock on the NASDAQ Global Select Market was $106.42 per share, and there were 14,175,738 shares of common stock outstanding held by approximately 718 holders of record.

Dividends

The Company has historically paid regular quarterly cash dividends on its common stock. In December 2015, the Board of Directors declared an 11% increase in the regular quarterly cash dividend, increasing it from $0.38 per share to $0.42 per share. On October 11, 2016, the Company's Board of Directors declared a cash dividend of $0.42 per share payable on October 31, 2016 to shareholders of record on October 21, 2016.

The Board of Directors of the Company presently intends to continue the payment of regular quarterly cash dividends on the Company's common stock. The Company's ability to pay dividends could be affected by future business performance, liquidity, capital needs, alternative investment opportunities and debt covenants.

Purchases of Equity Securities By the Issuer and Affiliated Purchasers

On October 14, 2014, the Company's Board of Directors approved a share buy-back plan. Under the plan, which became effective at the beginning of the third quarter of fiscal year 2015, once the Company's previous $60.0 million plan was exhausted, the Company was authorized to acquire up to $75.0 million of its outstanding shares through August 31, 2016. The timing and amount of repurchases were based on terms and conditions as may be acceptable to the Company's Chief Executive Officer and Chief Financial Officer and in compliance with all laws and regulations applicable thereto. During the period from March 1, 2015 through August 31, 2016, the Company repurchased 503,127 shares at a total cost of $47.8 million under this $75.0 million plan.

On June 21, 2016, the Company's Board of Directors approved a new share buy-back plan. Under the plan, which became effective on September 1, 2016 and will remain in effect through August 31, 2018, the Company is authorized to acquire up to $75.0 million of its outstanding shares on terms and conditions as may be acceptable to the Company's Chief Executive Officer and Chief Financial Officer and in compliance with all laws and regulations applicable thereto.

The following table provides information with respect to all purchases made by the Company during the three months ended August 31, 2016. All purchases listed below were made in the open market at prevailing market prices. Purchase transactions between June 1, 2016 and July 7, 2016 and between August 17, 2016 and August 26, 2016 were executed pursuant to trading plans adopted by the Company pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
June 1 - June 30	25,838	$ 113.24	25,838	$ 31,674,365
July 1 - July 31	9,200	$ 116.18	9,200	$ 30,605,297
August 1 - August 31	29,602	$ 116.32	29,602	$ - (1)
Total	64,640	$ 115.07	64,640	

(1) On August 31, 2016, the previous share buy-back plan which was approved on October 14, 2014 expired with less than the entire $75.0 million of authorized treasury share purchases having been executed. As a result, no remaining amount of shares may yet be purchased under this plan. The new June 21, 2016 approved $75.0 million share buy-back plan became effective beginning September 1, 2016.

Item 6. Selected Financial Data

The following data has been derived from the Company's audited consolidated financial statements. The data should be read in conjunction with such consolidated financial statements and other financial information included elsewhere in this report (in thousands, except per share amounts):

	As of and for the Fiscal Year Ended August 31,				
	2016	2015	2014	2013	2012
Net sales	$ 380,670	$ 378,150	$ 382,997	$ 368,548	$ 342,784
Cost of products sold	166,301	177,972	184,144	179,385	174,302
Gross profit	214,369	200,178	198,853	189,163	168,482
Operating expenses	143,021	134,788	135,116	132,526	116,753
Income from operations	71,348	65,390	63,737	56,637	51,729
Interest and other income (expense), net	1,441	(2,280)	(778)	230	(816)
Income before income taxes	72,789	63,110	62,959	56,867	50,913
Provision for income taxes	20,161	18,303	19,213	17,054	15,428
Net income	$ 52,628	$ 44,807	$ 43,746	$ 39,813	$ 35,485
Earnings per common share:					
Basic	$ 3.65	$ 3.05	$ 2.89	$ 2.55	$ 2.22
Diluted	$ 3.64	$ 3.04	$ 2.87	$ 2.54	$ 2.20
Dividends per share	$ 1.64	$ 1.48	$ 1.33	$ 1.22	$ 1.14
Weighted-average shares outstanding - diluted	14,379	14,649	15,148	15,619	16,046
Total assets	$ 339,668	$ 339,257	$ 347,680	$ 323,064	$ 300,870
Long-term obligations (1)	$ 140,579	$ 133,427	$ 26,354	$ 25,912	$ 25,963

(1) Long-term obligations include long-term debt, deferred tax liabilities, net and other long-term liabilities.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide the reader of the Company's financial statements with a narrative from the perspective of management on the Company's financial condition, results of operations, liquidity and certain other factors that may affect future results. This MD&A includes the following sections: Overview, Highlights, Results of Operations, Performance Measures and Non-GAAP Reconciliations, Liquidity and Capital Resources, Critical Accounting Policies, Recently Issued Accounting Standards and Related Parties. The MD&A is provided as a supplement to, and should be read in conjunction with, the Company's audited consolidated financial statements and the related notes included in Item 15 of this report.

In order to show the impact of changes in foreign currency exchange rates on our results of operations, we have included constant currency disclosures, where necessary, in the Overview and Results of Operations sections which follow. Constant currency disclosures represent the translation of our current fiscal year revenues and expenses from the functional currencies of our subsidiaries to U.S. dollars using the exchange rates in effect for the corresponding period of the prior fiscal year. We use results on a constant currency basis as one of the measures to understand our operating results and evaluate our performance in comparison to prior periods. Results on a constant currency basis are not in accordance with accounting principles generally accepted in the United States of America ("non-GAAP") and should be considered in addition to, not as a substitute for, results prepared in accordance with GAAP.

Overview

The Company

WD-40 Company ("the Company"), based in San Diego, California, is a global marketing organization dedicated to creating positive lasting memories by developing and selling products which solve problems in workshops, factories and homes around the world. We market our maintenance products and our homecare and cleaning products under the following well-known brands: WD-40®, 3-IN-ONE®, GT85®, X-14®, 2000 Flushes®, Carpet Fresh®, no vac®, Spot Shot®, 1001®, Lava® and Solvol®. Currently included in the WD-40 brand are the WD-40 multi-use product and the WD-40 Specialist® and WD-40 BIKE® product lines.

Our brands are sold in various locations around the world. Maintenance products are sold worldwide in markets throughout North, Central and South America, Asia, Australia, Europe, the Middle East and Africa. Homecare and cleaning products are sold primarily in North America, the United Kingdom ("U.K.") and Australia. We sell our products primarily through mass retail and home center stores, warehouse club stores, grocery stores, hardware stores, automotive parts outlets, sport retailers, independent bike dealers, online retailers and industrial distributors and suppliers.

Highlights

The following summarizes the financial and operational highlights for our business during the fiscal year ended August 31, 2016:

- *Consolidated net sales increased $2.5 million, or 1%, for fiscal year 2016 compared to the prior fiscal year. Changes in foreign currency exchange rates had an unfavorable impact of $15.2 million on consolidated net sales for fiscal year 2016. Thus, on a constant currency basis, net sales would have increased by $17.7 million, or 5%, for fiscal year 2016 compared to the prior fiscal year. Of the $15.2 million unfavorable impact from changes in foreign currency exchange rates, $11.3 million came from our EMEA segment, which accounted for 36% of our consolidated sales for the fiscal year ended August 31, 2016.*

- *Consolidated net sales for the WD-40 Specialist product line were $21.5 million which is a 14% increase for fiscal year 2016 compared to the prior fiscal year. Although the WD-40 Specialist product line is expected to provide the Company with long-term growth opportunities, we will see some volatility in sales levels from period to period due to the timing of promotional programs, the building of distribution, and various other factors that come with building a new product line.*

- *Gross profit as a percentage of net sales increased to 56.3% for fiscal year 2016 compared to 52.9% for the prior fiscal year.*

- *Consolidated net income increased $7.8 million, or 17%, for fiscal year 2016 compared to the prior fiscal year. Changes in foreign currency exchange rates had an unfavorable impact of $2.8 million on consolidated net income for fiscal year 2016. Thus, on a constant currency basis, net income would have increased by $10.6 million, or 24%, for fiscal year 2016 compared to the prior fiscal year.*

- *Diluted earnings per common share for fiscal year 2016 were $3.64 versus $3.04 in the prior fiscal year.*

- *Share repurchases continued to be executed under our $75.0 million share buy-back plan, which was approved by the Company's Board of Directors in October 2014 and which expired on August 31, 2016. During the period from September 1, 2015 through August 31, 2016, the Company repurchased 317,084 shares at an average price of $101.31 per share, for a total cost of $32.1 million.*

Our strategic initiatives and the areas where we will continue to focus our time, talent and resources in future periods include: (i) maximizing WD-40 multi-use product sales through geographic expansion and increased market penetration; (ii) leveraging the WD-40 brand by growing the WD-40 Specialist product line; (iii) leveraging the strengths of the Company through broadened product and revenue base; (iv) attracting, developing and retaining talented people; and (v) operating with excellence.

Results of Operations

Fiscal Year Ended August 31, 2016 Compared to Fiscal Year Ended August 31, 2015

Operating Items

The following table summarizes operating data for our consolidated operations (in thousands, except percentages and per share amounts):

	Fiscal Year Ended August 31,			
			Change from Prior Year	
	2016	2015	Dollars	Percent
Net sales:				
Maintenance products	$ 339,974	$ 333,306	$ 6,668	2%
Homecare and cleaning products	40,696	44,844	(4,148)	(9)%
Total net sales	380,670	378,150	2,520	1%
Cost of products sold	166,301	177,972	(11,671)	(7)%
Gross profit	214,369	200,178	14,191	7%
Operating expenses	143,021	134,788	8,233	6%
Income from operations	$ 71,348	$ 65,390	$ 5,958	9%
Net income	$ 52,628	$ 44,807	$ 7,821	17%
Earnings per common share - diluted	$ 3.64	$ 3.04	$ 0.60	20%

Net Sales by Segment

The following table summarizes net sales by segment (in thousands, except percentages):

	Fiscal Year Ended August 31,			
			Change from Prior Year	
	2016	2015	Dollars	Percent
Americas	$ 191,397	$ 187,344	$ 4,053	2%
EMEA	135,235	136,847	(1,612)	(1)%
Asia-Pacific	54,038	53,959	79	-
Total	$ 380,670	$ 378,150	$ 2,520	1%

Americas

The following table summarizes net sales by product line for the Americas segment (in thousands, except percentages):

	Fiscal Year Ended August 31,			
			Change from Prior Year	
	2016	2015	Dollars	Percent
Maintenance products	$ 163,655	$ 156,937	$ 6,718	4%
Homecare and cleaning products	27,742	30,407	(2,665)	(9)%
Total	$ 191,397	$ 187,344	$ 4,053	2%
% of consolidated net sales	**50%**	**50%**		

Sales in the Americas segment, which includes the U.S., Canada and Latin America, increased to $191.4 million, up $4.1 million, or 2%, for the fiscal year ended August 31, 2016 compared to the prior fiscal year. Changes in foreign currency exchange rates in Canada had an unfavorable impact on sales for the Americas segment from period to period. Sales for the fiscal year ended

August 31, 2016 translated at the exchange rates in effect for the prior fiscal year would have been $192.5 million in the Americas segment. Thus, on a constant currency basis, sales would have increased by $5.2 million, or 3%, from period to period.

Sales of maintenance products in the Americas segment increased $6.7 million, or 4%, for the fiscal year ended August 31, 2016 compared to the prior fiscal year. This sales increase was mainly driven by higher sales of maintenance products in the U.S. and Latin America, which increased 6% and 3%, respectively, from period to period. The sales increase in the U.S. was primarily due to a higher level of promotional activities for all maintenance products and the added distribution of our new WD-40 EZ Reach Flexible Straw product. The sales increase in Latin America was primarily due to the success of certain promotional programs which were conducted in the second quarter of fiscal year 2016, primarily those in Mexico and Chile, as well as the continued growth of the WD-40 multi-use product throughout the Latin America region. The sales increases in the U.S. and Latin America were partially offset by a sales decrease in Canada of 14%, from period to period. This decrease was primarily due to lower sales associated with promotional programs, most of which was driven by unstable market and economic conditions, particularly in the industrial channel in Western Canada as a result of reduced activity in the oil industry. In addition, sales in Canada were negatively impacted by unfavorable changes in foreign currency exchange rates form period to period. Also contributing to the overall sales increase of maintenance products in the Americas segment was higher sales of the WD-40 Specialist product line, which were up $1.1 million, or 10%, from period to period due to new distribution, particularly of certain new products within this product line during the fourth quarter of fiscal year 2016.

Sales of homecare and cleaning products in the Americas segment decreased $2.6 million, or 9%, for the fiscal year ended August 31, 2016 compared to the prior fiscal year. This sales decrease was driven primarily by a decrease in sales of Spot Shot carpet stain remover and 2000 Flushes automatic toilet bowl cleaners, most of which is related to the U.S., of 13% and 7%, respectively. While each of our homecare and cleaning products continue to generate positive cash flows, we have continued to experience decreased or flat sales for many of these products primarily due to lost distribution, reduced product offerings, competition, category declines and the volatility of orders from and promotional programs with certain of our customers, particularly those in the warehouse club and mass retail channels. At August 31, 2016, the carrying value of definite-lived intangible assets associated with the Company's trade names for the homecare and cleaning products was $16.8 million, of which $9.3 million and $4.3 million were associated with the Spot Shot and 2000 Flushes trade names, respectively.

For the Americas segment, 83% of sales came from the U.S., and 17% of sales came from Canada and Latin America combined for the fiscal year ended August 31, 2016 compared to the prior fiscal year when 82% of sales came from the U.S., and 18% of sales came from Canada and Latin America combined.

EMEA

The following table summarizes net sales by product line for the EMEA segment (in thousands, except percentages):

	Fiscal Year Ended August 31,			
			Change from Prior Year	
	2016	**2015**	**Dollars**	**Percent**
Maintenance products	$ 129,217	$ 129,730	$ (513)	-
Homecare and cleaning products	6,018	7,117	(1,099)	(15)%
Total [(1)]	$ 135,235	$ 136,847	$ (1,612)	(1)%
% of consolidated net sales	**36%**	**36%**		

(1) While the Company's reporting currency is U.S. Dollar, the functional currency of our U.K. subsidiary, the entity in which the EMEA results are generated, is Pound Sterling. Although the functional currency of this subsidiary is Pound Sterling, approximately 45% of its sales are generated in Euro and 25% are generated in U.S. Dollar. As a result, the Pound Sterling sales and earnings for the EMEA segment can be negatively or positively impacted from period to period upon translation from these currencies depending on whether the Euro and U.S. Dollar are weakening or strengthening against the Pound Sterling.

Sales in the EMEA segment, which includes Europe, the Middle East, Africa and India, decreased to $135.2 million, down $1.6 million, or 1%, for the fiscal year ended August 31, 2016 compared to the prior fiscal year. Changes in foreign currency exchange rates had an unfavorable impact on sales for the EMEA segment from period to period. Sales for the fiscal year ended August 31, 2016 translated at the exchange rates in effect for the prior fiscal year would have been $146.5 million in the EMEA segment. Thus, on a constant currency basis, sales would have increased by $9.7 million, or 7%, for the fiscal year ended August 31, 2016 compared to the prior fiscal year.

The countries in EMEA where we sell through a direct sales force include the U.K., Italy, France, Iberia (which includes Spain and Portugal) and the Germanics sales region (which includes Germany, Austria, Denmark, Switzerland, Belgium and the Netherlands). Overall, sales from direct markets increased $1.2 million, or 1%, for the fiscal year ended August 31, 2016 compared to the prior fiscal year. Changes in foreign currency exchange rates had an unfavorable impact on sales in the direct markets in EMEA from period to period. On a constant currency basis, sales in the direct markets would have increased by 10% from fiscal year 2016 compared to the prior fiscal year.

We experienced sales increases throughout most of the EMEA direct markets for the fiscal year ended August 31, 2016 compared to the prior fiscal year, with percentage increases in sales as follows: the Germanics region, 10%; Italy, 9%; and France, 1%. Sales increases in these direct markets were primarily due to increased sales of the WD-40 multi-use product, particularly in the Germanics region. Sales in the Germanics increased from period to period due to a change in the distribution model for the do-it-yourself (DIY) channel that we made for this region in fiscal year 2015. In the third quarter of fiscal year 2015, we shifted away from a distribution model for this channel where we sold product through a large wholesale customer who then supplied various retail customers to one where we sell direct to these retail customers. Due to the successful build of our direct customer base in this new model in fiscal year 2016, sales in this region were positively impacted from period to period. The increased sales in these regions were partially offset by sales decreases in the U.K. and Iberia of 6% and 1%, respectively. Sales in the U.K. decreased from period to period primarily due to decreased distribution of our 1001 brand in the retail channel from period to period. Sales generated in Euro in the direct markets also resulted in slightly higher Pound Sterling sales in fiscal year 2016 due the strengthening of the Euro against the Pound Sterling from period to period. The average exchange rate for the Euro against the Pound Sterling increased from 0.7497 to 0.7637, or 2%. Also contributing to the overall sales increase in the direct markets were increased sales of the WD-40 Specialist product line of $1.9 million, or 45%, from period to period due to expanded distribution. Sales from direct markets accounted for 66% of the EMEA segment's sales for fiscal year ended August 31, 2016 compared to 63% of the EMEA segment's sales for the prior fiscal year.

The regions in the EMEA segment where we sell through local distributors include the Middle East, Africa, India, Eastern and Northern Europe. Sales in the distributor markets decreased $2.8 million, or 6%, for the fiscal year ended August 31, 2016 compared to the prior fiscal year primarily due to an 11% decrease in sales in Russia as a result of the unstable market conditions in Eastern Europe which started in the third quarter of our fiscal year 2015. Although the market conditions in Russia have begun to stabilize, our sales have not returned to the levels that we experienced prior to the third quarter of fiscal year 2015. Sales were also negatively impacted in fiscal year 2016 by continued political and economic instability in other countries in the distributor markets. Since a high percentage of sales in the distributor markets in the EMEA segment are generated in U.S. Dollars, there were insignificant impacts due to changes in the foreign currency exchange rates from period to period. The distributor markets accounted for 34% of the EMEA segment's total sales for the fiscal year ended August 31, 2016, compared to 37% for the prior fiscal year.

Asia-Pacific

The following table summarizes net sales by product line for the Asia-Pacific segment (in thousands, except percentages):

	Fiscal Year Ended August 31,			
			Change from Prior Year	
	2016	**2015**	**Dollars**	**Percent**
Maintenance products	$ 47,102	$ 46,639	$ 463	1%
Homecare and cleaning products	6,936	7,320	(384)	(5)%
Total	$ 54,038	$ 53,959	$ 79	-
% of consolidated net sales	**14%**	**14%**		

Sales in the Asia-Pacific segment, which includes Australia, China and other countries in the Asia region remained constant at $54.0 million for each of the fiscal years ended August 31, 2016 and 2015. Changes in foreign currency exchange rates had an unfavorable impact on sales for the Asia Pacific segment from period to period. Sales for the fiscal year ended August 31, 2016 translated at the exchange rates in effect for the prior fiscal year would have been $56.8 million in the Asia-Pacific segment. Thus, on a constant currency basis, sales would have increased by $2.8 million, or 5%, for the fiscal year ended August 31, 2016 compared to the prior fiscal year.

Sales in Asia, which represented 69% of the total sales in the Asia-Pacific segment, increased $0.8 million, or 2%, for the fiscal year ended August 31, 2016 compared to the prior fiscal year. Sales in the Asia distributor markets increased $0.7 million, or 3%, from period to period, primarily attributable to increased distribution resulting from the success of certain significant promotional programs for the WD-40 multi-use product in the Asian distributor markets, particularly those in Vietnam, Sri Lanka, and Thailand. Although sales in China remained relatively constant at $13.3 million and $13.2 million for the fiscal years ended August 31, 2016 and 2015, respectively, changes in foreign currency exchange rates had an unfavorable impact on sales in China. On a constant currency basis, sales would have increased by 7% from period to period primarily due to increased distribution, particularly in Southern China.

Sales in Australia decreased by $0.8 million, or 4%, for the fiscal year ended August 31, 2016 compared to the prior fiscal year. Changes in foreign currency exchange rates had an unfavorable impact on Australia sales. On a constant currency basis, sales would have increased by 7% for the fiscal year ended August 31, 2016 compared to the prior fiscal year primarily due to increased distribution and higher sales levels resulting from successful promotional programs as well as continued growth of our base business.

Gross Profit

Gross profit increased to $214.4 million for the fiscal year ended August 31, 2016 compared to $200.2 million for the prior fiscal year. As a percentage of net sales, gross profit increased to 56.3% for the fiscal year ended August 31, 2016 compared to 52.9% for the prior fiscal year.

