FY2011 Annual Report

Trade professionals don't want to take risks with unknown brands. They avoid wasting their time with products that might not deliver as promised. WD-40® brand is the answer in 2011 and has been since 1953.

PROBLEM SOLVED
JOB DONE RIGHT!™

2011 Profitability Ratios

11%

Return on Sales (1)

13%

Return on Assets (2)

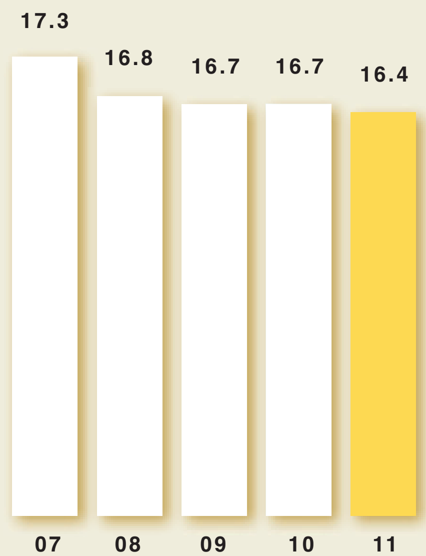
18%

Return on Equity (3)

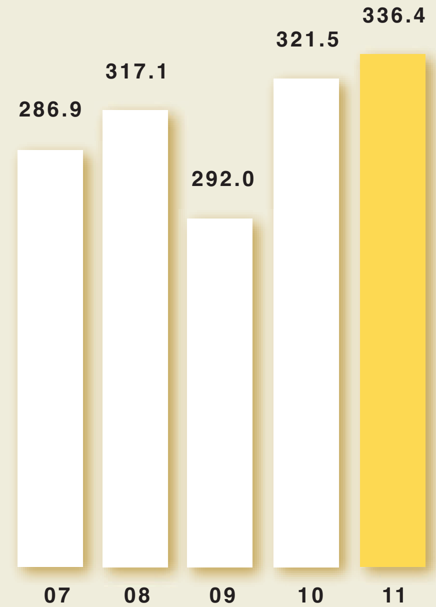
(1) Calculated as net income for fiscal year 2011 divided by net sales for 2011.

(2) Calculated as net income for fiscal year 2011 divided by total assets at August 31, 2011.

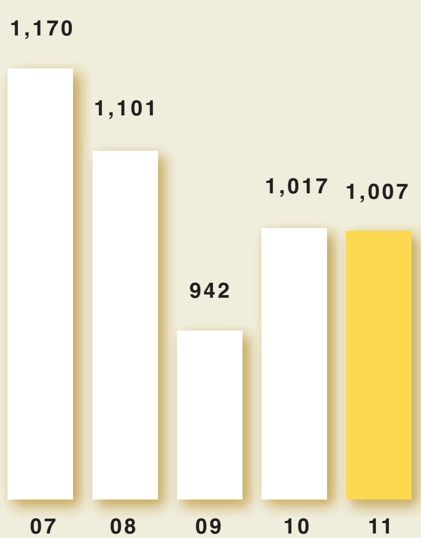
(3) Calculated as net income for fiscal year 2011 divided by total equity at August 31, 2011.



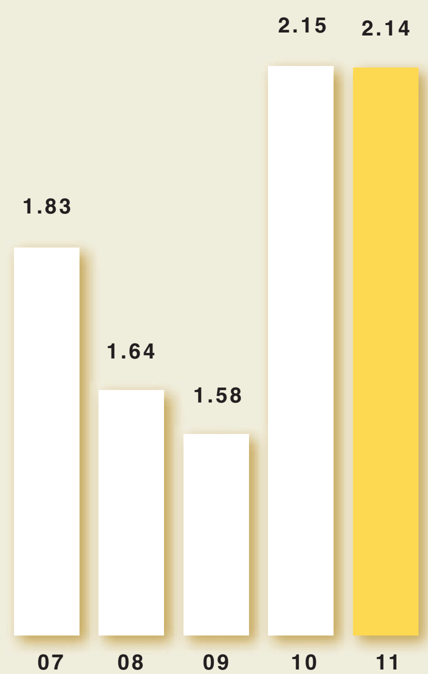
WTD average shares outstanding diluted (in millions)



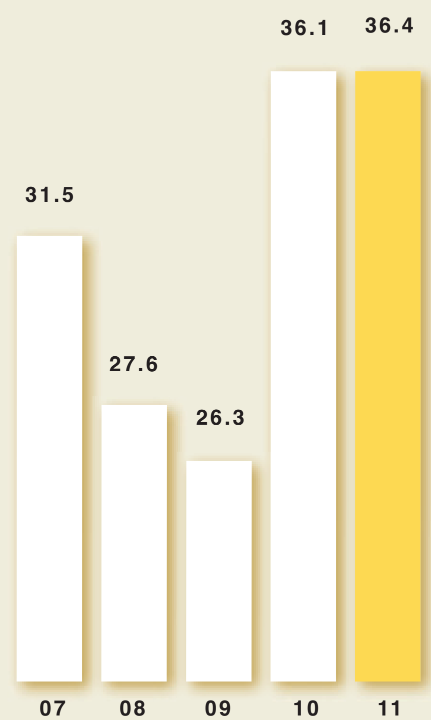
Sales (in millions)



Sales per employee (in millions)



Earnings per share (in dollars)



Net Income (in millions)

> "Perseverance is the hard work you do after you get tired of doing the hard work you already did."
>
> – Napoleon Hill – American author, 1883-1970

G'day,

Fiscal year 2011 has been what I would describe as a year of "Big" and a year of "Pain". On one hand, the Company achieved record revenues with a 5% increase compared to fiscal year 2010, launched new products under our flagship WD-40® brand and experienced "big" growth in many of our markets. On the other, we experienced the "pain" and pressure of rising commodity prices, reduction of gross margin and flat earnings.

As you know, there were times we experienced "pain" and pressure in the past fiscal year. Some of our plans did not turn out exactly the way we had projected. However, we focused on developing our emerging and developing markets and put programs in place to generate revenue growth in mature markets. The Company continued to plant the seeds for future growth by launching new products in our mature markets to keep our business strong over the long term. We prevailed and delivered a "big" third and fourth quarter in fiscal year 2011. Changes in foreign exchange currency had a favorable effect on consolidated net sales of $5.6 million. Our efforts resulted in strong revenue growth in the fourth quarter with a 12% increase compared to the same period last fiscal year.

This was certainly one of the best quarters in our history.

As we consider the uncertainty around the world today, we really do not know the pace in which the global markets will experience recovery. However, we believe this uncertainty will not materially affect the strength of our brand in markets around the world over the long term. Of course, the rise in oil prices was a major factor for us and while the Company has had a reduction in gross margin and flat earnings this year, we see these setbacks as temporary and continue to focus on geographic expansion as we implement operational improvements.

Let's look at how we performed in FY2011.

Business Highlights	Revised FY11 Guidance	FY11 Results	FY10 Results
Net Sales	$330.0 - $340.0 million	$336.4 million	$321.5 million
Sales Growth	2.6% - 5.7%	5%	10%
Net Income	$34.9 - $36.6 million	$36.4 million	$36.1 million
A&P Investment	7.5% of net sales	7.5% of net sales	6.9% of net sales
Diluted EPS	$2.05 to $2.15	$2.14	$2.15
Shares Outstanding - Diluted (weighted average)	Estimated 17.0 million	17.0 million	16.7 million

An important metric for us is gross margin. Unfortunately, this past year we were impacted by a reduction in the gross margin compared to last fiscal year. Nonetheless, we were still able to maintain the gross margin within the target of 50% or above. We aspire to run our business by focusing on the 50/30/20 rule. We target our gross margin at or above 50% of net sales, our cost of doing business at or below 30% of net sales and our EBITDA target as a percentage of net sales at or above of 20%. Below is a table showing the 50/30/20 results for fiscal year 2011 compared to fiscal year 2010.

50/30/20 Business Model	Goal	FY11 Results	FY10 Results
Gross Margin	50%	50%	51%
Cost of Doing Business	30%	33%	34%
EBITDA	20%	17%	18%

Our Strategic Initiatives. (The "Big")

For two years we have been tracking progress of our Fantastic Four strategic initiatives and sharing our progress with you every step of the way. As you know, our first two strategic initiatives are the main drivers for our growth today. Our last two strategic initiatives are the main drivers for our growth tomorrow.

FY09-FY10 Strategic Initiatives Table

Strategic Initiative	*Americas*	*Europe*	*Asia Pacific*
Geographic Expansion - WD-40® Brand	Mexico Brazil	Direct Markets Continental Europe Russia Turkey	China India Vietnam Indonesia
Maximize the Multi-Purpose Maintenance Platform	BLUE WORKS ® 3-IN-ONE ®	BLUE WORKS 3-IN-ONE Pro	3-IN-ONE
Joint Ventures Acquisitions, Partnerships & Licensing	A priority in the U.S.	Actively looking for an opportunity.	Actively looking for an opportunity.
WD-40 Brand Exploration	BEEP Project (U.S.)	BEEP PROJECT (U.K.)	Actively looking for an opportunity.