Gross margin was positively impacted by 2.4 percentage points from period to period due to favorable net changes in the costs of petroleum-based specialty chemicals and aerosol cans in all three segments. There is often a delay of one quarter or more before changes in raw material costs impact cost of products sold due to production and inventory life cycles. The average cost of crude oil which flowed through our cost of goods sold was significantly lower in fiscal year 2016 as compared to the prior fiscal year, thus resulting in positive impacts to our gross margin from period to period. Due to the volatility of the price of crude oil, it is uncertain whether we will realize the same level of benefit in our gross margin related to it in future periods. The combined effects of favorable sales mix changes and other miscellaneous costs positively impacted gross margin by 0.4 percentage points primarily due to a favorable shift in product mix as a result of a higher portion of sales in the Americas segment being made of higher margin maintenance products from period to period. Gross margin was also positively impacted by 0.2 percentage points from period to period primarily due to sales price increases implemented in the EMEA and Asia-Pacific segments over the last twelve months. In addition, advertising, promotional and other discounts that we give to our customers decreased from period to period positively impacting gross margin by 0.1 percentage points. In general, the timing of advertising, promotional and other discounts may cause fluctuations in gross margin from period to period. The costs associated with certain promotional activities are recorded as a reduction to sales while others are recorded as advertising and sales promotion expenses. Advertising, promotional and other discounts that are given to our customers are recorded as a reduction to sales, whereas advertising and sales promotional costs associated with promotional activities that we pay to third parties are recorded as advertising and sales promotion expenses.

Changes in foreign currency exchange rates positively impacted gross margin by 0.4 percentage points primarily due to the fluctuations in the exchange rates for the Euro and U.S. Dollar against the Pound Sterling in our EMEA segment from period to period. In the EMEA segment, the majority of our cost of goods sold is denominated in Pound Sterling whereas sales are generated in Pound Sterling, Euro and the U.S. Dollar. The combined effect of the strengthening of both the Euro and U.S. Dollar against the Pound Sterling from period to period caused an increase in our Pound Sterling sales, resulting in favorable impacts to the gross margin. These favorable impacts to gross margin were slightly offset by 0.1 percentage points due to higher warehousing and in-bound freight costs, particularly in the Americas segment from period to period.

Note that our gross profit and gross margin may not be comparable to those of other consumer product companies, since some of these companies include all costs related to distribution of their products in cost of products sold, whereas we exclude the portion associated with amounts paid to third parties for shipment to our customers from our distribution centers and contract manufacturers and include these costs in selling, general and administrative expenses. These costs totaled $16.1 million and $15.8 million for the fiscal years ended August 31, 2016 and 2015, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses for the fiscal year ended August 31, 2016 increased $8.9 million to $117.8 million from $108.9 million for the prior fiscal year. As a percentage of net sales, SG&A expenses increased to 30.9% for the fiscal year ended August 31, 2016 from 28.8% for the prior fiscal year. The increase in SG&A expenses was primarily attributable to higher employee-related costs, increased freight costs and other miscellaneous expenses. Employee-related costs, which include salaries, incentive compensation, profit sharing, stock-based compensation and other fringe benefits, increased by $11.5 million. This increase was primarily due to higher accruals for earned incentive compensation from period to period as well as annual compensation increases, which take effect in the first quarter of the fiscal year, and increased headcount. Freight costs associated with shipping products to our customers increased $1.0 million primarily due to higher sales volumes in the EMEA segment from period to period as well as additional costs associated with the shift in the distribution model in the

Germanics region in EMEA. Other miscellaneous expenses, which primarily include sales commissions and depreciation expense, increased by $0.8 million period over period. These increases were partially offset by changes in foreign currency exchange rates, which had a favorable impact of $4.4 million on SG&A expenses for the fiscal year ended August 31, 2016 compared to the prior fiscal year.

We continued our research and development investment, the majority of which is associated with our maintenance products, in support of our focus on innovation and renovation of our products. Research and development costs for the fiscal years ended August 31, 2016 and 2015 were $7.7 million and $9.0 million, respectively. Our research and development team engages in consumer research, product development, current product improvement and testing activities. This team leverages its development capabilities by partnering with a network of outside resources including our current and prospective outsource suppliers. The level and types of expenses incurred within research and development can vary from period to period depending upon the types of activities being performed.

Advertising and Sales Promotion Expenses

Advertising and sales promotion expenses for the fiscal year ended August 31, 2016 decreased $0.6 million to $22.3 million from $22.9 million for the prior fiscal year. As a percentage of net sales, these expenses decreased to 5.9% for the fiscal year ended August 31, 2016 from 6.0% for the prior fiscal year. Changes in foreign currency exchange rates had a favorable impact on such expenses of $0.9 million from period to period. Thus, on a constant currency basis, advertising and sales promotion expenses for fiscal year 2016 would have increased by $0.3 million, primarily due to a higher level of promotional programs and marketing support in the EMEA segment from period to period. Investment in global advertising and sales promotion expenses for fiscal year 2017 is expected to be close to 6.0% of net sales.

As a percentage of net sales, advertising and sales promotion expenses may fluctuate period to period based upon the type of marketing activities we employ and the period in which the costs are incurred. Total promotional costs recorded as a reduction to sales were $16.1 million and $16.0 million for the fiscal years ended August 31, 2016 and 2015, respectively. Therefore, our total investment in advertising and sales promotion activities totaled $38.4 million and $38.9 million for the fiscal years ended August 31, 2016 and 2015, respectively.

Amortization of Definite-lived Intangible Assets Expense

Amortization of our definite-lived intangible assets remained constant at $3.0 million for both the fiscal years ended August 31, 2016 and 2015.

Income from Operations by Segment

The following table summarizes income from operations by segment (in thousands, except percentages):

	Fiscal Year Ended August 31,			
			Change from Prior Year	
	2016	2015	Dollars	Percent
Americas	$ 48,404	$ 46,674	$ 1,730	4%
EMEA	31,702	30,173	1,529	5%
Asia-Pacific	15,162	12,602	2,560	20%
Unallocated corporate [(1)]	(23,920)	(24,059)	139	(1)%
	$ 71,348	$ 65,390	$ 5,958	9%

(1) Unallocated corporate expenses are general corporate overhead expenses not directly attributable to any one of the operating segments. These expenses are reported separate from the Company's identified segments and are included in Selling, General and Administrative expenses on the Company's consolidated statements of operations.

Americas

Income from operations for the Americas segment increased to $48.4 million, up $1.7 million, or 4%, for the fiscal year ended August 31, 2016 compared to the prior fiscal year, primarily due to a $4.1 million increase in sales and a higher gross margin. As a percentage of net sales, gross profit for the Americas segment increased from 52.6% to 55.1% period over period. This increase in the gross margin was primarily due to the combined positive impacts of decreased costs of petroleum-based specialty chemicals and aerosol cans as well as favorable sales mix changes, which were slightly offset by increased warehousing and in-house freight costs from period to period. The higher level of sales from period to period was accompanied by a $5.1 million increase in operating expenses, most of which related to increased headcount and higher earned incentive compensation expenses period over period. Operating income as a percentage of net sales increased from 24.9% to 25.3% period over period.

EMEA

Income from operations for the EMEA segment increased to $31.7 million, up $1.5 million, or 5%, for the fiscal year ended August 31, 2016 compared to the prior fiscal year, primarily due to a higher gross margin, which was partially offset by a $1.6 million decrease in sales and higher operating expenses. As a percentage of net sales, gross profit for the EMEA segment increased from 54.6% to 58.7% period over period primarily due to the combined positive impacts of decreased costs of petroleum-based specialty chemicals and aerosol cans as well as sales price increases. Fluctuations in foreign currency exchange rates also had a significant favorable impact on gross margin from period to period. Operating expenses increased $3.1 million mainly related to higher earned incentive compensation expenses period over period. Operating income as a percentage of net sales increased from 22.0% to 27.0% period over period.

Asia-Pacific

Income from operations for the Asia-Pacific segment increased to $15.2 million, up $2.6 million, or 20%, the fiscal year ended August 31, 2016 compared to the prior fiscal year, primarily due to a higher gross margin. As a percentage of net sales, gross profit for the Asia-Pacific segment increased from 49.9% to 54.8% period over period primarily due to the combined positive impacts of decreased costs of petroleum-based specialty chemicals and aerosol cans, sales price increases, and a lower level of advertising, promotional and other discounts that we gave to our customers from period to period. Also contributing to the increased gross margin from period to period was the write-off of product and other costs related to a quality issue that occurred during fiscal year 2015 in the Asia distributor markets. Operating income as a percentage of net sales increased from 23.4% to 28.1% period over period.

Non-Operating Items

The following table summarizes non-operating income and expenses for our consolidated operations (in thousands):

	Fiscal Year Ended August 31,		
	2016	**2015**	**Change**
Interest income	$ 683	$ 584	$ 99
Interest expense	$ 1,703	$ 1,205	$ 498
Other income (expense), net	$ 2,461	$ (1,659)	$ 4,120
Provision for income taxes	$ 20,161	$ 18,303	$ 1,858

Interest Income

Interest income remained relatively constant for the fiscal year ended August 31, 2016 compared to the prior fiscal year.

Interest Expense

Interest expense increased $0.5 million for the fiscal year ended August 31, 2016 compared to the prior fiscal year primarily due to higher interest rates and an increased outstanding balance on our revolving credit facility period over period.

Other Income (Expense), Net

Other income (expense), net changed by $4.1 million for the fiscal year ended August 31, 2016 compared to the prior fiscal year primarily due to net foreign currency exchange gains which were recorded for fiscal year ended August 31, 2016 compared to net foreign currency exchange losses which were recorded in the prior fiscal year as a result of significant fluctuations in the foreign currency exchange rates for both the Euro and the U.S. Dollar against the Pound Sterling.

Provision for Income Taxes

The provision for income taxes was 27.7% of income before income taxes for the fiscal year ended August 31, 2016 compared to 29.0% for the prior fiscal year. The decrease in the effective income tax rate from period to period was driven by an increase in the portion of taxable earnings attributable to foreign operations, particularly those in the U.K., which are taxed at lower tax rates.

Net Income

Net income was $52.6 million, or $3.64 per common share on a fully diluted basis, for fiscal year 2016 compared to $44.8 million, or $3.04 per common share on a fully diluted basis, for the prior fiscal year. Changes in foreign currency exchange rates year over year had an unfavorable impact of $2.8 million on net income for fiscal year 2016. Thus, on a constant currency basis, net income for fiscal year 2016 would have been $55.4 million.

Fiscal Year Ended August 31, 2015 Compared to Fiscal Year Ended August 31, 2014

Operating Items

The following table summarizes operating data for our consolidated operations (in thousands, except percentages and per share amounts):

	Fiscal Year Ended August 31,			
			Change from Prior Year	
	2015	2014	Dollars	Percent
Net sales:				
Maintenance products	$ 333,306	$ 337,825	$ (4,519)	(1)%
Homecare and cleaning products	44,844	45,172	(328)	(1)%
Total net sales	378,150	382,997	(4,847)	(1)%
Cost of products sold	177,972	184,144	(6,172)	(3)%
Gross profit	200,178	198,853	1,325	1%
Operating expenses	134,788	135,116	(328)	-
Income from operations	$ 65,390	$ 63,737	$ 1,653	3%
Net income	$ 44,807	$ 43,746	$ 1,061	2%
Earnings per common share - diluted	$ 3.04	$ 2.87	$ 0.17	6%

Net Sales by Segment

The following table summarizes net sales by segment (in thousands, except percentages):

	Fiscal Year Ended August 31,			
			Change from Prior Year	
	2015	2014	Dollars	Percent
Americas	$ 187,344	$ 180,806	$ 6,538	4%
EMEA	136,847	151,368	(14,521)	(10)%
Asia-Pacific	53,959	50,823	3,136	6%
Total	$ 378,150	$ 382,997	$ (4,847)	(1)%

Americas

The following table summarizes net sales by product line for the Americas segment (in thousands, except percentages):

	Fiscal Year Ended August 31,			
			Change from Prior Year	
	2015	2014	Dollars	Percent
Maintenance products	$ 156,937	$ 149,899	$ 7,038	5%
Homecare and cleaning products	30,407	30,907	(500)	(2)%
Total	$ 187,344	$ 180,806	$ 6,538	4%
% of consolidated net sales	**50%**	**47%**		

Sales in the Americas segment, which includes the U.S., Canada and Latin America, increased to $187.3 million, up $6.5 million, or 4%, for the fiscal year ended August 31, 2015 compared to fiscal year 2014. Changes in foreign currency exchange rates did not have a material impact on sales for the fiscal year ended August 31, 2015 compared to fiscal year 2014.

Sales of maintenance products in the Americas segment increased $7.0 million, or 5%, for the fiscal year ended August 31, 2015 compared to fiscal year 2014. This sales increase was primarily driven by higher sales of WD-40 maintenance products in Latin America and the U.S., which were up 7% and 5%, respectively, for the fiscal year ended August 31, 2015 compared to fiscal year 2014. The increase in Latin America was primarily due to new distribution and successful promotional programs that were conducted during fiscal year 2015 throughout the Latin America region, particularly those in Brazil and Mexico. The sales increase in the U.S. from period to period was primarily due to a higher level of promotional activities and increased distribution for the WD-40 multi-use product. Sales in the U.S. were also positively impacted from period to period due to the launch of our new innovative WD-40 EZ Reach Flexible Straw product in the last quarter of fiscal year 2015. These sales increases in Latin America and the U.S. were slightly offset by a sales decrease of 3% for maintenance products in Canada, primarily due to changes in foreign currency exchange rates. In functional currency, which is the Canadian Dollar, sales of maintenance products in Canada increased by 8% from period to period. Also contributing to the overall sales increase of the maintenance products in the Americas segment from period to period were higher sales of the WD-40 Specialist product line, which were up $2.3 million, or 26%, due to increased promotional activities and new distribution during fiscal year 2015.

Sales of homecare and cleaning products in the Americas segment decreased $0.5 million, or 2%, for the fiscal year ended August 31, 2015 compared to fiscal year 2014. While total sales of homecare and cleaning products in the U.S., which is where the majority of such sales originate, remained relatively constant from period to period, sales of such products decreased in Canada for fiscal year 2015 as compared to fiscal year 2014. In Canada, sales of homecare and cleaning products decreased 22% driven primarily by the unfavorable impacts of changes in foreign currency exchange rates from period to period and lower sales of 2000 Flushes automatic toilet bowl cleaners and Spot Shot, which were down 24% and 19%, respectively, for fiscal year 2015 compared to fiscal year 2014. In functional currency, sales of homecare and cleaning products in Canada decreased by 13% from period to period. While each of our homecare and cleaning products continue to generate positive cash flows, we have continued to experience decreased or flat sales for many of these products primarily due to lost distribution, reduced product offerings, competition, category declines and the volatility of orders from and promotional programs with certain of our customers, particularly those in the warehouse club and mass retail channels.

For the Americas segment, 82% of sales came from the U.S., and 18% of sales came from Canada and Latin America combined for the fiscal year ended August 31, 2015 compared to the distribution for fiscal year 2014 when 81% of sales came from the U.S., and 19% of sales came from Canada and Latin America combined.

EMEA

The following table summarizes net sales by product line for the EMEA segment (in thousands, except percentages):

	Fiscal Year Ended August 31,			
			Change from Prior Year	
	2015	2014	Dollars	Percent
Maintenance products	$ 129,730	$ 144,255	$ (14,525)	(10)%
Homecare and cleaning products	7,117	7,113	4	-
Total [(1)]	$ 136,847	$ 151,368	$ (14,521)	(10)%
% of consolidated net sales	**36%**	**40%**		

(1) While the Company's reporting currency is U.S. Dollar, the functional currency of our U.K. subsidiary, the entity in which the EMEA results are generated, is Pound Sterling. Although the functional currency of this subsidiary is Pound Sterling, approximately 45% of its sales are generated in Euro and 25% are generated in U.S. Dollar. As a result, the Pound Sterling sales and earnings for the EMEA segment can be negatively or positively impacted from period to period upon translation from these currencies depending on whether the Euro and U.S. Dollar are weakening or strengthening against the Pound Sterling.

Sales in the EMEA segment, which includes Europe, the Middle East, Africa and India, decreased to $136.9 million, down $14.5 million, or 10%, for the fiscal year ended August 31, 2015 compared to fiscal year 2014. Changes in foreign currency exchange rates for the fiscal year ended August 31, 2015 compared to fiscal year 2014 had an unfavorable impact on sales. Sales for the fiscal year ended August 31, 2015 translated at the exchange rates in effect for fiscal year 2014 would have been $144.3 million in the EMEA segment. Thus, on a constant currency basis, sales would have decreased by $7.1 million, or 5%, for the fiscal year ended August 31, 2015 compared to fiscal year 2014.

The countries in Europe where we sell through a direct sales force include the U.K., Italy, France, Iberia (which includes Spain and Portugal) and the Germanics sales region (which includes Germany, Austria, Denmark, Switzerland, Belgium and the Netherlands). Overall, sales from direct markets decreased $6.6 million, or 7%, for the fiscal year ended August 31, 2015 compared to fiscal year 2014. We experienced sales decreases throughout most of the Europe direct markets for the fiscal year ended August 31, 2015 compared to fiscal year 2014, with percentage decreases in sales as follows: Italy, 23%; the Germanics region, 12%; Iberia, 8%; and France, 7%. The decreased sales in these regions were slightly offset by the sales increase of 3%

in the U.K. from period to period. The overall sales decline was primarily due to the continued weakening of the Euro, the currency in which a substantial portion of the direct markets sales are generated, relative to the Pound Sterling from period to period. The average exchange rate for the Euro against the Pound Sterling decreased by 9% to 0.7497 during fiscal year 2015 from 0.8265 for fiscal year 2014. As a result of this change in the foreign currency exchange rates, our sales in the direct markets decreased from period to period in Pound Sterling. Although sales in the direct markets decreased from period to period, sales of the WD-40 Specialist product line increased $0.9 million, or 26%, due to expanded distribution of the product line in fiscal year 2015. Sales from direct markets accounted for 63% of the EMEA segment's sales for fiscal year ended August 31, 2015 compared to 62% of the EMEA segment's sales for fiscal year 2014.

The regions in the EMEA segment where we sell through local distributors include the Middle East, Africa, India, Eastern and Northern Europe. Sales in the distributor markets decreased $7.9 million, or 14%, for the fiscal year ended August 31, 2015 compared to fiscal year 2014 primarily due to a significant decrease in sales in Russia and Ukraine as a result of the political and economic instability in Eastern Europe. Sales to Russia and Ukraine decreased by approximately 30% and 77%, respectively, from fiscal year 2014 to fiscal year 2015. Sales also decreased in the Middle East from fiscal year 2014 to fiscal year 2015, primarily due to lower sales of the WD-40 multi-use product in Afghanistan. These overall sales decreases were slightly offset by the general strengthening of the U.S. Dollar against the Pound Sterling from period to period, which increased sales, and higher sales volume of WD-40 multi-use product in Northern Europe due to the continued growth of our base business. The distributor markets accounted for 37% of the total EMEA segment sales for the fiscal year ended August 31, 2015, compared to 38% for fiscal year 2014.

Asia-Pacific

The following table summarizes net sales by product line for the Asia-Pacific segment (in thousands, except percentages):

	Fiscal Year Ended August 31,			
			Change from Prior Year	
	2015	2014	Dollars	Percent
Maintenance products	$ 46,639	$ 43,670	$ 2,969	7%
Homecare and cleaning products	7,320	7,153	167	2%
Total	$ 53,959	$ 50,823	$ 3,136	6%
% of consolidated net sales	**14%**	**13%**		

Sales in the Asia-Pacific segment, which includes Australia, China and other countries in the Asia region increased to $54.0 million, up $3.1 million, or 6% for the fiscal year ended August 31, 2015 compared to fiscal year 2014. Changes in foreign currency exchange rates for the fiscal year ended August 31, 2015 compared to fiscal year 2014 had an unfavorable impact on sales. Sales for the fiscal year ended August 31, 2015 translated at the exchange rates in effect for fiscal year 2014 would have been $56.1 million in the Asia-Pacific segment. Thus, on a constant currency basis, sales would have increased by $5.3 million, or 10%, for the fiscal year ended August 31, 2015 compared to fiscal year 2014.

Sales in Asia, which represented 68% of the total sales in the Asia-Pacific segment, increased $3.6 million, or 11%, for fiscal year ended August 31, 2015 compared to fiscal year 2014. Sales in the Asia distributor markets increased $2.4 million, or 11%, from period to period primarily due to increased sales of the WD-40 multi-use product throughout most of the distributor markets, including those in South Korea, the Philippines and Indonesia. Sales in China increased $1.2 million, or 10%, for the fiscal year ended August 31, 2015 compared to fiscal year 2014 primarily due to new distribution, much of which came from Southern China, and increased promotional activities from period to period.

Sales in Australia decreased by $0.5 million, or 3%, for the fiscal year ended August 31, 2015 compared to fiscal year 2014. Changes in foreign currency exchange rates had an unfavorable impact on Australia sales. In functional currency, which is the Australian Dollar, sales increased by 10%, for the fiscal year ended August 31, 2015 compared to fiscal year 2014 primarily due to increased distribution and promotional activities from period to period as well as a price increase which was implemented at the end of the second quarter of fiscal year 2015.

Gross Profit

Gross profit increased to $200.2 million for the fiscal year ended August 31, 2015 compared to $198.9 million for fiscal year 2014. As a percentage of net sales, gross profit increased to 52.9% for the fiscal year ended August 31, 2015 compared to 51.9% for fiscal year 2014.

Gross margin was positively impacted by 1.6 percentage points from period to period due to favorable net changes in the costs of petroleum-based specialty chemicals and aerosol cans in all three segments. Gross margin was also positively impacted by 0.3 percentage points from period to period due to sales price increases. These sales price increases were implemented in certain locations and markets in the Asia-Pacific and EMEA segments over the last twelve months of fiscal year 2015. In addition, gross margin was positively impacted by 0.1 percentage points from period to period due to lower warehousing and in-bound freight costs, particularly in the Americas segment.

These favorable impacts to gross margin were partially offset by 0.3 percentage points due to a higher level of advertising, promotional and other discounts that we give to our customers from period to period. The increase in such discounts was due to a higher percentage of sales being subject to promotional allowances during the fiscal year ended August 31, 2015 compared to fiscal year 2014, primarily in the Asia-Pacific and Americas segments. In general, the timing of advertising, promotional and other discounts may cause fluctuations in gross margin from period to period. The costs associated with certain promotional activities are recorded as a reduction to sales while others are recorded as advertising and sales promotion expenses. Advertising, promotional and other discounts that are given to our customers are recorded as a reduction to sales, whereas advertising and sales promotional costs associated with promotional activities that we pay to third parties are recorded as advertising and sales promotion expenses. Changes in foreign currency exchange rates also negatively impacted gross margin by 0.5 percentage points primarily due to the fluctuations in the exchange rates for the Euro and U.S. Dollar against the Pound Sterling in our EMEA segment from period to period. In the EMEA segment, the majority of our cost of goods sold is denominated in Pound Sterling whereas sales are generated in Pound Sterling, Euro and the U.S. Dollar. The net effect of the general weakening of the Euro against the Pound Sterling and the strengthening of the U.S. Dollar against the Pound Sterling from period to period caused a decrease in our sales, resulting in unfavorable impacts to the gross margin. The combined effects of unfavorable sales mix changes and other miscellaneous costs also negatively impacted gross margin by 0.2 percentage points from period to period.

Note that our gross profit and gross margin may not be comparable to those of other consumer product companies, since some of these companies include all costs related to distribution of their products in cost of products sold, whereas we exclude the portion associated with amounts paid to third parties for shipment to our customers from our distribution centers and contract manufacturers and include these costs in selling, general and administrative expenses. These costs totaled $15.8 million and $16.2 million for the fiscal years ended August 31, 2015 and 2014, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses for the fiscal year ended August 31, 2015 increased $0.3 million to $108.9 million from $108.6 million for fiscal year 2014. As a percentage of net sales, SG&A expenses increased to 28.8% for the fiscal year ended August 31, 2015 from 28.3% for fiscal year 2014. The increase in SG&A expenses was primarily attributable to higher employee-related costs, a higher level of expenses associated with travel and meetings, higher costs associated with new product exploration, and increased depreciation expense, from period to period. Employee-related costs, which include salaries, incentive compensation, profit sharing, stock-based compensation and other fringe benefits, increased by $1.7 million from period to period primarily due to annual compensation increases, higher staffing levels and other employee-related costs we incurred associated with changes that we made to our WD-40 Bike business in the United States. These increases were partially offset by lower earned incentive compensation, from period to period. Travel and meeting expenses increased $0.8 million due to a higher level of travel expenses associated with various sales meetings and activities in support of our strategic initiatives. The $0.8 million increase in new product exploration expenses, which are included in research and development costs, was primarily due to an increased level of spending during fiscal year 2015 related to the continued development of our products within the WD-40 brand. Depreciation expense increased by $0.5 million from period to period primarily due to our continued investment in computer system related assets and other capital assets which support our general business operations. Other miscellaneous expenses, which primarily include general office overhead, sales commission, and insurance costs, also increased by $0.5 million period over period. These increases were partially offset by a decrease of $1.4 million in professional services costs from period to period, primarily due to lower legal fees associated with litigation activities and general consulting services in our Americas and EMEA segments. Changes in foreign currency exchange rates had a favorable impact of $2.6 million on SG&A expenses for the fiscal year ended August 31, 2015 compared to fiscal year 2014.

We continued our research and development investment, the majority of which is associated with our maintenance products, in support of our focus on innovation and renovation of our products. Research and development costs for the fiscal years ended August 31, 2015 and 2014 were $9.0 million and $6.9 million, respectively. Our research and development team engages in consumer research, product development, current product improvement and testing activities. This team leverages its development capabilities by partnering with a network of outside resources including our current and prospective outsource suppliers. The level and types of expenses incurred within research and development can vary from period to period depending upon the types of activities being performed.

Advertising and Sales Promotion Expenses

Advertising and sales promotion expenses for the fiscal year ended August 31, 2015 decreased $1.0 million, or 4%, to $22.9 million from $23.9 million for fiscal year 2014. As a percentage of net sales, these expenses decreased to 6.0% for the fiscal year ended August 31, 2015 from 6.2% for fiscal year 2014. The decrease in advertising and sales promotion expenses was primarily due to a lower level of promotional programs and marketing support in the EMEA segment from period to period. Changes in foreign currency exchange rates did not have a material impact on advertising and sales promotion expenses for the fiscal year ended August 31, 2015 compared to fiscal year 2014.

As a percentage of net sales, advertising and sales promotion expenses may fluctuate period to period based upon the type of marketing activities we employ and the period in which the costs are incurred. Total promotional costs recorded as a reduction to sales were $16.0 million and $16.2 million for the fiscal years ended August 31, 2015 and 2014, respectively. Therefore, our total investment in advertising and sales promotion activities totaled $38.9 million and $40.1 million for the fiscal years ended August 31, 2015 and 2014, respectively.

Amortization of Definite-lived Intangible Assets Expense

Amortization of our definite-lived intangible assets was $3.0 million and $2.6 million for the fiscal years ended August 31, 2015 and 2014, respectively. This $0.4 million increase from period to period was primarily due to the GT85 Limited acquisition, which we completed in September 2014.

Income from Operations by Segment

The following table summarizes income from operations by segment (in thousands, except percentages):

	Fiscal Year Ended August 31,			
			Change from Prior Year	
	2015	**2014**	**Dollars**	**Percent**
Americas	$ 46,674	$ 41,356	$ 5,318	13%
EMEA	30,173	34,003	(3,830)	(11)%
Asia-Pacific	12,602	10,364	2,238	22%
Unallocated corporate (1)	(24,059)	(21,986)	(2,073)	9%
	$ 65,390	$ 63,737	$ 1,653	3%

(1) Unallocated corporate expenses are general corporate overhead expenses not directly attributable to any one of the operating segments. These expenses are reported separate from the Company's identified segments and are included in Selling, General and Administrative expenses on the Company's consolidated statements of operations.

Americas

Income from operations for the Americas segment increased to $46.7 million, up $5.3 million, or 13%, for the fiscal year ended August 31, 2015 compared to fiscal year 2014, primarily due to a $6.5 million increase in sales and a higher gross margin. As a percentage of net sales, gross profit for the Americas segment increased from 51.0% to 52.6% period over period. This increase in the gross margin was primarily due to the combined positive impacts of decreased costs of petroleum-based specialty chemicals and aerosol cans as well as decreased warehousing and in-bound freight costs from period to period. The higher level of sales from period to period in the Americas segment was accompanied by a $1.0 million increase in total operating expenses. Operating income as a percentage of net sales increased from 22.9% to 24.9% period over period.

EMEA

Income from operations for the EMEA segment decreased to $30.2 million, down $3.8 million, or 11%, for the fiscal year ended August 31, 2015 compared to fiscal year 2014, primarily due to a $14.5 million decrease in sales. As a percentage of net sales, gross profit for the EMEA segment increased from 54.0% to 54.6% period over period primarily due to the combined positive impacts of decreased costs of petroleum-based specialty chemicals and aerosol cans and price increases, both of which were significantly offset by the unfavorable impacts of changes in sales mix and fluctuations in foreign currency exchange rates from period to period. In the EMEA segment, the majority of our cost of goods sold is denominated in Pound Sterling whereas sales are generated in Pound Sterling, Euro and U.S. Dollar. The net effects of the continued weakening of the Euro against the Pound Sterling and the strengthening of the U.S. Dollar against the Pound Sterling from period to period has caused our sales to decrease, resulting in unfavorable impacts to the gross margin. The lower level of sales was accompanied by a $3.2 million decrease in total operating expenses driven mainly by lower advertising and sales promotion expenses, freight costs and earned incentive compensation. Operating income as a percentage of net sales decreased from 22.5% to 22.0% period over period.

Asia-Pacific

Income from operations for the Asia-Pacific segment increased to $12.6 million, up $2.2 million, or 22%, for the fiscal year ended August 31, 2015 compared to fiscal year 2014, primarily due to a $3.1 million increase in sales and a higher gross margin. As a percentage of net sales, gross profit for the Asia-Pacific segment increased from 48.9% to 49.9% from period to period due to the combined positive impacts of sales price increases and decreased costs of petroleum-based specialty chemicals and aerosol cans, both of which were partially offset by a higher level of advertising, promotional and other discounts that we gave to our customers from period to period. Operating income as a percentage of net sales increased from 20.4% to 23.4% period over period.

Non-Operating Items

The following table summarizes non-operating income and expenses for our consolidated operations (in thousands):

	Fiscal Year Ended August 31,		
	2015	2014	Change
Interest income	$ 584	$ 596	$ (12)
Interest expense	$ 1,205	$ 1,002	$ 203
Other expense	$ 1,659	$ 372	$ 1,287
Provision for income taxes	$ 18,303	$ 19,213	$ (910)

Interest Income

Interest income remained relatively constant for the fiscal year ended August 31, 2015 compared to fiscal year 2014.

Interest Expense

Interest expense increased $0.2 million for the fiscal year ended August 31, 2015 compared to fiscal year 2014 primarily due to a higher outstanding balance on our revolving credit facility period over period.

Other Expense

Other expense increased by $1.3 million for the fiscal year ended August 31, 2015 compared to fiscal year 2014 primarily due to higher net foreign currency exchange losses from period to period as a result of significant fluctuations in the foreign currency exchange rates for the Euro and U.S. Dollar against the Pound Sterling.

Provision for Income Taxes

The provision for income taxes was 29.0% of income before income taxes for the fiscal year ended August 31, 2015 compared to 30.5% for fiscal year 2014. The decrease in the effective income tax rate from period to period was primarily attributable to an increase in the taxable income in the U.K., which is taxed at lower statutory income tax rates.

Net Income

Net income was $44.8 million, or $3.04 per common share on a fully diluted basis, for fiscal year 2015 compared to $43.7 million, or $2.87 per common share on a fully diluted basis, for fiscal year 2014. Changes in foreign currency exchange rates year over year had an unfavorable impact of $1.7 million on net income for fiscal year 2015. Thus, on a constant currency basis, net income for fiscal year 2015 would have been $46.5 million.

Performance Measures and Non-GAAP Reconciliations

In managing our business operations and assessing our financial performance, we supplement the information provided by our financial statements with certain non-GAAP performance measures. These performance measures are part of our current 55/30/25 business model, which includes gross margin, cost of doing business, and earnings before interest, income taxes, depreciation and amortization ("EBITDA"), the latter two of which are non-GAAP performance measures. Cost of doing business is defined as total operating expenses less amortization of definite-lived intangible assets, impairment charges related to intangible assets and depreciation in operating departments, and EBITDA is defined as net income (loss) before interest, income taxes, depreciation and amortization. Beginning in fiscal year 2016, we changed to this new 55/30/25 business model from our previous 50/30/20 business model. This means that we now target our gross margin to be 55% of net sales, our cost of doing business to be 30% of net sales, and our EBITDA to be 25% of net sales. Results for these performance measures may vary from period to period depending on various factors, including economic conditions and our level of investment in activities for the future such as those related to quality assurance, regulatory compliance, and intellectual property protection in order to safeguard our WD-40 brand. The targets for these performance measures are long-term in nature, particularly those for cost of doing business and EBITDA, and we expect to make progress towards achieving them over time as our revenues increase.

The following table summarizes the results of these performance measures:

	Fiscal Year Ended August 31,		
	2016	2015	2014
Gross margin - GAAP	56%	53%	52%
Cost of doing business as a percentage of net sales - non-GAAP	36%	34%	34%
EBITDA as a percentage of net sales - non-GAAP (1)	21%	19%	18%

(1) Percentages may not aggregate to EBITDA percentage due to rounding and because amounts recorded in other income (expense), net on the Company's consolidated statement of operations are not included as an adjustment to earnings in the EBITDA calculation.

We use the performance measures above to establish financial goals and to gain an understanding of the comparative performance of the Company from period to period. We believe that these measures provide our shareholders with additional insights into the Company's results of operations and how we run our business. The non-GAAP financial measures are supplemental in nature and should not be considered in isolation or as alternatives to net income, income from operations or other financial information prepared in accordance with GAAP as indicators of the Company's performance or operations. The use of any non-GAAP measure may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies. Reconciliations of these non-GAAP financial measures to our financial statements as prepared in accordance with GAAP are as follows:

Cost of Doing Business (in thousands, except percentages):

	Fiscal Year Ended August 31,		
	2016	2015	2014
Total operating expenses - GAAP	$ 143,021	$ 134,788	$ 135,116
Amortization of definite-lived intangible assets	(2,976)	(3,039)	(2,617)
Depreciation (in operating departments)	(2,744)	(2,664)	(2,218)
Cost of doing business	$ 137,301	$ 129,085	$ 130,281
Net sales	$ 380,670	$ 378,150	$ 382,997
Cost of doing business as a percentage of net sales - non-GAAP	36%	34%	34%

EBITDA (in thousands, except percentages):

	Fiscal Year Ended August 31,		
	2016	**2015**	**2014**
Net income - GAAP	$ 52,628	$ 44,807	$ 43,746
Provision for income taxes	20,161	18,303	19,213
Interest income	(683)	(584)	(596)
Interest expense	1,703	1,205	1,002
Amortization of definite-lived intangible assets	2,976	3,039	2,617
Depreciation	3,489	3,425	3,243
EBITDA	$ 80,274	$ 70,195	$ 69,225
Net sales	$ 380,670	$ 378,150	$ 382,997
EBITDA as a percentage of net sales - non-GAAP	21%	19%	18%

Liquidity and Capital Resources

Overview

The Company's financial condition and liquidity remain strong. Net cash provided by operations was $60.6 million for fiscal year 2016 compared to $55.1 million for fiscal year 2015. We believe we continue to be well positioned to weather any uncertainty in the capital markets and global economy due to our strong balance sheet and efficient business model, along with our growing and diversified global revenues. We continue to manage all aspects of our business including, but not limited to, monitoring the financial health of our customers, suppliers and other third-party relationships, implementing gross margin enhancement strategies and developing new opportunities for growth.

Our principal sources of liquidity are our existing cash and cash equivalents, short-term investments, cash generated from operations and cash currently available from our existing $175.0 million revolving credit facility with Bank of America, N.A. ("Bank of America"), which expires on May 13, 2020. To date, we have used the proceeds of the revolving credit facility for our stock repurchases and plan to continue using such proceeds for our general working capital needs and stock repurchases under our board approved share buy-back plan. The Company also utilized this revolving credit facility in September 2016 to fund the purchase of its new headquarters office, which will house both corporate employees and employees in the Company's Americas segment. During the fiscal year ended August 31, 2016, we had net new borrowings of $14.0 million U.S. dollars under the revolving credit facility. We regularly convert existing draws on our line of credit to new draws with new maturity dates and interest rates. As of August 31, 2016, we had a $122.0 million outstanding balance on the revolving credit facility, all of which was classified as long-term, and there were no other letters of credit outstanding or restrictions on the amount available on this line of credit. Per the terms of the revolving credit facility agreement, our consolidated leverage ratio cannot be greater than three to one and our consolidated interest coverage ratio cannot be less than three to one. See Note 7 – Debt for additional information on these financial covenants. At August 31, 2016, we were in compliance with all debt covenants as required by the revolving credit facility and believe it is unlikely we will fail to comply with any of these covenants over the next twelve months. We would need to have a significant decrease in sales and/or a significant increase in expenses in order for us to not comply with the debt covenants.

At August 31, 2016, we had a total of $108.5 million in cash and cash equivalents and short-term investments. Of this balance, $102.2 million was held in Europe, Australia and China in foreign currencies. In the fourth quarter of fiscal year 2016, management determined that it would undertake, in fiscal year 2017, a one-time repatriation of $8.2 million, which represents all of the historical foreign earnings from its Australia subsidiary and 90% of the historical foreign earnings from its China subsidiary. Management determined that such a foreign distribution was prudent due to the current favorable tax consequences of such a distribution, stemming principally from the recent significant strengthening of the U.S. dollar against various currencies in which the Company conducts business. Accordingly, we determined that we were no longer indefinitely reinvested with respect to this amount of unremitted earnings and recorded the impact of this decision in the 2016 income tax provision, which resulted in the recognition of an incremental immaterial tax benefit. It is the Company's current intention to indefinitely reinvest any future foreign earnings of its Australia and China subsidiaries. However, management will make such determination based on an evaluation of facts and circumstances at each future reporting date.

We believe that our future cash from domestic operations, together with our access to funds available under our unsecured revolving credit facility will provide adequate resources to fund both short-term and long-term operating requirements, capital expenditures, share repurchases, dividend payments, acquisitions and new business development activities in the United States.

Although we hold a significant amount of cash outside of the United States and the draws on the credit facility to date have been made by our entity in the United States, we do not foresee any ongoing issues with repaying or refinancing these loans with domestically generated funds since we closely monitor the use of this credit facility. In the event that management elects for any reason in the future to repatriate additional foreign earnings that were previously deemed to be indefinitely reinvested outside of the U.S., we would be required to record additional tax expense at the time when we determine that such foreign earnings are no longer deemed to be indefinitely reinvested outside of the United States. As of August 31, 2016, we have not provided for U.S. federal and state income taxes and foreign withholding taxes on $113.4 million of undistributed earnings of certain foreign subsidiaries, mostly attributable to the U.K., since these earnings are considered indefinitely reinvested outside of the United States.

We believe that our existing consolidated cash and cash equivalents at August 31, 2016, the liquidity provided by our $175.0 million revolving credit facility and our anticipated cash flows from operations will be sufficient to meet our projected consolidated operating and capital requirements for at least the next twelve months. We consider various factors when reviewing liquidity needs and plans for available cash on hand including: future debt, principal and interest payments, future capital expenditure requirements, future share repurchases, future dividend payments (which are determined on a quarterly basis by the Company's Board of Directors), alternative investment opportunities, debt covenants and any other relevant considerations currently facing our business.

Cash Flows

The following table summarizes our cash flows by category for the periods presented (in thousands):

	Fiscal Year Ended August 31,		
	2016	2015	2014
Net cash provided by operating activities	$ 60,604	$ 55,064	$ 38,730
Net cash used in investing activities	(20,920)	(16,951)	(10,503)
Net cash used in financing activities	(38,536)	(38,663)	(25,842)
Effect of exchange rate changes on cash and cash equivalents	(4,153)	(3,357)	1,984
Net (decrease) increase in cash and cash equivalents	$ (3,005)	$ (3,907)	$ 4,369

Operating Activities

Net cash provided by operating activities increased $5.5 million to $60.6 million for fiscal year 2016 from $55.1 million for fiscal year 2015. Cash flows from operating activities depend heavily on operating performance and changes in working capital. Our primary source of operating cash flows for fiscal year ended August 31, 2016 was net income of $52.6 million, which increased $7.8 million from period to period. This increase was slightly offset by changes in our working capital, which were primarily attributable to an overall increase in the trade accounts receivable balance due to increased sales volumes in the fourth quarter of fiscal year 2016 as compared to the same quarter in the prior fiscal year and the timing of payments received from our customers from period to period. Also contributing to the change in working capital from period to period were lower earned incentive payouts in the first quarter of fiscal year 2016 compared to the same period of the prior fiscal year as well as significantly higher accruals for earned incentive compensation in fiscal year 2016 as compared to the prior year period.

Net cash provided by operating activities increased $16.4 million to $55.1 million for fiscal year 2015 from $38.7 million for fiscal year 2014. Cash flows from operating activities depend heavily on operating performance and changes in working capital. Our primary source of operating cash flows for fiscal year ended August 31, 2015 was net income of $44.8 million. The changes in our working capital from period to period were primarily attributable to an overall decrease in the trade accounts receivable balance due to decreased sales volumes and the timing of payments received from our customers from period to period. In addition, the net cash provided by operating activities was impacted by the overall decrease in inventory levels due to the timing of our inventory purchases from period to period. Also contributing to the changes in working capital from period to period were lower earned incentive payouts and accruals in fiscal year 2015 compared to fiscal year 2014. The settlement of an insurance reimbursable item in the second quarter of fiscal year 2015, which was recorded in the third quarter of fiscal year 2014, and lower income taxes receivable balances also contributed to the overall increase in cash provided by operating activities from period to period.