Strategic Initiative #1: Geographic Expansion.

Europe. Europe performed well and grew 14% compared to last fiscal year, despite economic turmoil in some markets. Italy and France experienced growth of 31% and 13%, respectively. These markets performed well due to continued revenue growth of the WD-40 multi-use product and the 3-IN-ONE brand, our focus on the industrial channel and continued growth of our base business. We also reaped the benefits from favorable changes in foreign currency exchange rates.

The distributor markets experienced growth despite the fluctuating economic conditions. In Turkey, we had an excellent year with revenue growth of 20%, largely due to new trade channel distribution and geographic expansion. Russia grew 18% as a result of our tribe members' valuable work building a strong foundation and growing the base business in that region. Poland grew by 6% due to successful promotional activity in trade channels.

Asia Pacific. It was an exciting year in the Asia Pacific markets. Revenue growth in this region went up 31% compared to last fiscal year.

China. China had a fantastic year with revenue growth of 46% compared to last year. Our China market is a hybrid of the direct and distributor model. The WD-40 multi-use product is primarily sold today in the industrial manufacturing market, and it is our intention to steadily build brand awareness and distribute our product into other trade channels to make it easier to buy for Chinese consumers and end users. Building the brand in China requires investment, and we have been supporting the China business by investing in advertising and promotions and by adding sales and marketing tribe members. Since we started the China direct operation five years ago, we have grown this market at double-digit rates with the exception of FY09, when we experienced a temporary slow-down due to the global financial crisis.

Last year in Asia, we anticipated that Indonesia and India would grow in fiscal 2011 and did they ever! India grew 130% this past fiscal year. This unprecedented revenue growth resulted from the expanding manufacturing and automotive sectors where WD-40 products are sold. The Company also switched to a new marketing distributor who helped us gain access to new distribution networks. We consider this year an anomaly, and expect more realistic levels of growth year to year as market conditions fluctuate. Indonesia grew 27% compared to last fiscal year due to revenue growth in the automotive and manufacturing sectors and increased promotional activity. We were also pleased to see that Taiwan grew 36% compared to last fiscal year, due to revenue growth in the industrial and manufacturing sectors and increased promotional activity. These markets experienced growth mostly from the WD-40 multi-use product base business.

Australia. Australia had a great year with 32% revenue growth compared to last year. In this market we successfully introduced category management of the multi-purpose maintenance products. 3-IN-ONE is still considered a developing brand in Australia, and we were pleased to see the brand grow 81% compared to last fiscal year. The No Vac® rug and room deodorizing brand maintained its category-leading position. Changes in foreign currency exchange rates also had a favorable impact on Australia's revenue growth.

Americas. It was tough to see our revenues decrease by 6% in this region compared to last fiscal year after all the hard work done by our tribe.

United States. In the United States, the Company experienced a 9% decline in revenue growth this past year compared to last fiscal year. This decline was driven by several reasons. First of all, we experienced a reduction of promotional activity from a key customer. While we achieved some good results with the WD-40 multi-use product "military can" promotion during the third quarter, that was not enough to meet our sales objectives for the year.

We also experienced a sales decline of 18% in our homecare and cleaning products compared to last fiscal year. You may recall that the homecare and cleaning products segment has gone through a strategic shift in the past several years. We shifted our efforts where we have the "right to play and win," reducing the investment in homecare and cleaning products because it is a category with many big players who invest significantly in their respective brands. You may also recall that our homecare and cleaning brands have a high dependency on grocery, mass retail and warehouse club channels representing about 79% of the homecare business. This dependency makes the brands more susceptible to category declines, lost distribution and reduced product offerings. The Company also experienced a sales decline in Spot Shot compared to last year. It is important to note that Spot Shot had a large number of promotions in fiscal year 2010 for the first time in its history. We had one less promotion in fiscal year 2011, and while we consider this a successful rate of promotions, we are comparing it to a very successful and unusual fiscal year 2010. Nevertheless, the homecare and cleaning brands are profitable and we continued to "harvest" these brands while investing moderately to continue sustaining them. Divesting these brands is an alternative that we would also consider in the future. I would also like to point out that there are a number of initiatives around the multi-purpose maintenance brands which will serve to stabilize the impact of the homecare and cleaning brands over the next few years. I will share more about these initiatives later in this letter.