Investing Activities

Net cash used in investing activities increased $4.0 million to $20.9 million for fiscal year 2016 from $16.9 million for fiscal year 2015 primarily due to a $9.5 million increase in net purchases of short-term investments that were made by our U.K. and Australia subsidiaries. This increase was partially offset by a decrease of $4.1 million in cash outflow related to the GT85 Limited acquisition which was completed by our U.K. subsidiary in early fiscal year 2015 and a $1.4 million decrease in capital expenditures from period to period.

Net cash used in investing activities increased $6.4 million to $16.9 million for fiscal year 2015 from $10.5 million for fiscal year 2014 primarily due to a $4.1 million cash outflow related to the GT85 Limited acquisition which was completed by our U.K. subsidiary in September 2014. Of this $4.1 million purchase consideration, $3.7 million was paid in early fiscal year 2015 and the remaining balance was paid in the last quarter of fiscal year 2015. Also contributing to the total cash outflows were a $2.9 million increase in purchases of short-term investments that were made by our U.K. and Australia subsidiaries, and a $1.7 million increase in capital expenditures from period to period. These increases were slightly offset by a decrease in cash outflow related to the Belgium customer list which was acquired by our U.K. subsidiary for $1.8 million in fiscal year 2014.

Financing Activities

Net cash used in financing activities decreased $0.2 million to $38.5 million for fiscal year 2016 from $38.7 million for the fiscal year 2015 primarily due to a $4.0 million increase in cash proceeds from our revolving credit facility, which was almost completely offset by a $1.9 million increase in dividends paid and a $1.9 million increase in cash outflow for treasury stock purchases from period to period.

Net cash used in financing activities increased $12.9 million to $38.7 million for fiscal year 2015 from $25.8 million for fiscal year 2014 primarily due to a $25.0 million decrease in cash proceeds from our revolving credit facility, which was partially offset by a $12.5 million decrease in treasury stock purchases. Dividends paid also increased by $1.5 million from period to period.

Effect of Exchange Rate Changes

All of our foreign subsidiaries currently operate in currencies other than the U.S. Dollar and a significant portion of our consolidated cash balance is denominated in these foreign functional currencies, particularly at our U.K. subsidiary which operates in Pound Sterling. As a result, our cash and cash equivalents balances are subject to the effects of the fluctuations in these functional currencies against the U.S. Dollar at the end of each reporting period. The net effect of exchange rate changes on cash and cash equivalents, when expressed in U.S. Dollar terms, was a decrease in cash of $4.2 million and $3.4 million for fiscal years 2016 and 2015, respectively, and an increase in cash of $2.0 million for fiscal year 2014. These changes were primarily due to fluctuations in various foreign currency exchange rates from period to period, but the majority is related to the fluctuations in the Pound Sterling against the U.S. Dollar.

Share Repurchase Plans

On October 14, 2014, the Company's Board of Directors approved a share buy-back plan. Under the plan, which became effective at the beginning of the third quarter of fiscal year 2015, once the Company's previous $60.0 million plan was exhausted, the Company was authorized to acquire up to $75.0 million of its outstanding shares through August 31, 2016. The timing and amount of repurchases were based on terms and conditions as may be acceptable to the Company's Chief Executive Officer and Chief Financial Officer and in compliance with all laws and regulations applicable thereto. During the period from March 1, 2015 through August 31, 2016, the Company repurchased 503,127 shares at a total cost of $47.8 million under this $75.0 million plan.

On June 21, 2016, the Company's Board of Directors approved a new share buy-back plan. Under the plan, which became effective on September 1, 2016 and will remain in effect through August 31, 2018, the Company is authorized to acquire up to $75.0 million of its outstanding shares on terms and conditions as may be acceptable to the Company's Chief Executive Officer and Chief Financial Officer and in compliance with all laws and regulations applicable thereto.

Dividends

The Company has historically paid regular quarterly cash dividends on its common stock. In December 2015, the Board of Directors declared an 11% increase in the regular quarterly cash dividend, increasing it from $0.38 per share to $0.42 per share. On October 11, 2016, the Company's Board of Directors declared a cash dividend of $0.42 per share payable on October 31, 2016 to shareholders of record on October 21, 2016. Our ability to pay dividends could be affected by future business performance, liquidity, capital needs, alternative investment opportunities and loan covenants.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as defined by Item 303(a)(4)(ii) of Regulation S-K.

Contractual Obligations

The following table sets forth our best estimates as to the amounts and timing of minimum contractual payments for our most significant contractual obligations and commitments as of August 31, 2016 for the next five years and thereafter (in thousands). Future events could cause actual payments to differ significantly from these amounts.

	Total	1 year	2-3 years	4-5 years	Thereafter
Operating leases	$ 4,340	$ 1,996	$ 1,774	$ 540	$ 30

The following summarizes other commitments which are excluded from the contractual obligations table above as of August 31, 2016:

- We have ongoing relationships with various suppliers (contract manufacturers) who manufacture our products. The contract manufacturers maintain title and control of certain raw materials and components, materials utilized in finished products, and of the finished products themselves until shipment to our customers or third-party distribution centers in accordance with agreed upon shipment terms. Although we typically do not have definitive minimum purchase obligations included in the contract terms with our contract manufacturers, when such obligations have been included, they have been immaterial. In the ordinary course of business, we communicate supply needs to our contract manufacturers based on orders and short-term projections, ranging from two to five months. We are committed to purchase the products produced by the contract manufacturers based on the projections provided. Upon the termination of contracts with contract manufacturers, we obtain certain inventory control rights and are obligated to work with the contract manufacturer to sell through all product held by or manufactured by the contract manufacturer on our behalf during the termination notification period. If any inventory remains at the contract manufacturer at the termination date, we are obligated to purchase such inventory which may include raw materials, components and finished goods.

- Under the current terms of the credit facility agreement with Bank of America, we may borrow funds in U.S. dollars or in foreign currencies from time to time during the five-year period commencing March 13, 2015 through May 13, 2020. As of August 31, 2016, we had $122.0 million outstanding on this credit facility. Based on our most recent cash projections and anticipated business activities, we expect to borrow additional amounts against this credit facility ranging from $20.0 million to $25.0 million in fiscal year 2017. We estimate that the interest associated with these borrowings will be approximately $0.6 million for fiscal year 2017 based on estimated applicable interest rates and the expected dates of future borrowings. For additional details on this revolving line of credit, refer to the information set forth in Note 7 – Debt.

- At August 31, 2016, the liability recorded for uncertain tax positions, excluding associated interest and penalties, was approximately $1.2 million. We have estimated that up to $0.4 million of unrecognized tax benefits related to income tax positions may be affected by the resolution of tax examinations or expiring statutes of limitation within the next twelve months.

Critical Accounting Policies

Our results of operations and financial condition, as reflected in our consolidated financial statements, have been prepared in accordance with accounting principles generally accepted in the United States of America. Preparation of financial statements requires us to make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses and the disclosures of contingent assets and liabilities. We use historical experience and other relevant factors when developing estimates and assumptions and these estimates and assumptions are continually evaluated. Note 2 to our consolidated financial statements included in Item 15 of this report includes a discussion of the Company's significant accounting policies. The accounting policies discussed below are the ones we consider to be most critical to an understanding of our consolidated financial statements because their application places the most significant demands on our judgment. Our financial results may have varied from those reported had different assumptions been used or other conditions prevailed. Our critical accounting policies have been reviewed with the Audit Committee of the Board of Directors.

Revenue Recognition and Sales Incentives

Sales are recognized as revenue at the time of delivery to our customer when risks of loss and title have passed. Sales are recorded net of allowances for damaged goods and other sales returns, sales incentives, trade promotions and cash discounts. For certain of our sales we must make judgments and certain assumptions in order to determine when delivery has occurred. Through an analysis of end-of-period shipments for these particular sales, we determine an average time of transit of product to our customers, and this is used to estimate the time of delivery and whether revenue should be recognized during the current reporting period for such shipments. Differences in judgments or estimates related to the lengthening or shortening of the estimated delivery time used could result in material differences in the timing of revenue recognition.

Sales incentives are recorded as a reduction of sales in our consolidated statements of operations. Sales incentives include on-going trade promotion programs with customers and consumer coupon programs that require us to estimate and accrue for the expected costs of such programs. These programs include cooperative marketing programs, shelf price reductions, coupons, rebates, consideration and allowances given to retailers for shelf space and/or favorable display positions in their stores and other promotional activities. Costs related to these sales incentive programs, with the exception of coupon costs, are recorded as a reduction to sales upon delivery of products to customers. Coupon costs are based upon historical redemption rates and are recorded as a reduction to sales as incurred, which is when the coupons are circulated.

Sales incentives are calculated based primarily on historical rates and consideration of recent promotional activities. The determination of sales incentive costs and the related liabilities require us to use judgment for estimates that include current and past trade promotion spending patterns, status of trade promotion activities and the interpretation of historical spending trends by customer and category. We review our assumptions and adjust our sales incentive allowances accordingly on a quarterly basis. Our consolidated financial statements could be materially impacted if the actual promotion rates are different from the estimated rates. If our accrual estimates for sales incentives at August 31, 2016 were to differ by 10%, the impact on net sales would be approximately $0.7 million.

Accounting for Income Taxes

Current income tax expense is the amount of income taxes expected to be payable for the current year. A deferred income tax liability or asset is established for the expected future tax consequences resulting from the differences in financial reporting and tax bases of assets and liabilities. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax assets will not be realized. In addition to valuation allowances, we provide for uncertain tax positions when such tax positions do not meet the recognition thresholds or measurement standards prescribed by the authoritative guidance on income taxes. Amounts for uncertain tax positions are adjusted in periods when new information becomes available or when positions are effectively settled. We recognize accrued interest and penalties related to uncertain tax positions as a component of income tax expense.

U.S. federal income tax expense is provided on remittances of foreign earnings and on unremitted foreign earnings that are not indefinitely reinvested. U.S. federal income taxes and foreign withholding taxes are not provided when foreign earnings are indefinitely reinvested. We determine whether our foreign subsidiaries will invest their undistributed earnings indefinitely based on the capital needs of the foreign subsidiaries. We reassess this determination each reporting period. Changes to this determination may be warranted based on our experience as well as plans regarding future international operations and expected remittances.

Valuation of Goodwill

The carrying value of goodwill is reviewed for possible impairment in accordance with the authoritative guidance on goodwill, intangibles and other. We assess for possible impairments to goodwill at least annually during our second fiscal quarter and otherwise when events or changes in circumstances indicate that an impairment condition may exist.

During the second quarter of fiscal year 2016, we performed our annual goodwill impairment test. The annual goodwill impairment test was performed at the reporting unit level as required by the authoritative guidance. In accordance with ASU No. 2011-08, "*Testing Goodwill for Impairment*", companies are permitted to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. We performed a qualitative assessment of each reporting unit to determine whether it was more likely than not that the fair value of a reporting unit was less than its carrying amount. In performing this qualitative assessment, we assessed relevant events and circumstances that may impact the fair value and the carrying amount of each of our reporting units. Factors that were considered included, but were not limited to, the following: (1) macroeconomic conditions; (2) industry and market conditions; (3) historical financial performance and expected financial performance; (4) other entity specific events, such as changes in management or key personnel; and (5) events affecting the Company's reporting units, such as a change in the composition of net assets or any expected dispositions. Based on the results of this qualitative assessment, we determined that it is more likely than not that the carrying value of each of our reporting units is less than its fair value and, thus, the two-step quantitative analysis was not required. As a result, we concluded that no impairment of our goodwill existed as of February 29, 2016. We also did not identify or record any impairment losses related to our goodwill during our annual impairment tests performed in fiscal years 2015 and 2014.

While we believe that the estimates and assumptions used in our goodwill impairment test and analyses are reasonable, actual events and results could differ substantially from those included in the calculation. In the event that business conditions change in the future, we may be required to reassess and update our forecasts and estimates used in subsequent goodwill impairment analyses. If the results of these future analyses are lower than current estimates, an impairment charge to our goodwill balances may result at that time.

In addition, there were no indicators of impairment identified as a result of our review of events and circumstances related to our goodwill subsequent to February 29, 2016.

Impairment of Definite-Lived Intangible Assets

We assess for potential impairments to our long-lived assets when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and/or its estimated remaining useful life may no longer be appropriate. Any required impairment loss would be measured as the amount by which the asset's carrying amount exceeds its fair value, which is the amount at which the asset could be bought or sold in a current transaction between willing market participants and would be recorded as a reduction in the carrying amount of the related asset and a charge to results of operations. An impairment loss would be recognized when the sum of the expected future undiscounted net cash flows is less than the carrying amount of the asset.

There were no indicators of potential impairment identified as a result of the Company's review of events and circumstances related to its existing definite-lived intangible assets for the periods ended August 31, 2016, 2015 and 2014.

Recently Issued Accounting Standards

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-15, "*Classification of Certain Cash Receipts and Cash Payments*". The amendments address eight specific cash flow issues to reduce the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted and should be applied using a retrospective approach. The Company is in the process of evaluating the potential impacts of this new guidance on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, "*Measurement of Credit Losses on Financial Instruments*", which requires entities to estimate all expected credit losses for certain types of financial instruments, including trade receivables, held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The updated guidance also expands the disclosure requirements to enable users of financial statements to understand the entity's assumptions, models and methods for estimating expected credit losses. This guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within that reporting period. Early adoption is permitted. The Company is in the process of evaluating the potential impacts of this new guidance on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, "*Improvements to Employee Share-Based Payment Accounting*". The amendments in this updated guidance include changes to simplify the Codification for several aspects of the accounting for share-based payment transactions, including those related to the income tax consequences, classification of awards as either equity or liabilities, accounting for forfeitures, minimum statutory withholding requirements and classification of certain items on the statement of cash flows. Certain of these changes are required to be applied retrospectively while other changes are required to be applied prospectively. This guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period. Early adoption is permitted. The Company is still evaluating whether it will adopt this updated guidance in fiscal year 2017 or in fiscal year 2018, as required, but it expects that the adoption of this new guidance will have a more than inconsequential impact on the Company's consolidated financial statements. For example, if the Company had adopted this updated guidance in fiscal year 2016, its income tax expense for the year would have been reduced by approximately $2.1 million due to the recognition of excess tax benefits in the provision for income taxes rather than through additional paid-in-capital. The Company also expects to change its policy related to forfeitures upon adoption of this new guidance such that it will recognize the impacts of forfeitures as they occur rather than recognizing them based on an estimated forfeiture rate. Although the Company is still assessing the impacts of this change in policy for forfeitures on its consolidated financial statements, it does not expect that the impact will be material.

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*". The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than twelve months.

Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. This guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within that reporting period. Early adoption is permitted and should be applied using a modified retrospective approach. The Company is in the process of evaluating the impacts of this new guidance on its consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers*", which supersedes the revenue recognition requirements in ASC 605, "*Revenue Recognition*". The core principle of this updated guidance and related amendments is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new rule also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. This guidance was originally to be effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. In July 2015, the FASB approved a one year deferral for the effective date of this guidance. Early adoption is permitted but only to the original effective date. Companies are permitted to adopt this new rule following either a full or modified retrospective approach. The Company does not intend to adopt this guidance early and it will become effective for the Company on September 1, 2018. The Company has not yet decided which implementation method it will adopt. Although management has completed its initial evaluation of this new guidance as it pertains to the Company, it is still in the process of determining the impacts that this updated guidance will have on the Company's consolidated financial statements.

Related Parties

On October 11, 2011, the Company's Board of Directors elected Mr. Gregory A. Sandfort as a director of WD-40 Company. Mr. Sandfort is the Chief Executive Officer of Tractor Supply Company ("Tractor Supply"), which is a WD-40 Company customer that acquires products from the Company in the ordinary course of business.

The consolidated financial statements include sales to Tractor Supply of $1.2 million and $1.1 million for fiscal years 2016 and 2015, respectively. Accounts receivable from Tractor Supply were not material as of August 31, 2016.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Risk

The Company is exposed to a variety of risks, including foreign currency exchange rate fluctuations. In the normal course of business, the Company employs established policies and procedures to manage its exposure to fluctuations in foreign currency values.

All of the Company's international subsidiaries operate in functional currencies other than the U.S. dollar. As a result, the Company is exposed to foreign currency related risk when the financial statements of its international subsidiaries are translated for consolidation purposes from functional currencies to U.S. dollars. This foreign currency risk can affect sales, expenses and profits as well as assets and liabilities that are denominated in currencies other than the U.S. dollar. The Company does not enter into any hedging activities to mitigate this foreign currency translation risk.

The Company's U.K. subsidiary, whose functional currency is Pound Sterling, utilizes foreign currency forward contracts to limit its exposure in converting accounts receivable and accounts payable balances denominated in non-functional currencies. The principal currency that creates the foreign currency exposures at the U.K. subsidiary is the Euro. The Company regularly monitors its foreign exchange exposures to ensure the overall effectiveness of its foreign currency hedge positions. While the Company engages in foreign currency hedging activity to reduce its risk, for accounting purposes, none of its foreign currency forward contracts are designated as hedges.

Interest Rate Risk

As of August 31, 2016, the Company had a $122.0 million outstanding balance on its existing $175.0 million revolving credit facility agreement with Bank of America. This $175.0 million revolving credit facility is subject to interest rate fluctuations. Under the terms of the credit facility agreement, the Company may borrow loans in U.S. dollars or in foreign currencies from time to time until May 13, 2020. All loans denominated in U.S. dollars will accrue interest at the bank's Prime rate or at LIBOR plus a margin of 0.85 percent (together with any applicable mandatory liquid asset costs imposed by non-U.S. banking regulatory authorities). All loans denominated in foreign currencies will accrue interest at LIBOR plus 0.85 percent. Any significant increase in the bank's Prime rate and/or LIBOR rate could have a material effect on interest expense incurred on any borrowings outstanding under the credit facility.

Item 8. Financial Statements and Supplementary Data

The Company's consolidated financial statements at August 31, 2016 and 2015 and for each of the three fiscal years in the period ended August 31, 2016, and the Report of Independent Registered Public Accounting Firm, are included in Item 15 of this report.

Quarterly Financial Data (Unaudited)

The following table sets forth certain unaudited quarterly consolidated financial data (in thousands, except per share data):

	Fiscal Year Ended August 31, 2016				
	1st	2nd	3rd	4th	Total
Net sales	$ 92,522	$ 94,550	$ 96,446	$ 97,152	$ 380,670
Gross profit	$ 51,408	$ 52,362	$ 54,811	$ 55,788	$ 214,369
Net income	$ 12,062	$ 13,669	$ 12,665	$ 14,232	$ 52,628
Diluted earnings per common share	$ 0.83	$ 0.94	$ 0.88	$ 0.99	$ 3.64

	Fiscal Year Ended August 31, 2015				
	1st	2nd	3rd	4th	Total
Net sales	$ 96,353	$ 97,331	$ 92,485	$ 91,981	$ 378,150
Gross profit	$ 49,701	$ 51,233	$ 49,272	$ 49,972	$ 200,178
Net income	$ 10,786	$ 11,333	$ 10,965	$ 11,723	$ 44,807
Diluted earnings per common share	$ 0.73	$ 0.76	$ 0.75	$ 0.80	$ 3.04

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

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"). The term disclosure controls and procedures means controls and other procedures of a Company that are designed to ensure the information required to be disclosed by the Company in the reports that it files or submits under the Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures. The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as of August 31, 2016, the end of the period covered by this report (the Evaluation Date), and they have concluded that, as of the Evaluation Date, such controls and procedures were effective at ensuring that required information will be disclosed on a timely basis in the Company's reports filed under the Exchange Act. Although management believes the Company's existing disclosure controls and procedures are adequate to enable the Company to comply with its disclosure obligations, management continues to review and update such controls and procedures. The Company has a disclosure committee, which consists of certain members of the Company's senior management.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of its internal control over financial reporting based upon the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on that evaluation, management concluded that its internal control over financial reporting is effective as of August 31, 2016.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP, independent registered public accounting firm, who audited and reported on the consolidated financial statements of WD-40 Company included in Item 15 of this report, has audited the effectiveness of WD-40 Company's internal control over financial reporting as of August 31, 2016, as stated in their report included in Item 15 of this report.

Changes in Internal Control over Financial Reporting

For the quarter ended August 31, 2016, there were no significant changes to the Company's internal control over financial reporting that materially affected, or would be reasonably likely to materially affect, its internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Certain information required by this item is set forth under the headings “Security Ownership of Directors and Executive Officers,” “Nominees for Election as Directors,” “Audit Committee” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the Company’s Proxy Statement to be filed with the Securities and Exchange Commission in connection with the 2016 Annual Meeting of Stockholders on December 13, 2016 (“Proxy Statement”), which information is incorporated by reference herein. Additional information concerning executive officers of the Registrant required by this item is included in this report following Item 4 of Part I under the heading, "Executive Officers of the Registrant."

The Registrant has a code of ethics (as defined in Item 406 of Regulation S-K under the Exchange Act) applicable to its principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions. The code of ethics is represented by the Registrant’s Code of Conduct applicable to all employees and directors. A copy of the Code of Conduct may be found on the Registrant’s internet website on the Corporate Governance link from the Investors page at www.wd40company.com.