Despite the hurdles, we were pleased to see that the Blue Works product line continues to gain customers slowly. We are optimistic that this brand will one day be a meaningful player in the maintenance, repair and overhaul business.

Latin America. Latin America had a great year with revenues growing 13% compared to last fiscal year, due to WD-40 and 3-In-One brand revenue growth. Argentina experienced revenue growth of 22% primarily in the automotive channel. Brazil had another very strong year with 36% revenue growth. Distribution and volume grew in the entire region due to successful marketing initiatives in the retail channel. We were also pleased to see 35% revenue growth in Chile. Despite the difficult environment in Mexico related to drug wars, our marketing distributor was successful in achieving 9% growth. Colombia, Peru and Central America also experienced slight increases in revenue growth.

Canada. Canada also grew a steady 14% compared to last fiscal year. We saw a strong finish in the fourth quarter with the multi-purpose maintenance products and the homecare and cleaning products. WD-40 brand had a 14% revenue growth compared to last year. 2000 Flushes® grew 28% due to key promotional activity. Spot Shot® grew 4% despite competitive pricing pressures and a reduction in promotional activity from a customer. Changes in foreign currency exchange rates also had a favorable impact on Canada's revenue growth.

Strategic Initiative #2: Maximize our position in the multi-purpose maintenance products segment ("MPMP").

The multi-purpose maintenance products category continued to grow in many markets around the world. We also launched new products to meet the maintenance needs for the industrial, trades and end user segments. Revenue growth on the maintenance products increased 8% compared to last fiscal year. Of course, most of this growth came from our core WD-40 multi-use product. The WD-40 brand grew 8%. The 3-IN-ONE brand also grew 8%. The Blue Works brand experienced slight revenue growth in the U.S.

BLUE WORKS. As you all know, we launched the Blue Works product line in December 2009 in the U.S. industrial trade channel. Through our learning, we tailored our growth expectations over the longer term because the industrial trade channel operates on different sales cycles within a slower build environment. This past year, Blue Works continued to move in the right direction in line with our expectations. This is a smaller market for us and we want to strengthen our position in channels where end users have a need for specialty products.

We launched Blue Works in certain select markets in Europe between November and January of this past fiscal year, and this will help us learn more about how to meet end user needs in those markets. We reiterate our message: Our goal with Blue Works is to "build one customer at a time, for life."

3-IN-ONE. 3-IN-ONE is a strong brand in specific markets around the world, and we have been focused on introducing new products under this product line in Australia, Spain, Germany and France. We are currently evaluating further opportunities in Latin America and Canada.

This strategic initiative also addresses the Company's need to provide product offerings into niche channels where we can leverage the channel specific or specialty type brands such as Blue Works and the 3-IN-ONE brands.

We are developing products under the maintenance brand platforms to offer solutions for maintenance needs around the world.

Strategic Initiative #3: Acquisitions, joint ventures, partnerships and licensing.

The Company maintains a disciplined approach with strategic and financial criteria to help us assess acquisition opportunities. While we have spent a lot of time studying these opportunities, we have not yet found an opportunity that meets our criteria. From time to time, we review interesting prospects that may fit our strategic criteria but many of these have high sales multiples. In other instances, the owners may not be interested in selling. We have also performed a comprehensive review, looked into the value licensing could deliver to the company's brands and may consider licensing in the future.

Strategic Initiative #4: WD-40 Brand Exploration.

We were pleased to see the fruit of our long labor in this area: The WD-40 Specialist™ product line — a portfolio of specialty problem solving products aimed at the trade and doer enthusiasts wearing the famous WD-40 trademark and the yellow shield — was launched in the U.S. market. The Company shipped the first three products under this product line in early September of 2011. Our quest continues; we plan to launch more products in the U.S, the United Kingdom and other select markets in Europe in January of 2012.

A new era now begins for the WD-40 brand, especially because the WD-40 Specialist product line provides a great platform for us to continually assess and update the portfolio to reflect an offering that provides solutions for end users and consumers. These products will sit alongside the WD-40 multi-use product on the shelves of stores throughout the United States. We hope you share in our excitement with the new future of the WD-40 brand.

This strategic initiative also addresses the Company's need to provide product offerings under the WD-40 brand into niche channels where the WD-40 multi-use product cannot be used or may not be perceived as a specialty product. Our fourth initiative is extremely important to the future of WD-40 Company, building on our vision to create positive lasting memories and solve problems in homes and factories around the world ("Problem Solved, Job Done Right"™). To accomplish this, we are developing a portfolio of products where the brands are considered "problem-solvers" because they can get the job done right anywhere around the world.