Item 11. Executive Compensation

Information required by this item is incorporated by reference to the Proxy Statement under the headings “Board of Directors Compensation,” “Compensation Committee Interlocks and Insider Participation,” “Compensation Discussion and Analysis,” “Compensation Committee Report,” “Executive Compensation,” “Supplemental Death Benefit Plans and Supplemental Insurance Benefits” and “Change of Control Severance Agreements.”

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

Certain information required by this item is incorporated by reference to the Proxy Statement under the headings “Principal Security Holders” and “Security Ownership of Directors and Executive Officers.”

Equity Compensation Plan Information

The following table provides information regarding shares of the Company’s common stock authorized for issuance under equity compensation plans as of August 31, 2016:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	229,878 (1)	$ 35.59 (2)	1,696,909
Equity compensation plans not approved by security holders	n/a	n/a	n/a
	229,878 (1)	$ 35.59 (2)	1,696,909

(1) Includes 27,820 securities to be issued upon exercise of outstanding stock options; 130,035 securities to be issued pursuant to outstanding restricted stock units; 45,700 securities to be issued pursuant to outstanding market share units (“MSUs”) based on 100% of the target number of MSU shares to be issued upon achievement of the applicable performance measure specified for such MSUs; and 26,323 securities to be issued pursuant to outstanding deferred performance units (“DPUs”) based on 100% of the maximum number of DPU shares to be issued upon achievement of the applicable performance measure specified for such DPUs.

(2) Weighted average exercise price only applies to stock options outstanding of 27,820, which is included as a component of the number of securities to be issued upon exercise of outstanding options, warrants and rights.

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

Information required by this item is incorporated by reference to the Proxy Statement under the headings "Director Independence", "Audit Committee" and "Related Party Transactions Review and Oversight."

Item 14. Principal Accountant Fees and Services

Information required by this item is incorporated by reference to the Proxy Statement under the heading "Ratification of Appointment of Independent Registered Public Accounting Firm."

PART IV

Item 15. Exhibits, Financial Statement Schedules

		Page
(a)	Documents filed as part of this report	
(1)	Report of Independent Registered Public Accounting Firm	F-1
	Consolidated Balance Sheets	F-2
	Consolidated Statements of Operations	F-3
	Consolidated Statements of Comprehensive Income	F-4
	Consolidated Statements of Shareholders' Equity	F-5
	Consolidated Statements of Cash Flows	F-6
	Notes to Consolidated Financial Statements	F-7

(2) Financial statement schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

(3) Exhibits

Exhibit No.	Description
	Articles of Incorporation and Bylaws.
3(a)	Certificate of Incorporation, incorporated by reference from the Registrant's Form 10-K filed October 22, 2012, Exhibit 3(a) thereto.
3(b)	Amended and Restated Bylaws of WD-40 Company, incorporated by reference from the Registrant's Form 8-K filed July 18, 2016, Exhibit 3(a) thereto.
	Material Contracts.
	Executive Compensation Plans and Arrangements (Exhibits 10(a) through 10(p) are management contracts and compensatory plans or arrangements required to be filed as exhibits pursuant to Item 15(b)).
10(a)	WD-40 Company 2007 Stock Incentive Plan, incorporated by reference from the Registrant's Form 10-K filed October 22, 2012, Exhibit 10(a) thereto.
10(b)	Fourth Amended and Restated WD-40 Company 1990 Incentive Stock Option Plan, incorporated by reference from the Registrant's Form 10-K filed October 22, 2015, Exhibit 10(b) thereto.
10(c)	WD-40 Directors' Compensation Policy and Election Plan dated October 12, 2015, incorporated by reference from the Registrant's Form 8-K filed June 24, 2016, Exhibit 10(a) thereto.
10(d)	Form of Indemnity Agreement between the Registrant and its executive officers and directors, incorporated by reference from the Registrant's Form 10-K filed October 22, 2013, Exhibit 10(d) thereto.
10(e)	Form of Restricted Stock Unit Agreement for grants of Restricted Stock Units to Executive Officers in fiscal years 2014, 2015 and 2016.
10(f)	Form of Market Share Unit Award Agreement for grants of Market Share Units to Executive Officers in fiscal years 2014, 2015 and 2016, incorporated by reference from the Registrant's Form 8-K filed October 25, 2012, Exhibit 10(a) thereto.
10(g)	Form of Deferred Performance Unit Award Agreement for grants of Deferred Performance Units to Executive Officers in fiscal year 2016.
10(h)	Amended and Restated of WD-40 Company's Performance Incentive Compensation Plan, incorporated by reference from the Registrant's Proxy Statement filed November 1, 2012, Appendix A thereto.
10(i)	Form of WD-40 Company Supplemental Death Benefit Plan applicable to certain executive officers of the Registrant.
10(j)	Change of Control Severance Agreement between WD-40 Company and Jay W. Rembolt dated October 16, 2008, incorporated by reference from the Registrant's Form 10-K filed October 21, 2014, Exhibit 10(h) thereto.
10(k)	Change of Control Severance Agreement between WD-40 Company and Richard T. Clampitt dated October 15, 2014, incorporated by reference from the Registrant's Form 10-K filed October 21, 2014, Exhibit 10(i) thereto.

10(l)	Change of Control Severance Agreement between WD-40 Company and Stanley A. Sewitch dated October 15, 2014, incorporated by reference from the Registrant's Form 10-K filed October 21, 2014, Exhibit 10(j) thereto.
10(m)	Change of Control Severance Agreement between WD-40 Company and Garry O. Ridge dated February 14, 2006, incorporated by reference from the Registrant's Form 10-K filed October 20, 2011, Exhibit 10(h) thereto.
10(n)	Change of Control Severance Agreement between WD-40 Company and Michael L. Freeman dated February 14, 2006, incorporated by reference from the Registrant's Form 10-K filed October 20, 2011, Exhibit 10(j) thereto.
10(o)	Change of Control Severance Agreement between WD-40 Company and Geoffrey J. Holdsworth dated February 14, 2006, incorporated by reference from the Registrant's Form 10-K filed October 20, 2011, Exhibit 10(h) thereto.
10(p)	Change of Control Severance Agreement between WD-40 Company and William B. Noble dated February 14, 2006, incorporated by reference from the Registrant's Form 10-K filed October 20, 2011, Exhibit 10(m) thereto.
10(q)	Credit Agreement dated June 17, 2011 among WD-40 Company and Bank of America, N.A., incorporated by reference from the Registrant's Form 8-K filed June 17, 2011, Exhibit 10(a) thereto.
10(r)	First Amendment to Credit Agreement dated January 7, 2013 among WD-40 Company and Bank of America, N.A., incorporated by reference from the Registrant's Form 10-Q filed January 9, 2013, Exhibit 10(b) thereto.
10(s)	Second Amendment to Credit Agreement dated May 13, 2015 among WD-40 Company and Bank of America, N.A., incorporated by reference from the Registrant's Form 8-K/A filed May 18, 2015, Exhibit 10(a) thereto.
10(t)	Third Amendment to Credit Agreement dated November 16, 2015 among WD-40 Company and Bank of America, N.A., incorporated by reference from the Registrant's Form 8-K filed November 19, 2015, Exhibit 10(a) thereto.
10(u)	Fourth Amendment to Credit Agreement dated September 1, 2016 among WD-40 Company and Bank of America, N.A., incorporated by reference from the Registrant's Form 8-K filed September 2, 2016, Exhibit 10(a) thereto.
10(v)	Purchase and Sale Agreement and Escrow Instructions dated July 29, 2016, incorporated by reference from the Registrant's Form 8-K filed August 4, 2016, Exhibit 10(a) thereto.
21	Subsidiaries of the Registrant.
23	Consent of Independent Registered Public Accounting Firm dated October 24, 2016.
31(a)	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(b)	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32(a)	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32(b)	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101. INS	XBRL Instance Document
101. SCH	XBRL Taxonomy Extension Schema Document
101. CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101. DEF	XBRL Taxonomy Extension Definition Linkbase Document
101. LAB	XBRL Taxonomy Extension Labels Linkbase Document
101. PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

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

WD-40 COMPANY
Registrant

/s/ JAY W. REMBOLT
JAY W. REMBOLT
Vice President, Finance
Treasurer and Chief Financial Officer
Date: October 24, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ GARRY O. RIDGE
GARRY O. RIDGE
Chief Executive Officer and Director
(Principal Executive Officer)
Date: October 24, 2016

/s/ GILES H. BATEMAN
GILES H. BATEMAN, Director
Date: October 24, 2016

/s/ PETER D. BEWLEY
PETER D. BEWLEY, Director
Date: October 24, 2016

/s/ DANIEL T. CARTER
DANIEL T. CARTER, Director
Date: October 24, 2016

/s/ MELISSA CLAASSEN
MELISSA CLAASSEN, Director
Date: October 24, 2016

/s/ RICHARD A. COLLATO
RICHARD A. COLLATO, Director
Date: October 24, 2016

/s/ MARIO L. CRIVELLO
MARIO L. CRIVELLO, Director
Date: October 24, 2016

/s/ LINDA A. LANG
LINDA A. LANG, Director
Date: October 24, 2016

/s/ DANIEL E. PITTARD
DANIEL E. PITTARD, Director
Date: October 24, 2016

/s/ GREGORY A. SANDFORT
GREGORY A. SANDFORT, Director
Date: October 24, 2016

/s/ NEAL E. SCHMALE
NEAL E. SCHMALE, Director
Date: October 24, 2016

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of WD-40 Company

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of comprehensive income, of shareholders' equity, and of cash flows present fairly, in all material respects, the financial position of WD-40 Company and its subsidiaries at August 31, 2016 and August 31, 2015, and the results of their operations and their cash flows for each of the three years in the period ended August 31, 2016 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 31, 2016, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2, the consolidated financial statements, the Company changed the manner in which it classifies deferred taxes on the consolidated balance sheet in fiscal year 2016.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

San Diego, CA
October 24, 2016

WD-40 COMPANY
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	August 31, 2016	August 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 50,891	$ 53,896
Short-term investments	57,633	48,603
Trade accounts receivable, less allowance for doubtful accounts of $394 and $491 at August 31, 2016 and 2015, respectively	64,680	58,750
Inventories	31,793	32,052
Current deferred tax assets, net	-	5,824
Other current assets	4,475	6,127
Total current assets	209,472	205,252
Property and equipment, net	11,545	11,376
Goodwill	95,649	96,409
Other intangible assets, net	19,191	22,961
Deferred tax assets, net	621	-
Other assets	3,190	3,259
Total assets	$ 339,668	$ 339,257
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 18,690	$ 17,128
Accrued liabilities	15,757	15,200
Accrued payroll and related expenses	20,866	13,357
Income taxes payable	3,381	2,287
Total current liabilities	58,694	47,972
Revolving credit facility	122,000	108,000
Deferred tax liabilities, net	16,365	23,145
Other long-term liabilities	2,214	2,282
Total liabilities	199,273	181,399
Commitments and Contingencies (Note 11)		
Shareholders' equity:		
Common stock — authorized 36,000,000 shares, $0.001 par value; 19,621,820 and 19,546,888 shares issued at August 31, 2016 and 2015, respectively; and 14,208,338 and 14,450,490 shares outstanding at August 31, 2016 and 2015, respectively	20	20
Additional paid-in capital	145,936	141,651
Retained earnings	289,642	260,683
Accumulated other comprehensive income (loss)	(27,298)	(8,722)
Common stock held in treasury, at cost — 5,413,482 and 5,096,398 shares at August 31, 2016 and 2015, respectively	(267,905)	(235,774)
Total shareholders' equity	140,395	157,858
Total liabilities and shareholders' equity	$ 339,668	$ 339,257

See accompanying notes to consolidated financial statements.

WD-40 COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Fiscal Year Ended August 31, 2016	2015	2014
Net sales	$ 380,670	$ 378,150	$ 382,997
Cost of products sold	166,301	177,972	184,144
Gross profit	214,369	200,178	198,853
Operating expenses:			
Selling, general and administrative	117,767	108,873	108,577
Advertising and sales promotion	22,278	22,876	23,922
Amortization of definite-lived intangible assets	2,976	3,039	2,617
Total operating expenses	143,021	134,788	135,116
Income from operations	71,348	65,390	63,737
Other income (expense):			
Interest income	683	584	596
Interest expense	(1,703)	(1,205)	(1,002)
Other income (expense), net	2,461	(1,659)	(372)
Income before income taxes	72,789	63,110	62,959
Provision for income taxes	20,161	18,303	19,213
Net income	$ 52,628	$ 44,807	$ 43,746
Earnings per common share:			
Basic	$ 3.65	$ 3.05	$ 2.89
Diluted	$ 3.64	$ 3.04	$ 2.87
Shares used in per share calculations:			
Basic	14,332	14,582	15,072
Diluted	14,379	14,649	15,148

See accompanying notes to consolidated financial statements.

WD-40 COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Fiscal Year Ended August 31,		
	2016	2015	2014
Net income	$ 52,628	$ 44,807	$ 43,746
Other comprehensive (loss) income:			
Foreign currency translation adjustment	(18,576)	(9,825)	6,146
Total comprehensive income	$ 34,052	$ 34,982	$ 49,892

See accompanying notes to consolidated financial statements.

WD-40 COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands, except share and per share amounts)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity
	Shares	Amount				Shares	Amount	
Balance at August 31, 2013	19,392,979	$ 19	$ 133,239	$ 214,034	$ (5,043)	4,107,443	$ (162,742)	$ 179,507
Issuance of common stock under share-based compensation plan, net of shares withheld for taxes	71,331		(129)					(129)
Stock-based compensation			2,263					2,263
Tax benefits from settlements of stock-based equity awards			839					839
Cash dividends ($1.33 per share)				(20,184)				(20,184)
Acquisition of treasury stock						602,505	(42,773)	(42,773)
Foreign currency translation adjustment					6,146			6,146
Net income				43,746				43,746
Balance at August 31, 2014	19,464,310	$ 19	$ 136,212	$ 237,596	$ 1,103	4,709,948	$ (205,515)	$ 169,415
Issuance of common stock under share-based compensation plan, net of shares withheld for taxes	82,578	1	1,449					1,450
Stock-based compensation			2,782					2,782
Tax benefits from settlements of stock-based equity awards			1,208					1,208
Cash dividends ($1.48 per share)				(21,720)				(21,720)
Acquisition of treasury stock						386,450	(30,259)	(30,259)
Foreign currency translation adjustment					(9,825)			(9,825)
Net income				44,807				44,807
Balance at August 31, 2015	19,546,888	$ 20	$ 141,651	$ 260,683	$ (8,722)	5,096,398	$ (235,774)	$ 157,858
Issuance of common stock under share-based compensation plan, net of shares withheld for taxes	74,932		(1,434)					(1,434)
Stock-based compensation			3,655					3,655
Tax benefits from settlements of stock-based equity awards			2,064					2,064
Cash dividends ($1.64 per share)				(23,669)				(23,669)
Acquisition of treasury stock						317,084	(32,131)	(32,131)
Foreign currency translation adjustment					(18,576)			(18,576)
Net income				52,628				52,628
Balance at August 31, 2016	19,621,820	$ 20	$ 145,936	$ 289,642	$ (27,298)	5,413,482	$ (267,905)	$ 140,395

See accompanying notes to consolidated financial statements.

WD-40 COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal Year Ended August 31,		
	2016	**2015**	**2014**
Operating activities:			
Net income	$ 52,628	$ 44,807	$ 43,746
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	6,465	6,464	5,860
Net gains on sales and disposals of property and equipment	(75)	(71)	(39)
Deferred income taxes	(2,227)	(1,334)	(736)
Excess tax benefits from settlements of stock-based equity awards	(2,064)	(1,205)	(831)
Stock-based compensation	3,655	2,782	2,263
Unrealized foreign currency exchange (gains) losses, net	(986)	2,086	(66)
Provision for bad debts	52	302	218
Changes in assets and liabilities:			
Trade accounts receivable	(9,936)	(314)	(5,821)
Inventories	(1,001)	2,037	(2,237)
Other assets	1,557	1,731	(2,209)
Accounts payable and accrued liabilities	2,871	(2,464)	(560)
Accrued payroll and related expenses	5,486	(2,722)	(3,047)
Income taxes payable	4,235	2,737	2,001
Other long-term liabilities	(56)	228	188
Net cash provided by operating activities	60,604	55,064	38,730
Investing activities:			
Purchases of property and equipment	(4,354)	(5,784)	(4,085)
Proceeds from sales of property and equipment	301	333	331
Purchases of intangible assets	-	-	(1,799)
Acquisition of business	-	(4,117)	-
Purchases of short-term investments	(24,899)	(10,575)	(7,710)
Maturities of short-term investments	8,032	3,192	2,760
Net cash used in investing activities	(20,920)	(16,951)	(10,503)
Financing activities:			
Treasury stock purchases	(32,131)	(30,259)	(42,773)
Dividends paid	(23,669)	(21,720)	(20,184)
Proceeds from issuance of common stock	1,200	2,111	1,284
Excess tax benefits from settlements of stock-based equity awards	2,064	1,205	831
Net proceeds from revolving credit facility	14,000	10,000	35,000
Net cash used in financing activities	(38,536)	(38,663)	(25,842)
Effect of exchange rate changes on cash and cash equivalents	(4,153)	(3,357)	1,984
Net (decrease) increase in cash and cash equivalents	(3,005)	(3,907)	4,369
Cash and cash equivalents at beginning of period	53,896	57,803	53,434
Cash and cash equivalents at end of period	$ 50,891	$ 53,896	$ 57,803
Supplemental cash flow information:			
Cash paid for:			
Interest	$ 1,573	$ 1,168	$ 915
Income taxes, net of tax refunds received	$ 16,494	$ 15,414	$ 18,147

See accompanying notes to consolidated financial statements.

Note 1. The Company

WD-40 Company ("the Company"), based in San Diego, California, is a global marketing organization dedicated to creating positive lasting memories by developing and selling products which solve problems in workshops, factories and homes around the world. The Company markets its maintenance products and its homecare and cleaning products under the following well-known brands: WD-40®, 3-IN-ONE®, GT85®, X-14®, 2000 Flushes®, Carpet Fresh®, no vac®, Spot Shot®, 1001®, Lava® and Solvol®. Currently included in the WD-40 brand are the WD-40 multi-use product and the WD-40 Specialist® and WD-40 BIKE® product lines.

The Company's brands are sold in various locations around the world. Maintenance products are sold worldwide in markets throughout North, Central and South America, Asia, Australia, Europe, the Middle East and Africa. Homecare and cleaning products are sold primarily in North America, the United Kingdom ("U.K.") and Australia. The Company's products are sold primarily through mass retail and home center stores, warehouse club stores, grocery stores, hardware stores, automotive parts outlets, sport retailers, independent bike dealers, online retailers and industrial distributors and suppliers.

Note 2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Supplier Risk

The Company relies on a limited number of suppliers, including single or sole source suppliers for certain of its raw materials, packaging, product components and other necessary supplies. Where possible and where it makes business sense, the Company works with secondary or multiple suppliers to qualify additional supply sources. To date, the Company has been able to obtain adequate supplies of these materials which are used in the production of its maintenance products and homecare and cleaning products in a timely manner from existing sources.

Cash and Cash Equivalents

Cash equivalents are highly liquid investments purchased with an original maturity of three months or less.

Short-term Investments

The Company's short-term investments consist of term deposits and callable time deposits. These short-term investments had a carrying value of $57.6 million and $48.6 million at August 31, 2016 and 2015, respectively. The term deposits are subject to penalty for early redemption before their maturity, and the callable time deposits require a notice before redemption.

Trade Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. The Company determines the allowance for doubtful accounts based on historical write-off experience and the identification of specific balances deemed uncollectible. Trade accounts receivable are charged against the allowance when the Company believes it is probable that the trade accounts receivable will not be recovered. The Company does not have any off-balance sheet credit exposure related to its customers. Allowance for doubtful accounts related to the Company's trade accounts receivable were not significant at August 31, 2016 and 2015.

Inventories

Inventories are stated at the lower of cost or market and cost is determined based on a first-in, first-out method or, for a portion of raw materials inventory, the average cost method. When necessary, the Company adjusts the carrying value of its inventory to the lower of cost or market, including any costs to sell or dispose of such inventory. Appropriate consideration is given by the Company to obsolescence, excessive inventory levels, product deterioration and other factors when evaluating net realizable value for the purposes of determining the lower of cost or market.

Included in inventories are amounts for certain raw materials and components that the Company has provided to its third-party contract manufacturers but that remain unpaid to the Company as of the balance sheet date. The Company's contract manufacturers package products to the Company's specifications and, upon order from the Company, ship ready-to-sell inventory to either the Company's third-party distribution centers or directly to its customers. The Company transfers certain raw materials and components to these contract manufacturers for use in the manufacturing process. Contract manufacturers are obligated to pay the Company for these raw materials and components upon receipt. Amounts receivable from the contract manufacturers as of the balance sheet date related to transfers of these raw materials and components by the Company to its contract manufacturers are considered product held at third-party contract manufacturers and are included in inventories in the accompanying consolidated balance sheets.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line method based upon estimated useful lives of ten to forty years for buildings and improvements, three to fifteen years for machinery and equipment, three to five years for vehicles, three to ten years for furniture and fixtures and three to five years for software and computer equipment. Depreciation expense totaled $3.5 million, $3.4 million and $3.2 million for fiscal years 2016, 2015 and 2014, respectively. These amounts include factory depreciation expense which is recognized as cost of products sold and totaled $0.8 million for each of the fiscal years ended August 31, 2016 and 2015 and $1.0 million for fiscal year 2014.