We will continue to update you on our progress over the next year.

SOME KEY FACTORS THAT IMPACTED THE BUSINESS IN FISCAL YEAR 2011. (The "Pain")

Reduction in Gross Margin. The Company experienced a reduction of gross margin from 51.4% in 2010 to 50% in 2011. However, we were able to stabilize the situation and keep the gross margin within our target of 50% or above. This was due to a variety of elements some of which offset each other, including petroleum-based materials costs, aerosol can costs, other raw materials and manufacturing costs, sales mix changes and price increases.

What are we doing about this? In 2012 we will continue to make operational improvements, watch our costs closely and maximize our growth initiatives around the world.

Rising Oil Prices. We experienced an increase in the cost of our petroleum-based materials due to increased oil prices. The impact to input cost changes resulting from rising oil prices tends to flow into our cost of goods sold about 90 days after the actual change in oil prices.

What are we doing about this? While this is an external factor that we have little control over, we will continue to watch the impact on the business and make adjustments along the way to continue to stabilize the business and steadily grow over the long term.

Sales Decline in the United States. Sales declines in the multi-purpose maintenance products were due to lost promotional opportunities with a key customer.

What are we doing about this? The Company will continue to develop the WD-40 brand with the launch of new products under the WD-40 Specialist line in the U.S.

LOOKING AHEAD: FY12 AND BEYOND.

Fiscal 2012 Guidance. We expect fiscal year 2012 net sales of $353.0 million to $370.0 million or growth between 5% and 10% versus fiscal year 2011. The Company expects net income of $37.2 million to $39.2 million and diluted earnings per share of $2.28 to $2.40 for fiscal year 2012, based on an estimated 16.3 million diluted weighted average shares outstanding. We expect advertising and sales promotion expenses to be within the range of 6.5% to 8.0% of net sales and gross margin to be close to 50%. This guidance is based on using average fiscal year 2011 foreign currency exchange rates.

You probably have realized by now that this business has been rapidly evolving and changing over the past few years. You also know this Company must meet its evolving needs and many demands to sustain long term growth. Think of this business as if it were an aircraft. An aircraft's goal is to reach its destination. In similar fashion, WD-40 Company's goal is to execute on its vision through its strategic initiatives. Like an aircraft continuously adjusting its flight path to deal with air pockets or bad weather, we too, as a Company, must make continuous adjustments to meet the needs of our business as it grows. Therefore, you can appreciate that our leadership must periodically review our strategic drivers and "make them better than they are today." We have refreshed our strategic initiatives and want to share them with you in this letter. But first, let me share the Company's vision below.

WD-40 Company Vision. Our vision is to create positive lasting memories by solving problems in homes and factories around the world ("Problem Solved, Job Done Right"™).

Strategic Initiative	*Americas*	*Europe*	*Asia Pacific*
1. Maximize the WD-40 Brand.	Awareness, Relevance, Availability and Consumption, to our targeted end users globally.		
More places, more people, more uses, more frequently.	Mexico Brazil	Direct Markets Continental Europe Russia Turkey Sub-Sahara Africa	China India Vietnam Indonesia
2. Be the Global Leader in WD-40 Company's Product Categories and Platforms.	WD-40 Specialist BLUE WORKS 3-IN-ONE	WD-40 Specialist BLUE WORKS 3-IN-ONE Pro	WD-40 Specialist 3-IN-ONE Pro
3. Strategic business relationships. (Acquisitions, JV's, Partnerships)	Actively looking for an opportunity	Actively looking for an opportunity	Actively looking for an opportunity
4. Long-term, fundamental innovation efforts for ensuring the continued profitable growth of the company.	We will pursue long-term, fundamental innovation efforts to ensure continued profitable growth of the company.		
5. People - Attract, Develop and Retain Tribe Members	Continue to build the employer brand with development programs that drive employee engagement.		

Refreshed Strategic Initiative #1

Maximize the WD-40 Brand. We are taking this brand to more places and to more people around the world. As we do this, end users will discover more uses and use our products more frequently. We have refreshed this strategic driver to encompass awareness, relevance, availability and consumption to our targeted end users around the world. This would include our efforts around geographic expansion and market penetration.

What does this mean for fiscal year 2012? As we continue our focus on current markets, we also expect to target new markets in the next 12 months. The Company has a new horizon set on Sub-Sahara Africa and will start to build the WD-40 Foundation in these emerging markets as part of our plan to generate revenue for the future.

Refreshed Strategic Initiative #2

Be the Global Leader in the Company's product categories within our prioritized platforms. We have done so much work in the past few years and know now, more than ever, where we have the right to play and win. We developed our "sandbox" and defined who our end users are, whom we can reach, where they buy and why they use our products. This past year we have not only researched "platforms" — solutions that cut across multiple categories — but also identified product "categories" that are specific to certain applications such as the treatment of rust, for example. Our WD-40 Specialist product line will serve as the conduit to deliver application-specific solutions for our end users.

What does this mean for fiscal year 2012? We will launch more WD-40 Specialist products in the U.S., the United Kingdom, and other select markets in Europe. We now have a great platform to develop products that will meet the maintenance needs of end users and consumers around the world.

Refreshed Strategic Initiative #3

Strategic Business Relationships. Strategic business relationships will continue to be an ongoing effort of evaluation and potential implementation as these could serve to support other strategic drivers and accelerate our ability to succeed. We will do this through acquisitions, joint ventures and partnerships. We are also now better educated in the area of licensing and can make better decisions should a licensing opportunity present itself.

What does this mean for fiscal year 2012? We will not focus on licensing this year but will continue to actively look for acquisitions, joint ventures and partnerships.

Refreshed Strategic Initiative #4

Global Innovation Efforts. The Company will pursue long-term, fundamental innovation efforts and identify trends that will allow us to address future markets, users and applications. Innovation for us now goes beyond product formulations and technology, so we will look at our business process and other platforms to ensure continued profitable growth.

What does this mean for fiscal year 2012? More research and work is underway in fiscal year 2012. As we learn from the research and apply this learning into our business, we will share our findings with you.

Strategic Initiative #5

People - Attract, develop and retain passionate and engaged tribe members. We have always focused on this strategic initiative in the past. We have decided to list it alongside our other strategic initiatives because it is of enormous importance to the long-term sustainability of this organization.

What does this mean for fiscal year 2012? The Company will continue to attract and retain talented people around the world — and to focus on developing our leaders so they, in turn, will develop our people through alignment in vision, maximize their potential and recognize their efforts around the world. It is important to continue the important work of keeping our tribe engaged in meaningful work.

Throughout fiscal year 2012, we will continue to communicate our progress on these strategic initiatives through the work we do to meet these goals.

We feel we have a solid vision and well thought-out strategic drivers for the work ahead of us. However, we don't know if the uncertainty of the economic conditions will impact our 12-month projections. What we do know is that we are not afraid of hard work and have demonstrated that we have the discipline, talent and drive to continue growing this business at a steady pace. The Company will continue to devote time, talent, treasure and technology to maintain and hopefully expand the gross margin. We continue to look for cost-containment measures that include implementing operational improvements such as manufacturing in China and restructuring our supply chain in the United States.

Business is not without risk, so you should be continually aware of some of the areas that could affect the Company. Litigation in the U.S. and other areas around the world continues to be an ever-increasing part of society, and like in every other business, we will always have legal exposure. Please be sure to review the complete list of risk factors contained in our Annual Report on Form 10-K.

We remain focused on creating positive lasting memories for our end users, tribe members and shareholders.

WD-40 Company tribe members put considerable hard work into developing and launching the WD-40 Specialist product line this past year – our thanks to every tribe member. We thank our global tribe for the improvements you have worked on to make this business "more profitable than it is today" — and helping each other reach our corporate objectives.

Thank you to our end users for putting their trust in our ability to create product offerings that will hopefully leave them with positive lasting memories. We have an exciting new future and hope they continue to be an important part of it. Year after year we continue to showcase the strength of the Company, the strength of our core brand around the world, and the strength and determination of our tribe, despite the external hurdles we experience. We thank all of our shareholders for choosing WD-40 Company as a long-term investment and for your continued support during the past year.