Software

The Company capitalizes costs related to computer software obtained or developed for internal use. Software obtained for internal use has generally been enterprise-level business and finance software that the Company customizes to meet its specific operational needs. Costs incurred in the application development phase are capitalized and amortized over their useful lives, which are generally three to five years.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of tangible and intangible assets acquired. The carrying value of goodwill is reviewed for possible impairment in accordance with the authoritative guidance on goodwill, intangibles and other. The Company assesses possible impairments to goodwill at least annually during its second fiscal quarter and otherwise when events or changes in circumstances indicate that an impairment condition may exist. In performing the annual impairment test of its goodwill, the Company considers the fair value concepts of a market participant and the highest and best use for its intangible assets. In addition to the annual impairment test, goodwill is evaluated each reporting period to determine whether events and circumstances would more likely than not reduce the fair value of a reporting unit below its carrying value.

When testing goodwill for impairment, the Company first assesses qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. If, after assessing qualitative factors, the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing additional quantitative tests is unnecessary. Otherwise, a two-step quantitative test is performed to identify the potential impairment and to measure the amount of goodwill impairment, if any. Any required impairment losses are recorded as a reduction in the carrying amount of the related asset and charged to results of operations. No impairments to its goodwill were identified by the Company during fiscal years 2016, 2015 and 2014.

Long-lived Assets

The Company's long-lived assets consist of property and equipment and definite-lived intangible assets. Long-lived assets are depreciated or amortized, as applicable, on a straight-line basis over their estimated useful lives. The Company assesses potential impairments to its long-lived assets when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and/or its remaining useful life may no longer be appropriate. Any required impairment loss would be measured as the amount by which the asset's carrying amount exceeds its fair value, which is the amount at which the asset could be bought or sold in a current transaction between willing market participants and would be recorded as a reduction in the carrying amount of the related asset and a charge to results of operations. An impairment loss would be recognized when the sum of the expected future undiscounted net cash flows is less than the carrying amount of the asset. No impairments to its long-lived assets were identified by the Company during fiscal years 2016, 2015 and 2014.

Fair Value of Financial Instruments

Accounting Standards Codification ("ASC") 820, "*Fair Value Measurements and Disclosures*", defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company categorizes its financial assets and liabilities measured at fair value into a hierarchy that categorizes fair value measurements into the following three levels based on the types of inputs used in measuring their fair value:

Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities;
Level 2: Observable market-based inputs or observable inputs that are corroborated by market data; and
Level 3: Unobservable inputs reflecting the Company's own assumptions.

Under fair value accounting, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As of August 31, 2016, the Company had no assets or liabilities that are measured at fair value in the financial statements on a recurring basis, with the exception of the foreign currency forward contracts, which are classified as Level 2 within the fair value hierarchy. The carrying values of cash equivalents, short-term investments and short-term borrowings are recorded at cost, which approximates their fair values primarily due to their short-term maturities and are classified as Level 2 within the fair value hierarchy. During the fiscal years ended August 31, 2016, 2015 and 2014, the Company did not record any significant nonrecurring fair value measurements for assets or liabilities in periods subsequent to their initial recognition.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and cash equivalents, short-term investments and trade accounts receivable. The Company's policy is to place its cash in high credit quality financial institutions, in investments that include demand deposits, term deposits and callable time deposits. The Company's trade accounts receivable are derived from customers located in North America, South America, Asia-Pacific, Europe, the Middle East, Africa and India. The Company limits its credit exposure from trade accounts receivable by performing on-going credit evaluations of customers, as well as insuring its trade accounts receivable in selected markets.

Insurance Coverage

The Company carries insurance policies to cover insurable risks such as property damage, business interruption, product liability, workers' compensation and other risks, with coverage and other terms that it believes to be adequate and appropriate. These policies may be subject to applicable deductible or retention amounts, coverage limitations and exclusions. The Company does not maintain self-insurance with respect to its material risks; therefore, the Company has not provided for self-insurance reserves as of August 31, 2016 and 2015.

Revenue Recognition and Sales Incentives

Sales are recognized as revenue at the time of delivery to the customer when risks of loss and title have passed. Sales are recorded net of allowances for damaged goods and other sales returns, sales incentives, trade promotions and cash discounts.

The Company records the costs of promotional activities such as sales incentives, trade promotions, coupon offers and cash discounts that are given to its customers as a reduction of sales in its consolidated statements of operations. The Company offers on-going trade promotion programs with customers and consumer coupon programs that require the Company to estimate and accrue the expected costs for such programs. Programs include cooperative marketing programs, shelf price reductions, coupons, rebates, consideration and allowances given to retailers for shelf space and/or favorable display positions in their stores and other promotional activities. Costs related to rebates, cooperative advertising and other promotional activities are recorded as a reduction to sales upon delivery of the Company's products to its customers. Coupon costs are based upon historical redemption rates and are recorded as a reduction to sales as incurred, which is when the coupons are circulated.

Cost of Products Sold

Cost of products sold primarily includes the cost of products manufactured on the Company's behalf by its third-party contract manufacturers, net of volume and other rebates. Cost of products sold also includes the costs to manufacture WD-40 concentrate, which is done at the Company's own facilities or at third-party contract manufacturers. When the concentrate is manufactured by the Company, cost of products sold includes direct labor, direct materials and supplies; in-bound freight costs related to purchased raw materials and finished product; and depreciation of machinery and equipment used in the manufacturing process.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include costs related to selling the Company's products, such as the cost of the sales force and related sales and broker commissions; shipping and handling costs paid to third-party companies to distribute finished goods from the Company's third-party contract manufacturers and distribution centers to its customers; other general and administrative costs related to the Company's business such as general overhead, legal and accounting fees, insurance, and depreciation; and other employee-related costs to support marketing, human resources, finance, supply chain, information technology and research and development activities.

Shipping and Handling Costs

Shipping and handling costs associated with in-bound freight and movement of product from third-party contract manufacturers to the Company's third-party warehouses are capitalized in the cost of inventory and subsequently included in cost of sales when recognized in the statement of operations. Shipping and handling costs associated with out-bound transportation are included in selling, general and administrative expenses and are recorded at the time of shipment of product to the Company's customers. Out-bound shipping and handling costs were $16.1 million, $15.8 million and $16.2 million for fiscal years 2016, 2015 and 2014, respectively.

Advertising and Sales Promotion Expenses

Advertising and sales promotion expenses are expensed as incurred. Advertising and sales promotion expenses include costs associated with promotional activities that the Company pays to third parties, which include costs for advertising (television, print media and internet), administration of coupon programs, consumer promotions, product demonstrations, public relations, agency costs, package design expenses and market research costs. Total advertising and sales promotion expenses were $22.3 million, $22.9 million and $23.9 million for fiscal years 2016, 2015 and 2014, respectively.

Research and Development

The Company is involved in research and development efforts that include the ongoing development or innovation of new products and the improvement, extension or renovation of existing products or product lines. All research and development costs are expensed as incurred and are included in selling, general and administrative expenses. Research and development expenses were $7.7 million, $9.0 million and $6.9 million in fiscal years 2016, 2015 and 2014, respectively. These expenses include costs associated with general research and development activities, as well as those associated with internal staff, overhead, design testing, market research and consultants.

Income Taxes

Current income tax expense is the amount of income taxes expected to be payable for the current year. A deferred income tax liability or asset is established for the expected future tax consequences resulting from the differences in financial reporting and tax bases of assets and liabilities. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax assets will not be realized. In addition to valuation allowances, the Company provides for uncertain tax positions when such tax positions do not meet the recognition thresholds or measurement standards prescribed by the authoritative guidance on income taxes. Amounts for uncertain tax positions are adjusted in periods when new information becomes available or when positions are effectively settled. The Company recognizes accrued interest and penalties related to uncertain tax positions as a component of income tax expense.

U.S. federal income tax expense is provided on remittances of foreign earnings and on unremitted foreign earnings that are not indefinitely reinvested. U.S. federal income taxes and foreign withholding taxes are not provided when foreign earnings are indefinitely reinvested. The Company determines whether its foreign subsidiaries will invest their undistributed earnings indefinitely based on the capital needs of the foreign subsidiaries and reassesses this determination each reporting period. Changes to the Company's determination may be warranted based on the Company's experience as well as its plans regarding future international operations and expected remittances.

Foreign Currency

The Company translates the assets and liabilities of its foreign subsidiaries into U.S. dollars at current rates of exchange in effect at the end of the reporting period. Income and expense items are translated at rates that approximate the rates in effect at the transaction date. Gains and losses from translation are included in accumulated other comprehensive income or loss. Gains or losses resulting from foreign currency transactions (transactions denominated in a currency other than the entity's functional currency) are included as other income (expense) in the Company's consolidated statements of operations. The Company had $2.4 million of net gains in foreign currency transactions in fiscal year 2016 and $1.7 million and $0.4 million of net losses in fiscal years 2015 and 2014, respectively.

In the normal course of business, the Company employs established policies and procedures to manage its exposure to fluctuations in foreign currency exchange rates. The Company's U.K. subsidiary, whose functional currency is Pound Sterling, utilizes foreign currency forward contracts to limit its exposure in converting accounts receivable and accounts payable balances denominated in non-functional currencies. The principal currency affected is the Euro. The Company regularly monitors its foreign currency exchange rate exposures to ensure the overall effectiveness of its foreign currency hedge positions. While the Company engages in foreign currency hedging activity to reduce its risk, for accounting purposes, none of its foreign currency forward contracts are designated as hedges.

Foreign currency forward contracts are carried at fair value, with net realized and unrealized gains and losses recognized currently in other income (expense) in the Company's consolidated statements of operations. Cash flows from settlements of foreign currency forward contracts are included in operating activities in the consolidated statements of cash flows. Foreign currency forward contracts in an asset position at the end of the reporting period are included in other current assets, while foreign currency forward contracts in a liability position at the end of the reporting period are included in accrued liabilities in the Company's consolidated balance sheets. At August 31, 2016, the Company had a notional amount of $5.3 million outstanding in foreign currency forward contracts, which mature from September 2016 through October 2016. Unrealized net gains related to foreign currency forward contracts were not significant at August 31, 2016 and 2015. Realized net gains and losses related to foreign currency forward contracts were not material for each of the twelve month periods ended August 31, 2016 and 2015.

Earnings per Common Share

Unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities that are required to be included in the computation of earnings per common share pursuant to the two-class method. Accordingly, the Company's outstanding unvested, if any, and outstanding vested stock-based equity awards that provide such nonforfeitable rights to dividend equivalents are included as participating securities in the calculation of earnings per common share ("EPS") pursuant to the two-class method.

The Company calculates EPS using the two-class method, which provides for an allocation of net income between common stock and other participating securities based on their respective participation rights to share in dividends. Basic EPS is calculated by dividing net income available to common shareholders for the period by the weighted-average number of common shares outstanding during the period. Net income available to common shareholders for the period includes dividends paid to common shareholders during the period plus a proportionate share of undistributed net income allocable to common shareholders for the period; the proportionate share of undistributed net income allocable to common shareholders for the period is based on the proportionate share of total weighted-average common shares and participating securities outstanding during the period.

Diluted EPS is calculated by dividing net income available to common shareholders for the period by the weighted-average number of common shares outstanding during the period increased by the weighted-average number of potentially dilutive common shares (dilutive securities) that were outstanding during the period if the effect is dilutive. Dilutive securities are comprised of stock options, restricted stock units, market share units and deferred performance units granted under the Company's prior stock option plan and current equity incentive plan.

Stock-based Compensation

The Company accounts for stock-based equity awards exchanged for employee and non-employee director services in accordance with the authoritative guidance for share-based payments. Under such guidance, stock-based compensation expense is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense, net of estimated forfeitures, over the requisite service period. Compensation expense is amortized on a straight-line basis over the requisite service period for the entire award, which is generally the maximum vesting period of the award.

The fair value of stock options is determined using a Black-Scholes option pricing model. The fair values of restricted stock unit awards and deferred performance unit awards are based on the fair value of the Company's common stock on the date that such awards are granted. The fair value of market share unit awards is determined using a Monte Carlo simulation model. For the deferred performance unit awards, the Company adjusts the compensation expense over the service period based upon the expected achievement level of the applicable performance condition. As the grant date fair value of market share unit awards reflects the probabilities of the actual number of such awards expected to vest, compensation expense for such awards is not adjusted based on the expected achievement level of the applicable performance condition. An estimated forfeiture rate is applied and included in the calculation of stock-based compensation expense at the time that the stock-based equity awards are granted and revised, if necessary, in subsequent periods if actual forfeiture rates differ from those estimates. Compensation expense related to the Company's stock-based equity awards is recorded as selling, general and administrative expenses in the Company's consolidated statements of operations.

The Company calculates its windfall tax benefits additional paid-in capital pool that is available to absorb tax deficiencies in accordance with the short-cut method provided for by the authoritative guidance for share-based payments. As of August 31, 2016, the Company determined that it has a remaining pool of windfall tax benefits.

Segment Information

The Company discloses certain information about its business segments, which are determined consistent with the way the Company's Chief Operating Decision Maker organizes and evaluates financial information internally for making operating decisions and assessing performance. In addition, the Chief Operating Decision Maker assesses and measures revenue based on product groups.

Recently Adopted Accounting Standards

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2015-17, "*Balance Sheet Classification of Deferred Taxes*", which requires that all deferred tax liabilities and assets be classified as noncurrent on the balance sheet, and eliminates the current requirement for an entity to separate these liabilities and assets into current and noncurrent amounts based on the classification of the related asset or liability. The Company early adopted this updated guidance in the fourth quarter of fiscal year 2016 on a prospective basis and it only resulted in a change of presentation of the deferred taxes on the consolidated balance sheet as of August 31, 2016. This change was not retrospectively applied to prior period balances.

Recently Issued Accounting Standards

In August 2016, the FASB issued ASU No. 2016-15, "*Classification of Certain Cash Receipts and Cash Payments*". The amendments address eight specific cash flow issues to reduce the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted and should be applied using a retrospective approach. The Company is in the process of evaluating the potential impacts of this new guidance on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, "*Measurement of Credit Losses on Financial Instruments*", which requires entities to estimate all expected credit losses for certain types of financial instruments, including trade receivables, held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The updated guidance also expands the disclosure requirements to enable users of financial statements to understand the entity's assumptions, models and methods for estimating expected credit losses. This guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within that reporting period. Early adoption is permitted. The Company is in the process of evaluating the potential impacts of this new guidance on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, "*Improvements to Employee Share-Based Payment Accounting*". The amendments in this updated guidance include changes to simplify the Codification for several aspects of the accounting for share-based payment transactions, including those related to the income tax consequences, classification of awards as either equity or liabilities, accounting for forfeitures, minimum statutory withholding requirements and classification of certain items on the statement of cash flows. Certain of these changes are required to be applied retrospectively while other changes are required to be applied prospectively. This guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period. Early adoption is permitted. The Company is still evaluating whether it will adopt this updated guidance in fiscal year 2017 or in fiscal year 2018, as required, but it expects that the adoption of this new guidance will have a more than inconsequential impact on the Company's consolidated financial statements. For example, if the Company had adopted this updated guidance in fiscal year 2016, its income tax expense for the year would have been reduced by approximately $2.1 million due to the recognition of excess tax benefits in the provision for income taxes rather than through additional paid-in-capital. The Company also expects to change its policy related to forfeitures upon adoption of this new guidance such that it will recognize the impacts of forfeitures as they occur rather than recognizing them based on an estimated forfeiture rate. Although the Company is still assessing the impacts of this change in policy for forfeitures on its consolidated financial statements, it does not expect that the impact will be material.

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*". The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. This guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within that reporting period. Early adoption is permitted and should be applied using a modified retrospective approach. The Company is in the process of evaluating the impacts of this new guidance on its consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers*", which supersedes the revenue recognition requirements in ASC 605, "*Revenue Recognition*". The core principle of this updated guidance and related amendments is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new rule also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. This guidance was originally to be effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. In July 2015, the FASB approved a one year deferral for the effective date of this guidance. Early adoption is permitted but only to the original effective date. Companies are permitted to adopt this new rule following either a full or modified retrospective approach. The Company does not intend to adopt this guidance early and it will become effective for the Company on September 1, 2018. The Company has not yet decided which implementation method it will adopt. Although management has completed its initial evaluation of this new guidance as it pertains to the Company, it is still in the process of determining the impacts that this updated guidance will have on the Company's consolidated financial statements.

Note 3. Inventories

Inventories consisted of the following (in thousands):

	August 31, 2016	August 31, 2015
Product held at third-party contract manufacturers	$ 3,521	$ 3,224
Raw materials and components	2,996	3,597
Work-in-process	163	141
Finished goods	25,113	25,090
Total	$ 31,793	$ 32,052

Note 4. Property and Equipment

Property and equipment, net, consisted of the following (in thousands):

	August 31, 2016	August 31, 2015
Machinery, equipment and vehicles	$ 14,892	$ 14,419
Buildings and improvements	4,223	4,258
Computer and office equipment	3,605	3,709
Software	7,392	6,835
Furniture and fixtures	1,286	1,414
Capital in progress	2,200	1,552
Land	254	282
Subtotal	33,852	32,469
Less: accumulated depreciation and amortization	(22,307)	(21,093)
Total	$ 11,545	$ 11,376

Note 5. Goodwill and Other Intangible Assets

Acquisitions

During the first quarter of fiscal year 2015, the Company entered into an agreement by and between GT 85 Limited (“GT85”) and WD-40 Company Limited, which is the Company’s U.K. subsidiary, to acquire the GT85 business and certain of its assets for a purchase consideration of $4.1 million. Of this purchase consideration, $3.7 million was paid in cash upon completion of the acquisition (“completion”) and the remaining balance was paid in June 2015. Located in the U.K., the GT85 business was engaged in the marketing and sale of the GT85® and SG85 brands of maintenance products. This acquisition complements the Company’s maintenance products and will help to build upon its strategy to develop new product categories for WD-40 Specialist and WD-40 BIKE.

The purchase price was allocated to certain customer-related, trade name-related, and technology-based intangible assets in the amount of $1.7 million, $0.9 million, and $0.2 million, respectively. The Company began to amortize these definite-lived intangible assets on a straight-line basis over their estimated useful lives of eight, ten, and four years, respectively, in the first quarter of fiscal year 2015. The purchase price exceeded the fair value of the intangible assets acquired and, as a result, the Company recorded goodwill of $1.3 million in connection with this transaction. This acquisition did not have a material impact on the Company’s condensed consolidated financial statements, and as a result no pro forma disclosures have been presented.

During the second quarter of fiscal year 2014, the Company entered into an Asset Purchase Agreement (the “Purchase Agreement”) by and between Etablissements Decloedt SA/NV (“Etablissements”) and WD-40 Company Limited. From January 1998 through the date of this Purchase Agreement, Etablissements acted as one of the Company’s international marketing distributors located in Belgium where it marketed and distributed certain of the WD-40 products. Pursuant to the Purchase Agreement, the Company acquired the list of customers and related information (the “customer list”) from Establissements for a purchase consideration of $1.8 million in cash. The Company has been using this customer list since its acquisition to solicit and transact direct sales of its products in Belgium. The Company began to amortize this customer list definite-lived intangible asset on a straight-line basis over its estimated useful life of five years in the second quarter of fiscal year 2014.

Goodwill

The following table summarizes the changes in the carrying amounts of goodwill by segment (in thousands):

	Americas	EMEA	Asia-Pacific	Total
Balance as of August 31, 2014	$ 85,581	$ 8,707	$ 1,211	$ 95,499
GT85 acquisition	-	1,231	-	1,231
Translation adjustments	(49)	(271)	(1)	(321)
Balance as of August 31, 2015	85,532	9,667	1,210	96,409
Translation adjustments	(80)	(680)	-	(760)
Balance as of August 31, 2016	$ 85,452	$ 8,987	$ 1,210	$ 95,649

During the second quarter of fiscal year 2016, the Company performed its annual goodwill impairment test. The annual goodwill impairment test was performed at the reporting unit level as required by the authoritative guidance. The Company performed a qualitative assessment of each reporting unit to determine whether it was more likely than not that the fair value of a reporting unit was less than its carrying amount. In performing this qualitative assessment, the Company assessed relevant events and circumstances that may impact the fair value and the carrying amount of each of its reporting units. Factors that were considered included, but were not limited to, the following: (1) macroeconomic conditions; (2) industry and market conditions; (3) historical financial performance and expected financial performance; (4) other entity specific events, such as changes in management or key personnel; and (5) events affecting the Company’s reporting units, such as a change in the composition of net assets or any expected dispositions. Based on the results of this qualitative assessment, the Company determined that it is more likely than not that the carrying value of each of its reporting units is less than its fair value and, thus, the two-step quantitative analysis was not required. As a result, the Company concluded that no impairment of its goodwill existed as of February 29, 2016.