Garry O. Ridge
President & CEO

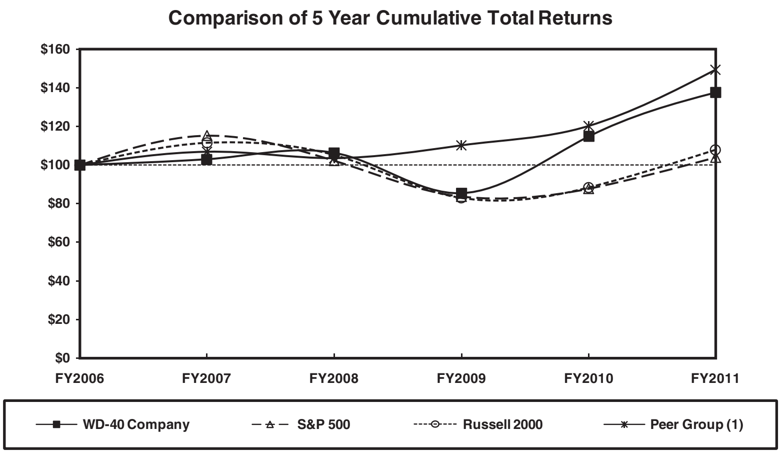
This letter contains certain non-GAAP (accounting principles generally accepted in the United States of America) measures that our management believes provide our shareholders with additional insights into WD-40 Company's results of operations and how it runs its business. Our management uses these non-GAAP financial measures in order to establish financial goals and to gain an understanding of the comparative performance of the Company from year to year or quarter to quarter. The non-GAAP measures referenced in this letter, which include EBITDA (earnings before interest, income taxes, depreciation and amortization) and the cost of doing business, 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. Reconciliations of these non-GAAP financial measures to WD-40 Company's financial statements as prepared under GAAP are as follows:

Cost of Doing Business (in thousands, except percentages)	Fiscal Year Ended August 2011
Total operating expenses - GAAP	$ 113,980
Amortization of definite-lived intangible assets	(1,537)
Depreciation (in operating departments)	(1,637)
Cost of doing business	$ 110,806
Net sales	$ 336,409
Cost of doing business as a percentage of net sales	33%

EBITDA (in thousands, except percentages)	Fiscal Year Ended August 2011
Net income - GAAP	$ 36,433
Provision for income taxes	17,098
Interest income	(228)
Interest expense	1,076
Amortization of definite-lived intangible assets	1,537
Depreciation	2,849
EBITDA	$ 58,765
Net sales	$ 336,409
EBITDA as a percentage of net sales	17%

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 consumer product 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, 2011.

The below comparison assumes $100 was invested on August 31, 2006 in the Company's Common Shares and in each of the indices and assumes reinvestment of dividends.



	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
WD-40 Company	100.00	102.85	106.36	85.25	114.48	137.46
S&P 500	100.00	115.14	102.31	83.63	87.74	103.97
Russell 2000	100.00	111.36	105.26	82.84	88.31	107.91
Peer Group (1)	100.00	106.95	103.60	110.15	120.16	149.35

(1) WD-40 Company's Peer Group Index is comprised of the following 9 consumer product companies: Church & Dwight, Inc., Kimball International, Inc., Lancaster Colony Corp., La-Z-Boy Inc., National Presto Industries, Inc., Prestige Brand Holdings, Inc., RPM International, Inc., Scotts Miracle-Gro Company and Valspar Corp. Alberto Culver Co. was acquired in May 2011 and has been delisted. As a result, it is no longer a publicly traded company and has been removed from WD-40 Company's Peer Group Index.

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WD-40 COMPANY

1061 Cudahy Place
San Diego, California 92110

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders:

The 2011 Annual Meeting of Stockholders will be held at the Joan B. Kroc Institute for Peace & Justice, University of San Diego, 5998 Alcala Park, San Diego, California 92110, on Tuesday, December 13, 2011, at 2:00 p.m. for the following purposes:

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 on executive compensation;
3. To hold an advisory vote on the frequency of future advisory votes on executive compensation;
4. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year 2012; and
5. To consider and act upon such other business as may properly come before the meeting.

Only the stockholders of record at the close of business on October 17, 2011 are entitled to vote at the meeting.

By Order of the Board of Directors
Maria M. Mitchell
Secretary

San Diego, California
November 2, 2011

PROXY STATEMENT

GENERAL INFORMATION

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, 2011, and at any postponements or adjournments thereof. This Proxy Statement and enclosed form of Proxy are first sent to stockholders on or about November 2, 2011.

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) the ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2012; (iii) an advisory vote on executive compensation; and (iv) an advisory vote on the frequency of future advisory votes on executive compensation. Detailed information concerning these matters is set forth below. Management knows of no other business to come before the meeting.

The close of business on October 17, 2011 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 17, 2011, WD-40 Company had outstanding 15,962,746 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.