In addition, there were no indicators of impairment identified as a result of the Company’s review of events and circumstances related to its goodwill subsequent to February 29, 2016, the date of its most recent annual goodwill impairment test. To date, there have been no impairment losses identified and recorded related to the Company’s goodwill.

Definite-lived Intangible Assets

The Company's definite-lived intangible assets, which include the 2000 Flushes, Spot Shot, Carpet Fresh, 1001 and GT85 trade names, the Belgium customer list, the GT85 customer relationships and the GT85 technology are included in other intangible assets, net in the Company's condensed consolidated balance sheets. The following table summarizes the definite-lived intangible assets and the related accumulated amortization (in thousands):

	August 31, 2016	August 31, 2015
Gross carrying amount	$ 36,009	$ 37,805
Accumulated amortization	(16,818)	(14,844)
Net carrying amount	$ 19,191	$ 22,961

There has been no impairment charge for the period ended August 31, 2016 as a result of the Company's review of events and circumstances related to its existing definite-lived intangible assets.

Changes in the carrying amounts of definite-lived intangible assets by segment are summarized below (in thousands):

	Americas	EMEA	Asia-Pacific	Total
Balance as of August 31, 2014	$ 19,328	$ 4,343	$ -	$ 23,671
Amortization expense	(2,207)	(832)	-	(3,039)
GT85 customer relationships	-	1,570	-	1,570
GT85 trade name	-	896	-	896
GT85 technology	-	159	-	159
Translation adjustments	-	(296)	-	(296)
Balance as of August 31, 2015	17,121	5,840	-	22,961
Amortization expense	(2,208)	(768)	-	(2,976)
Translation adjustments	-	(794)	-	(794)
Balance as of August 31, 2016	$ 14,913	$ 4,278	$ -	$ 19,191

The estimated amortization expense for the Company's definite-lived intangible assets in future fiscal years is as follows (in thousands):

	Trade Names	Customer-Based	Technology
Fiscal year 2017	$ 2,422	$ 452	$ 34
Fiscal year 2018	2,417	452	33
Fiscal year 2019	2,417	262	-
Fiscal year 2020	2,022	167	-
Fiscal year 2021	1,232	167	-
Thereafter	6,947	167	-
Total	$ 17,457	$ 1,667	$ 67

Included in the total estimated future amortization expense is the amortization expense for the 1001 trade name and the GT85 intangible assets, which are based on current foreign currency exchange rates, and as a result amounts in future periods may differ from those presented due to fluctuations in those rates.

Note 6. Accrued and Other Liabilities

Accrued liabilities consisted of the following (in thousands):

	August 31, 2016	August 31, 2015
Accrued advertising and sales promotion expenses	$ 9,763	$ 9,259
Accrued professional services fees	1,262	1,207
Accrued sales taxes and other taxes	954	1,043
Other	3,778	3,691
Total	$ 15,757	$ 15,200

Accrued payroll and related expenses consisted of the following (in thousands):

	August 31, 2016	August 31, 2015
Accrued incentive compensation	$ 12,203	$ 5,530
Accrued payroll	3,559	3,644
Accrued profit sharing	2,716	2,508
Accrued payroll taxes	1,744	1,189
Other	644	486
Total	$ 20,866	$ 13,357

Note 7. Debt

Revolving Credit Facility

On June 17, 2011, the Company entered into an unsecured credit agreement with Bank of America, N.A. ("Bank of America"). Since June 17, 2011 and through August 31, 2016, this unsecured credit agreement has been amended three times, most recently on November 16, 2015 (the "Third Amendment"). This Third Amendment increased the revolving commitment from an amount not to exceed $150.0 million to an amount not to exceed $175.0 million. The Third Amendment also increased the aggregate amount of the Company's capital stock that it may repurchase from $125.0 million to $150.0 million during the period from and including the Third Amendment effective date to the maturity date of the agreement so long as no default exists immediately prior and after giving effect thereto. This revolving credit facility matures on May 13, 2020, and includes representations, warranties and covenants customary for credit facilities of this type, as well as customary events of default and remedies.

Per the terms of the amended agreement, the Company and Bank of America may enter into an autoborrow agreement in form and substance satisfactory to Bank of America, providing for the automatic advance of revolving loans in U.S. Dollars to the Company's designated account at Bank of America. On February 10, 2016, the Company entered into an autoborrow agreement with Bank of America and this agreement has been in effect since that date. For the financial covenants, the definition of consolidated EBITDA includes the add back of non-cash stock-based compensation to consolidated net income when arriving at consolidated EBITDA. The terms of the financial covenants are as follows:

- The consolidated leverage ratio cannot be greater than three to one. The consolidated leverage ratio means, as of any date of determination, the ratio of (a) consolidated funded indebtedness as of such date to (b) consolidated EBITDA for the most recently completed four fiscal quarters.

- The consolidated interest coverage ratio cannot be less than three to one. The consolidated interest coverage ratio means, as of any date of determination, the ratio of (a) consolidated EBITDA for the most recently completed four fiscal quarters to (b) consolidated interest charges for the most recently completed four fiscal quarters.

While each of the borrowings under the line of credit have a maturity date within twelve months, the Company has classified the borrowings as long-term liabilities as it has the ability and intent to refinance the draws on the line of credit for a period in excess of one year through successive conversions of the borrowings to new borrowings under the line of credit. Since the autoborrow feature provides for borrowings to be made and repaid by the Company on a daily basis, any such borrowings made under an active autoborrow agreement are classified as short-term on the Company's consolidated balance sheets. During the fiscal year ended August 31, 2016, the Company borrowed an additional $14.0 million U.S. dollars under the revolving credit facility. As of August 31, 2016, the Company had no balance under the autoborrow agreement. The Company regularly converts existing draws on its line of credit to new draws with new maturity dates and interest rates. As of August 31, 2016, the Company had a

$122.0 million outstanding balance on the revolving credit facility and was in compliance with all debt covenants under this credit facility.

On September 1, 2016, the Company entered into a fourth amendment (the "Fourth Amendment") to the existing unsecured credit agreement with Bank of America. See Note 16 – Subsequent Events for additional information on a fourth amendment to the revolving credit facility.

Note 8. Share Repurchase Plans

On October 14, 2014, the Company's Board of Directors approved a share buy-back plan. Under the plan, which became effective at the beginning of the third quarter of fiscal year 2015, once the Company's previous $60.0 million plan was exhausted, the Company was authorized to acquire up to $75.0 million of its outstanding shares through August 31, 2016. The timing and amount of repurchases were based on terms and conditions as may be acceptable to the Company's Chief Executive Officer and Chief Financial Officer and in compliance with all laws and regulations applicable thereto. During the period from March 1, 2015 through August 31, 2016, the Company repurchased 503,127 shares at a total cost of $47.8 million under this $75.0 million plan.

On June 21, 2016, the Company's Board of Directors approved a new share buy-back plan. Under the plan, which became effective on September 1, 2016 and will remain in effect through August 31, 2018, the Company is authorized to acquire up to $75.0 million of its outstanding shares on terms and conditions as may be acceptable to the Company's Chief Executive Officer and Chief Financial Officer and in compliance with all laws and regulations applicable thereto.

Note 9. Earnings per Common Share

The table below reconciles net income to net income available to common shareholders (in thousands):

	Fiscal Year Ended August 31,		
	2016	2015	2014
Net income	$ 52,628	$ 44,807	$ 43,746
Less: Net income allocated to participating securities	(334)	(271)	(238)
Net income available to common shareholders	$ 52,294	$ 44,536	$ 43,508

The table below summarizes the weighted-average number of common shares outstanding included in the calculation of basic and diluted EPS (in thousands):

	Fiscal Year Ended August 31,		
	2016	2015	2014
Weighted-average common shares outstanding, basic	14,332	14,582	15,072
Weighted-average dilutive securities	47	67	76
Weighted-average common shares outstanding, diluted	14,379	14,649	15,148

For the fiscal years ended August 31, 2016, 2015 and 2014, weighted-average stock-based equity awards outstanding that are non-participating securities in the amounts of 4,501, 1,337 and 4,454, respectively, were excluded from the calculation of diluted EPS under the treasury stock method as they were anti-dilutive.

Note 10. Related Parties

On October 11, 2011, the Company's Board of Directors elected Mr. Gregory A. Sandfort as a director of WD-40 Company. Mr. Sandfort is the Chief Executive Officer of Tractor Supply Company ("Tractor Supply"), which is a WD-40 Company customer that acquires products from the Company in the ordinary course of business.

The consolidated financial statements include sales to Tractor Supply of $1.2 million and $1.1 million for fiscal years 2016 and 2015, respectively. Accounts receivable from Tractor Supply were not material as of August 31, 2016 and 2015.

Note 11. Commitments and Contingencies

Leases

The Company was committed under certain non-cancelable operating leases at August 31, 2016 which provide for the following future fiscal year minimum payments (in thousands):

	2017	2018	2019	2020	2021	Thereafter
Operating leases	$ 1,996	$ 1,144	$ 630	$ 350	$ 190	$ 30

Rent expense was $1.9 million for the fiscal year ended August 31, 2016 and $2.1 million for each of the fiscal years ended August 31, 2015 and 2014.

Purchase Commitments

The Company has ongoing relationships with various suppliers (contract manufacturers) who manufacture the Company's products. The contract manufacturers maintain title and control of certain raw materials and components, materials utilized in finished products, and of the finished products themselves until shipment to the Company's customers or third-party distribution centers in accordance with agreed upon shipment terms. Although the Company typically does not have definitive minimum purchase obligations included in the contract terms with its contract manufacturers, when such obligations have been included, they have been immaterial. In the ordinary course of business, supply needs are communicated by the Company to its contract manufacturers based on orders and short-term projections, ranging from two to five months. The Company is committed to purchase the products produced by the contract manufacturers based on the projections provided.

Upon the termination of contracts with contract manufacturers, the Company obtains certain inventory control rights and is obligated to work with the contract manufacturer to sell through all product held by or manufactured by the contract manufacturer on behalf of the Company during the termination notification period. If any inventory remains at the contract manufacturer at the termination date, the Company is obligated to purchase such inventory which may include raw materials, components and finished goods. The amounts for inventory purchased under termination commitments have been immaterial.

In addition to the commitments to purchase products from contract manufacturers described above, the Company may also enter into commitments with other manufacturers to purchase finished goods and components to support innovation and renovation initiatives and/or supply chain initiatives. As of August 31, 2016, no such commitments were outstanding.

Litigation

The Company is party to various claims, legal actions and complaints, including product liability litigation, arising in the ordinary course of business.

On May 31, 2012, a legal action was filed against the Company in a United States District Court, in Texas (IQ Products Company v. WD-40 Company). The complaint alleged that the Company wrongfully terminated a contract manufacturing relationship. Pursuant to a court order, the dispute was submitted to arbitration. On November 19, 2015, a panel of three arbitrators issued their Final Award denying the claims of IQ Products Company ("IQPC"). The Final Award included an award of attorney's fees and costs in the amount of $1.5 million in favor of the Company, and such amount was not recorded in the Company's consolidated financial statements at August 31, 2016. On August 25, 2016, the United States District Court in Texas entered judgment in favor of the Company, confirming the arbitration panel's Final Award. On September 6, 2016, IQPC filed a notice of appeal from the judgment to the Fifth Circuit United States Court of Appeals.

Indemnifications

As permitted under Delaware law, the Company has agreements whereby it indemnifies senior officers and directors for certain events or occurrences while the officer or director is, or was, serving at the Company's request in such capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company maintains Director and Officer insurance coverage that mitigates the Company's exposure with respect to such obligations. As a result of the Company's insurance coverage, management believes that the estimated fair value of these indemnification agreements is minimal. Thus, no liabilities have been recorded for these agreements as of August 31, 2016.

From time to time, the Company enters into indemnification agreements with certain contractual parties in the ordinary course of business, including agreements with lenders, lessors, contract manufacturers, marketing distributors, customers and certain vendors. All such indemnification agreements are entered into in the context of the particular agreements and are provided in an attempt to properly allocate risk of loss in connection with the consummation of the underlying contractual arrangements. Although the maximum amount of future payments that the Company could be required to make under these indemnification agreements is unlimited, management believes that the Company maintains adequate levels of insurance coverage to protect the Company with respect to most potential claims arising from such agreements and that such agreements do not otherwise have value separate and apart from the liabilities incurred in the ordinary course of the Company's business. Thus, no liabilities have been recorded with respect to such indemnification agreements as of August 31, 2016.

Note 12. Income Taxes

Income before income taxes consisted of the following (in thousands):

	Fiscal Year Ended August 31,		
	2016	2015	2014
United States	$ 41,128	$ 38,044	$ 41,537
Foreign [(1)]	31,661	25,066	21,422
Income before income taxes	$ 72,789	$ 63,110	$ 62,959

(1) Included in these amounts are income before income taxes for the EMEA segment of $28.3 million, $21.9 million and $18.4 million for the fiscal years ended August 31, 2016, 2015 and 2014, respectively.

The provision for income taxes consisted of the following (in thousands):

	Fiscal Year Ended August 31,		
	2016	2015	2014
Current:			
Federal	$ 13,269	$ 12,302	$ 12,663
State	894	966	972
Foreign	7,593	5,886	5,489
Total current	21,756	19,154	19,124
Deferred:			
United States	(1,100)	(870)	(11)
Foreign	(495)	19	100
Total deferred	(1,595)	(851)	89
Provision for income taxes	$ 20,161	$ 18,303	$ 19,213

Deferred tax assets and deferred tax liabilities consisted of the following (in thousands):

	August 31, 2016	August 31, 2015
Deferred tax assets:		
Accrued payroll and related expenses	$ 1,621	$ 1,680
Accounts receivable	498	532
Reserves and accruals	2,292	2,450
Unrealized exchange loss	992	416
Stock-based compensation expense	2,976	2,610
Uniform capitalization	1,473	1,335
Tax credit carryforwards	2,038	2,040
Other	2,043	1,258
Total gross deferred tax assets	13,933	12,321
Valuation allowance	(2,054)	(2,052)
Total net deferred tax assets	11,879	10,269
Deferred tax liabilities:		
Property and equipment, net	(558)	(470)
Amortization of tax goodwill and intangible assets	(26,321)	(26,334)
Investments in partnerships	(744)	(786)
Total deferred tax liabilities	(27,623)	(27,590)
Net deferred tax liabilities	$ (15,744)	$ (17,321)

In November 2015, the FASB issued ASU No. 2015-17, "*Balance Sheet Classification of Deferred Taxes*", which requires that all deferred tax liabilities and assets be classified as noncurrent on the balance sheet, and eliminates the current requirement for an entity to separate these liabilities and assets into current and noncurrent amounts based on the classification of the related asset or liability. The Company early adopted this updated guidance in the fourth quarter of fiscal year 2016 on a prospective basis and, as a result, classified all deferred taxes and liabilities as non-current on the consolidated balance sheet as of August 31, 2016. As the Company elected to apply this guidance prospectively, no changes were made to the consolidated balance sheet as of August 31, 2015.

The Company had state net operating loss ("NOL") carryforwards of $2.4 million and $1.3 million as of August 31, 2016 and 2015, which generated a net deferred tax asset of $0.2 million and $0.1 million for fiscal years 2016 and 2015, respectively. The state NOL carryforwards, if unused, will expire between fiscal year 2017 and 2036. The Company also had cumulative tax credit carryforwards of $2.0 million as of both August 31, 2016 and 2015, of which $1.9 million for both periods, is attributable to a U.K. tax credit carryforward, which does not expire. Future utilization of the tax credit carryforwards and certain state NOL carryovers is uncertain and is dependent upon several factors that may not occur, including the generation of future taxable income in certain jurisdictions. At this time, management cannot conclude that it is "more likely than not" that the related deferred tax assets will be realized. Accordingly, a full valuation allowance has been recorded against the related deferred tax asset associated with cumulative tax credit carryforwards. In addition, a valuation allowance has been recorded against the deferred tax asset associated with certain state NOL carryfowards in the amount of $0.1 million as of both August 31, 2016 and 2015.

A reconciliation of the statutory federal income tax rate to the Company's effective tax rate is as follows (in thousands):

	Fiscal Year Ended August 31,		
	2016	2015	2014
Amount computed at U.S. statutory federal tax rate	$ 25,476	$ 22,088	$ 22,036
State income taxes, net of federal tax benefits	397	578	674
Effect of foreign operations	(4,382)	(3,221)	(2,270)
Benefit from qualified domestic production deduction	(1,190)	(1,131)	(1,048)
Other	(140)	(11)	(179)
Provision for income taxes	$ 20,161	$ 18,303	$ 19,213

Historically, the Company has not provided for U.S. federal and state income taxes and foreign withholding taxes on the undistributed earnings of its foreign subsidiaries in the U.K., Australia, and China as the Company had considered those earnings indefinitely reinvested outside the United States. In the fourth quarter of fiscal year 2016, the Company determined that it would undertake, in fiscal year 2017, a one-time repatriation of $8.2 million, which represents all of the historical foreign earnings from its Australia subsidiary and 90% of the historical foreign earnings from its China subsidiary. Management determined that such a foreign distribution was prudent due to the current favorable tax consequences of such a distribution, stemming principally from the recent significant strengthening of the U.S. dollar against various currencies in which the Company conducts business. Accordingly, the Company determined that it was no longer indefinitely reinvested with respect to this amount of unremitted earnings and recorded the impact of this decision in the 2016 income tax provision, which resulted in the recognition of an incremental immaterial tax benefit.

As of August 31, 2016, the Company has not provided for U.S. federal and state income taxes and foreign withholding taxes on $113.4 million of the remaining undistributed earnings of certain foreign subsidiaries, mostly attributable to the U.K., since these earnings are considered indefinitely reinvested outside of the United States. The amount of unrecognized deferred U.S. federal and state income tax liability, net of unrecognized foreign tax credits, is estimated to be approximately $8.8 million as of August 31, 2016. This net liability is impacted by changes in foreign currency exchange rates and, as a result, will fluctuate with any changes in such rates. If management decides to repatriate foreign earnings in future periods, the Company would be required to provide for the incremental U.S. federal and state income taxes as well as foreign withholding taxes on such amounts in the period in which the decision is made. The Company continues to provide for U.S. income taxes and foreign withholding taxes on the undistributed earnings of its Canada and Malaysia subsidiaries, whose earnings are not considered indefinitely reinvested.

Reconciliations of the beginning and ending amounts of the Company's gross unrecognized tax benefits, excluding interest and penalties, are as follows (in thousands):

	Fiscal Year Ended August 31,			
	2016		2015	
Unrecognized tax benefits - beginning of fiscal year	$	1,279	$	1,248
Gross increases - current period tax positions		211		222
Expirations of statute of limitations for assessment		(251)		(63)
Settlements		-		(128)
Unrecognized tax benefits - end of fiscal year	$	1,239	$	1,279

There were no material interest or penalties included in income tax expense for the fiscal years ended August 31, 2016 and 2015. The total balance of accrued interest and penalties related to uncertain tax positions was also immaterial at August 31, 2016 and 2015.

The Company is subject to taxation in the U.S. and in various state and foreign jurisdictions. Due to expired statutes, the Company's federal income tax returns for years prior to fiscal year 2013 are not subject to examination by the U.S. Internal Revenue Service. The Company was recently notified by the U.S. Internal Revenue Service of its plans to perform an income tax audit for the tax period ended August 31, 2014. The Company is also currently under audit in various state and local jurisdictions for fiscal years 2013 through 2015. Generally, for the majority of state and foreign jurisdictions where the Company does business, periods prior to fiscal year 2012 are no longer subject to examination. The Company has estimated that up to $0.4 million of unrecognized tax benefits related to income tax positions may be affected by the resolution of tax examinations or expiring statutes of limitation within the next twelve months. Audit outcomes and the timing of settlements are subject to significant uncertainty.

Note 13. Stock-based Compensation

As of August 31, 2016, the Company had one stock incentive plan, the WD-40 Company 2007 Stock Incentive Plan ("2007 Plan"), which permits the granting of various stock-based equity awards, including non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units and other stock-based awards to employees, directors and consultants. To date through August 31, 2016, the Company had granted awards of restricted stock units ("RSUs"), performance share units ("PSUs"), market share units ("MSUs") and deferred performance units ("DPUs") under the 2007 Plan. Additionally, as of August 31, 2016, there were still outstanding stock options which had been granted under the Company's prior stock option plan. Fiscal year 2012 was the last fiscal period in which the Company granted PSUs and no PSUs remained outstanding as of the prior fiscal year ended August 31, 2015. The 2007 Plan is administered by the Board of Directors (the "Board") or the Compensation Committee or other designated committee of the Board (the "Committee"). All stock-based equity awards granted under the 2007 Plan are subject to the specific terms and conditions as determined by the Committee at the time of grant of such awards in accordance with the various terms and conditions specified for each award type per the 2007 Plan. The total number of shares of common stock authorized for issuance pursuant to grants of awards under the 2007 Plan is 2,957,830. As of August 31, 2016, 1,696,909 shares of common stock remained available for future issuance pursuant to grants of awards under the 2007 Plan. The shares of common stock to be issued pursuant to awards under the 2007 Plan may be authorized but unissued shares or treasury shares. The Company has historically issued new authorized but unissued shares upon the settlement of the various stock-based equity awards under the 2007 Plan.

Vesting of the RSUs granted to directors is immediate, with shares to be issued pursuant to the vested RSUs upon termination of each director's service as a director of the Company. Vesting of the one-time grant of RSUs granted to certain key executives of the Company in March 2008 in settlement of these key executives' benefits under the Company's supplemental employee retirement plan agreements was over a period of three years from the date of grant, with shares to be issued pursuant to the vested RSUs six months following the day after each executive officer's termination of employment with the Company. Vesting of the RSUs granted to certain high level employees is over a period of three years from the date of grant, with shares to be issued pursuant to the vested RSUs at the time of vest. The director RSU holders and the executive officer March 2008 grant date RSU holders are entitled to receive dividend equivalents with respect to their RSUs, payable in cash as and when dividends are declared by the Company's Board of Directors.

Vesting of the MSUs granted to certain high level employees follows a performance measurement period of three fiscal years commencing with the Company's fiscal year in which the MSU awards are granted (the "Measurement Period"). Shares will be issued pursuant to the vested MSUs following the conclusion of the applicable MSU Measurement Period after the Committee's certification of achievement of the applicable performance measure for such awards and the vesting of the MSU awards and the applicable percentage of the target number of MSU shares to be issued. The recipient must remain employed with the Company for vesting purposes until the date on which the Committee certifies achievement of the applicable performance measure for the MSU awards.

Vesting of the DPUs granted to certain high level employees follows a performance measurement period of one fiscal year that is the same fiscal year in which the DPU awards are granted (the "Measurement Year"). A number of DPUs equal to the applicable percentage of the maximum number of DPUs awarded will be confirmed as vested following the conclusion of the applicable DPU Measurement Year after the Committee's certification of achievement of the applicable performance measure for such awards (the "Vested DPUs"). The recipient must remain employed with the Company for vesting purposes until August 31 of the Measurement Year. For recipients who are residents of the United States, the Vested DPUs must be held until termination of employment, with shares to be issued pursuant to the Vested DPUs six months following the day after each such recipient's termination of employment with the Company. For recipients who are not residents of the United States, the Committee has discretion to either defer settlement of each such recipient's Vested DPUs by issuance of shares following termination of employment or settle each Vested DPU in cash by payment of an amount equal to the closing price of one share of the Company's common stock as of the date of the Committee's certification of the relative achievement of the applicable performance measure for the DPU awards. Until issuance of shares in settlement of the Vested DPUs, the holders of each Vested DPU that is not settled in cash are entitled to receive dividend equivalents with respect to their Vested DPUs, payable in cash as and when dividends are declared by the Company's Board of Directors.

Stock-based compensation expense is amortized on a straight-line basis over the requisite service period for the entire award. Stock-based compensation expense related to the Company's stock-based equity awards totaled $3.7 million, $2.8 million and $2.3 million for the fiscal years ended August 31, 2016, 2015 and 2014, respectively. The Company recognized income tax benefits related to such stock-based compensation of $1.2 million, $0.9 million and $0.8 million for the fiscal years ended August 31, 2016, 2015 and 2014, respectively. As of August 31, 2016, the total unamortized compensation cost related to non-vested stock-based equity awards was $1.3 million and $1.7 million for RSUs and MSUs, respectively, which the Company expects to recognize over remaining weighted-average vesting periods of 1.8 and 1.9 years for RSUs and MSUs, respectively. No unamortized compensation cost for DPUs remained as of August 31, 2016.

Stock Options

Fiscal year 2008 was the last fiscal period in which the Company granted stock options. The estimated fair value of each of the Company's stock option awards granted in and prior to fiscal year 2008 was determined on the date of grant using the Black-Scholes option pricing model.

A summary of the Company's stock option award activity is as follows (in thousands, except share and per share amounts and contractual term in years data):

Stock Options	Number of Shares	Weighted-Average Exercise Price Per Share		Weighted-Average Remaining Contractual Term Per Share (in years)	Aggregate Intrinsic Value	
Outstanding at August 31, 2015	62,620	$	34.97			
Granted	-	$	-			
Exercised	(34,800)	$	34.48			
Forfeited or expired	-	$	-			
Outstanding at August 31, 2016	27,820	$	35.59	1.0	$	2,302
Exercisable at August 31, 2016	27,820	$	35.59	1.0	$	2,302

The total intrinsic value of stock options exercised was $2.5 million, $3.3 million and $1.4 million for the fiscal years ended August 31, 2016, 2015 and 2014, respectively.

The income tax benefits from stock options exercised totaled $0.7 million, $1.1 million and $0.4 million for the fiscal years ended August 31, 2016, 2015 and 2014, respectively.

Restricted Stock Units

The estimated fair value of each of the Company's RSU awards was determined on the date of grant based on the closing market price of the Company's common stock on the date of grant for those RSUs which are entitled to receive dividend equivalents with respect to the RSUs, or based on the closing market price of the Company's common stock on the date of grant less the grant date present value of expected dividends during the vesting period for those RSUs which are not entitled to receive dividend equivalents with respect to the RSUs.

A summary of the Company's restricted stock unit activity is as follows (in thousands, except share and per share amounts):

Restricted Stock Units	Number of Shares	Weighted-Average Grant Date Fair Value Per Share		Aggregate Intrinsic Value	
Outstanding at August 31, 2015	136,895	$	47.19		
Granted	23,201	$	95.89		
Converted to common shares	(27,595)	$	50.24		
Forfeited	(2,466)	$	69.99		
Outstanding at August 31, 2016	130,035	$	54.80	$	15,390
Vested at August 31, 2016	99,228	$	47.47	$	11,744

The weighted-average grant date fair value of all RSUs granted during the fiscal years ended August 31, 2016, 2015 and 2014 was $95.89, $69.35 and $66.82, respectively. The total intrinsic value of all RSUs converted to common shares was $2.8 million, $1.8 million and $2.7 million for the fiscal years ended August 31, 2016, 2015 and 2014, respectively.

The income tax benefits from RSUs converted to common shares totaled $1.0 million, $0.6 million and $0.9 million for the fiscal years ended August 31, 2016, 2015 and 2014, respectively.

Market Share Units

The MSUs are market performance-based awards that shall vest with respect to the applicable percentage of the target number of MSU shares based on relative total stockholder return ("TSR") for the Company as compared to the total return for the Russell 2000 Index ("Index") over the performance Measurement Period. The ultimate number of MSUs that vest may range from 0% to 200% of the original target number of shares depending on the relative achievement of the TSR performance measure at the end of the Measurement Period. The probabilities of the actual number of MSUs expected to vest and resultant actual number of shares of common stock expected to be awarded are reflected in the grant date fair values of the various MSU awards; therefore, the compensation expense for the MSU awards will be recognized assuming the requisite service period is rendered and will not be adjusted based on the actual number of such MSU awards to ultimately vest.

The estimated fair value of each of the Company's MSU awards, which are not entitled to receive dividend equivalents with respect to the MSUs, was determined on the date of grant using the Monte Carlo simulation model, which utilizes multiple input variables to simulate a range of possible future stock prices for both the Company and the Index and estimates the probabilities of the potential payouts. The determination of the estimated grant date fair value of the MSUs is affected by the Company's stock price and a number of assumptions including the expected volatilities of the Company's stock and the Index, the Company's risk-free interest rate and expected dividends. The following weighted-average assumptions for MSU grants for the last three fiscal years were used in the Monte Carlo simulation model:

	Fiscal Year Ended August 31,		
	2016	2015	2014
Expected volatility	22.2%	22.0%	25.2%
Risk-free interest rate	0.9%	0.8%	0.6%
Expected dividend yield	0.0%	0.0%	0.0%

The expected volatility utilized was based on the historical volatilities of the Company's common stock and the Index in order to model the stock price movements. The volatility used was calculated over the most recent 2.89-year period for MSUs granted during the fiscal year ended August 31, 2016 and over the most recent 2.88-year periods for MSUs granted during each of the fiscal years ended August 31, 2015 and 2014, which were the remaining terms of the performance Measurement Period at the dates of grant. The risk-free interest rates used were based on the implied yield available on a U.S. Treasury zero-coupon bill with a remaining term equivalent to the remaining performance Measurement Period. The MSU awards stipulate that, for purposes of computing the relative TSR for the Company as compared to the return for the Index, dividends paid with respect to both the Company's stock and the Index are to be treated as being reinvested into the stock of each entity as of the ex-dividend date. Accordingly, an expected dividend yield of zero was used in the Monte Carlo simulation model, which is the mathematical equivalent to reinvesting dividends in the issuing entity over the performance Measurement Period.

A summary of the Company's market share unit activity is as follows (in thousands, except share and per share amounts):

Market Share Units	Number of Shares	Weighted-Average Grant Date Fair Value Per Share	Aggregate Intrinsic Value
Outstanding at August 31, 2015	57,604	$ 57.37	
Granted	15,590	$ 120.99	
Performance factor adjustments	17,098	$ 39.26	
Converted to common shares	(40,077)	$ 38.17	
Forfeited	(4,515)	$ 70.58	
Outstanding at August 31, 2016	45,700	$ 87.82	$ 5,409

The weighted-average grant date fair value of all MSUs granted during the fiscal years ended August 31, 2016, 2015 and 2014 was $120.99, $71.66 and $69.58 respectively. The total intrinsic value of all MSUs converted to common shares was $3.7 million for the fiscal year ended August 31, 2016. No MSUs were converted to common shares during the fiscal years ended August 31, 2015 or 2014.

The income tax benefits from MSUs converted to common shares totaled $1.2 million for the fiscal year ended August 31, 2016.

Deferred Performance Units

In November 2014, the Company began granting DPU awards to certain high level employees. The DPUs provide for performance-based vesting over a performance measurement period of the fiscal year in which the DPU awards are granted. The performance vesting provisions of the DPUs are based on relative achievement within an established performance measure range of the Company's reported earnings before interest, income taxes, depreciation and amortization computed on a consolidated basis before deduction of the stock-based compensation expense for the Vested DPUs ("Adjusted Global EBITDA") for the Measurement Year. The ultimate number of DPUs that vest may range from 0% to 100% of the original maximum number of DPUs awarded depending on the relative achievement of the Adjusted Global EBITDA performance measure at the end of the Measurement Year.

The estimated fair value of each of the Company's DPU awards was determined on the date of grant based on the closing market price of the Company's common stock on the date of grant less the grant date present value of expected dividends during the vesting period for the DPUs, which are not entitled to receive dividend equivalents with respect to the unvested DPUs.
A summary of the Company's deferred performance unit activity is as follows (in thousands, except share and per share amounts):

Deferred Performance Units	Number of Shares		Weighted-Average Grant Date Fair Value Per Share		Aggregate Intrinsic Value
Outstanding at August 31, 2015	30,798	$	75.14		
Granted	27,809	$	94.54		
Performance factor adjustments	(30,798)	$	75.14		
Converted to common shares	-	$	-		
Forfeited	(1,486)	$	94.54		
Outstanding at August 31, 2016	26,323	$	94.54	$	3,115
Vested at August 31, 2016	5,081	$	94.54	$	601

The weighted-average grant date fair value of all DPUs granted during the fiscal years ended August 31, 2016 and 2015 was $94.54 and $75.14, respectively. No DPUs were granted during the fiscal year ended August 31, 2014. No DPUs were converted to common shares during the fiscal years ended August 31, 2016 or 2015.

Note 14. Other Benefit Plans

The Company has a WD-40 Company Profit Sharing/401(k) Plan and Trust (the "Profit Sharing/401(k) Plan") whereby regular U.S. employees who have completed certain minimum service requirements can defer a portion of their income through contributions to a trust. The Profit Sharing/401(k) Plan provides for Company contributions to the trust, as approved by the Board of Directors, as follows: 1) matching contributions to each participant up to 50% of the first 6.6% of compensation contributed by the participant; 2) fixed non-elective contributions in the amount equal to 10% of eligible compensation; and 3) a discretionary non-elective contribution in an amount to be determined by the Board of Directors up to 5% of eligible compensation. The Company's contributions are subject to overall employer contribution limits and may not exceed the amount deductible for income tax purposes. The Profit Sharing/401(k) Plan may be amended or discontinued at any time by the Company. The Company's contribution expense for the Profit Sharing/401(k) Plan was $3.2 million, $3.1 million and $2.6 million for the fiscal years ended August 31, 2016, 2015 and 2014, respectively.

The Company's international subsidiaries have similar benefit plan arrangements, dependent upon the local applicable laws and regulations. The plans provide for Company contributions to an appropriate third-party plan, as approved by the subsidiary's Board of Directors. The Company's contribution expense related to the international plans was $1.5 million for each of the fiscal years ended August 31, 2016 and 2015 and $1.4 million for the fiscal year ended August 31, 2014.

Note 15. Business Segments and Foreign Operations

The Company evaluates the performance of its segments and allocates resources to them based on sales and operating income. The Company is organized on the basis of geographical area into the following three segments: the Americas; EMEA; and Asia-Pacific. Segment data does not include inter-segment revenues. Unallocated corporate expenses are general corporate overhead expenses not directly attributable to the operating segments and are reported separate from the Company's identified segments. The corporate overhead costs include expenses for the Company's accounting and finance, information technology, human resources, research and development, quality control and executive management functions, as well as all direct costs associated with public company compliance matters including legal, audit and other professional services costs.

	Americas	EMEA	Asia-Pacific	Unallocated Corporate [1]	Total
Fiscal Year Ended August 31, 2016					
Net sales	$ 191,397	$ 135,235	$ 54,038	$ -	$ 380,670
Income from operations	$ 48,404	$ 31,702	$ 15,162	$ (23,920)	$ 71,348
Depreciation and amortization expense	$ 4,071	$ 2,084	$ 280	$ 30	$ 6,465
Interest income	$ 5	$ 485	$ 193	$ -	$ 683
Interest expense	$ 1,689	$ -	$ 14	$ -	$ 1,703
Fiscal Year Ended August 31, 2015					
Net sales	$ 187,344	$ 136,847	$ 53,959	$ -	$ 378,150
Income from operations	$ 46,674	$ 30,173	$ 12,602	$ (24,059)	$ 65,390
Depreciation and amortization expense	$ 4,078	$ 2,102	$ 253	$ 31	$ 6,464
Interest income	$ 9	$ 417	$ 158	$ -	$ 584
Interest expense	$ 1,197	$ -	$ 8	$ -	$ 1,205
Fiscal Year Ended August 31, 2014					
Net sales	$ 180,806	$ 151,368	$ 50,823	$ -	$ 382,997
Income from operations	$ 41,356	$ 34,003	$ 10,364	$ (21,986)	$ 63,737
Depreciation and amortization expense	$ 4,229	$ 1,363	$ 244	$ 24	$ 5,860
Interest income	$ 7	$ 417	$ 172	$ -	$ 596
Interest expense	$ 994	$ -	$ 8	$ -	$ 1,002

[1] Unallocated corporate expenses are general corporate overhead expenses not directly attributable to any one of the operating segments. These expenses are reported separate from the Company's identified segments and are included in Selling, General and Administrative expenses on the Company's consolidated statements of operations.

The Company's Chief Operating Decision Maker does not review assets by segment as part of the financial information provided and therefore, no asset information is provided in the above table.

Net sales by product group are as follows (in thousands):

	Fiscal Year Ended August 31,		
	2016	2015	2014
Maintenance products	$ 339,974	$ 333,306	$ 337,825
Homecare and cleaning products	40,696	44,844	45,172
Total	$ 380,670	$ 378,150	$ 382,997

Net sales and long-lived assets by geographic area are as follows (in thousands):

	Fiscal Year Ended August 31,		
	2016	2015	2014
Net Sales by Geography:			
United States	$ 158,139	$ 153,116	$ 147,033
International	222,531	225,034	235,964
Total	$ 380,670	$ 378,150	$ 382,997
Long-lived Assets by Geography [2] :			
United States	$ 6,419	$ 5,955	$ 4,470
International	5,126	5,421	5,232
Total	$ 11,545	$ 11,376	$ 9,702

[2] Includes tangible assets and property and equipment, net, attributed to the geographic location in which such assets are located.

Note 16. Subsequent Events

On October 11, 2016, the Company's Board of Directors declared a cash dividend of $0.42 per share payable on October 31, 2016 to shareholders of record on October 21, 2016.

On September 1, 2016, the Company entered into a fourth amendment (the "Fourth Amendment") to its existing unsecured credit agreement dated June 17, 2011 with Bank of America. The Fourth Amendment amended the credit agreement in contemplation of the previously announced purchase of the Company's new headquarters office and land located at 9715 Business Park Avenue, San Diego, California (the "Property"). The Fourth Amendment permits the Company to spend an aggregate amount not to exceed $18.0 million for the acquisition and improvement costs for the Property and also includes changes to the agreement that will allow, as a permitted lien, any agreement with Bank of America for secured debt. See Note 7 – Debt for additional information on the Company's existing unsecured credit agreement and related financial covenants.

On September 13, 2016, the Company closed escrow and completed the acquisition of the Property, which consists of 2.23 acres of land and a building comprising of approximately 41,500 square feet of office space. The Property was acquired for an aggregate purchase price of $10.7 million and the Company expects to incur approximately $4.5 million in capital costs related to the buildout of the acquired building and for the purchase of new furniture, fixtures and equipment. The Company intends to use the Property for its headquarters office, replacing its current Company-owned headquarters located at 1061 Cudahy Place, San Diego, California which houses both corporate employees and employees in the Company's Americas segment. The Company utilized its existing unsecured $175.0 million revolving credit facility with Bank of America in order to fund the purchase of the Property.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Neal E. Schmale
Chairman of the Board
Former President and COO
Sempra Energy

Giles H. Bateman
Former CFO and Director
Price Club

Peter D. Bewley
Governance Committee Chair
Former Senior Vice President,
General Counsel and Corporate Secretary
The Clorox Company

Daniel T. Carter
Audit Committee Chair
Former Executive Vice President and CFO
BevMo! Inc.

Melissa Claassen
Vice President, Business Unit Finance
Adidas Group

Richard A. Collato
Former President and CEO
YMCA of San Diego County

Mario L. Crivello
Investor

Linda A. Lang
Finance Committee Chair
Former Chairman and CEO
Jack in the Box, Inc.

Daniel E. Pittard
Former President and CEO
Rubio's Restaurants Inc.

Garry O. Ridge
President and Chief Executive Officer
WD-40 Company

Gregory A. Sandfort
Compensation Committee Chair
Chief Executive Officer
Tractor Supply Company

EXECUTIVE OFFICERS

Garry O. Ridge
President and Chief Executive Officer

Richard T. Clampitt
Vice President, General Counsel and
Corporate Secretary

Michael L. Freeman
Division President, Americas

Geoffrey J. Holdsworth
Managing Director, Asia-Pacific

William B. Noble
Managing Director, EMEA

Jay W. Rembolt
Vice President, Finance, Treasurer and
Chief Financial Officer

Stanley A. Sewitch
Vice President, Global Organization Development

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP
San Diego, California

TRANSFER AGENT

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College Station, TX 77842-3170
Phone: +1-312-588-4180
https://www-us.computershare.com/investor/contact

ANNUAL MEETING

December 13, 2016, 2:00 PM
Joan B. Kroc Institute for Peace & Justice
University of San Diego
5998 Alcala Park
San Diego, California 92110

INVESTOR RELATIONS

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GLOBAL CORPORATE HEADQUARTERS

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OPERATING SUBSIDIARIES

WD-40 Company Ltd.
Milton Keynes, United Kingdom

WD-40 Company (Canada) Ltd.
Etobicoke, Canada

WD-40 Company (Australia) Pty. Ltd.
Epping, Australia

Wu Di (Shanghai) Industrial Co., Ltd.
Shanghai, China

WD-40 Company (Malaysia) SDN. BHD.
Selangor, Malaysia

STOCK INFORMATION

The common stock of the Company is traded on the NASDAQ® Global Select Market under the symbol "WDFC." The Company's publicly filed reports, including financial statements and supporting exhibits, are available on the Securities and Exchange Commission's EDGAR system, on the Company's website at www.wd40company.com, or by writing to the Corporate Secretary, WD-40 Company, P.O. Box 80607, San Diego, California 92138-0607

LEGAL DISCLAIMERS

This annual report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements reflect management's current expectations for the Company's future performance but are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those anticipated in or implied by the forward-looking statements.

The Company's expectations, beliefs and projections are expressed in good faith but there can be no assurance that they will be achieved or accomplished. Our forward-looking statements are generally identified with words such as "believe," "expect," "intend," "plan," "could," "may" and similar expressions. Actual events or results can differ materially from those expressed or implied. Please refer to the information set forth under the captions "Risk Factors" and "Forward-Looking Statements" in our Annual Report on Form 10-K for the year ended August 31, 2016 and other reports and documents that we file from time to time with the Securities and Exchange Commission for some of the factors that may cause actual results to differ materially from the forward-looking statements. Except as required by law, we undertake no obligation to update any forward-looking statement.

Corporate information as of October 15, 2016

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