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. In the past, if you held your shares in street name through a broker and you did not indicate how you wanted your shares voted in the election of directors, your broker was allowed to vote those shares on your behalf in the broker's discretion. Regulatory changes have eliminated the ability of your broker to vote your uninstructed shares in the election of directors on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your broker how to vote in the election of directors, no votes will be cast on your behalf. For more information on this topic, see the 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*.

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. Except as described above with respect to broker non-votes for the election of directors and otherwise described below with respect to the advisory vote on executive compensation, if no specification is made, the shares will be voted by the proxy holder as set forth on the 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.

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 17, 2011	Percent of Class
Parnassus Investments 1 Market Street, Suite 1600 San Francisco, CA 94105	1,589,500[1]	10.0%
Kayne Anderson Rudnick Investment Management, LLC 1800 Avenue of the Stars, 2nd Floor Los Angeles, CA 90067	1,520,947[2]	9.5%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	1,317,753[3]	8.3%
Mario L. Crivello Valley Center, CA	824,800[4]	5.2%

1 As of June 30, 2011, Parnassus Investments ("Parnassus") filed a report on Form 13F with the Securities and Exchange Commission to report beneficial ownership of 1,589,500 shares. Parnassus reported sole investment discretion and sole voting authority with respect to all shares. Beneficial ownership information as of October 17, 2011 is unavailable.

2 As of June 30, 2011, Kayne Anderson Rudnick Investment Management LLC ("Kayne") filed a report on Form 13F with the Securities and Exchange Commission to report beneficial ownership of 1,520,947 shares. Kayne reported sole investment discretion and sole voting authority with respect to all shares. Beneficial ownership information as of October 17, 2011 is unavailable.

3 As of June 30, 2011, 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 1,317,753 shares. BlackRock disclaims investment discretion with respect to all shares reported as beneficially owned by its investment management subsidiaries, including 1,086 shares reported on Form 13F filed by BlackRock on behalf of certain of its subsidiaries that do not file separate reports. BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., BlackRock Investment Management, LLC, BlackRock Advisors and BlackRock Group Limited each reported sole investment discretion and sole voting authority with respect to 722,437 shares, 511,130 shares, 61,059 shares, 13,700 and 8,341 shares, respectively. Beneficial ownership information for BlackRock, Inc. and its investment management subsidiaries as of October 17, 2011 is unavailable.

4 Mr. Crivello has sole voting and investment power over 702,129 shares held in trust for the benefit of others. He also has sole voting and investment power over 102,943 shares held directly. Mr. Crivello also has the right to acquire 15,800 shares upon exercise of stock options and the right to receive 3,928 shares upon settlement of restricted stock units upon termination of his service as a director of the Company.

ITEM NO. 1

NOMINEES FOR ELECTION AS DIRECTORS

AND SECURITY OWNERSHIP OF MANAGEMENT

At the Company's Annual Meeting of Stockholders, the eight nominees named below 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 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 2 of the Bylaws of the Company, approved by stockholders on December 9, 2008, 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 bylaw or amendment thereof duly adopted by the stockholders or by the Board of Directors. The number of directors was fixed at eight effective as of the date of the Annual Meeting by resolution of the Board of Directors adopted on October 11, 2011.

On October 11, 2011, John C. Adams, Jr. gave notice to the Board of Directors that he would not stand for re-election to the Board of Directors at the Annual Meeting. On that same date, the Board of Directors increased the number of authorized directors from eight to nine and elected Gregory A. Sandfort to fill the vacancy created by the increase in the number of authorized directors. Mr. Sandfort has been nominated for election as a continuing director at the Annual Meeting.

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"). 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 (including the eight directors nominated for election at the Annual Meeting), for the executive officers named in the Summary Compensation Table on page 28 of this proxy statement, and for all directors and executive officers as a group.

				Amount and Nature of Beneficial Ownership October 17 2011[1]	
Director/Nominee	**Age**	**Principal Occupation**	**Director Since**	**Number**	**Percent of Class**
John C. Adams, Jr.[2]	63	Investor; Retired Chairman and CEO, AutoZone, Inc.	2001	24,851[2]	*
Giles H. Bateman	66	Investor; Retired CFO, Price Club	2003	20,202[3]	*
Peter D. Bewley	65	Investor; Retired General Counsel, The Clorox Company	2005	22,992[4]	*
Richard A. Collato	68	Investor, Retired President & CEO, YMCA of San Diego County	2003	23,714[5]	*
Mario L. Crivello	71	Investor	1994	824,800[6]	5.2%
Linda A. Lang	53	Chairman & CEO, Jack in the Box, Inc.	2004	22,370[7]	*
Garry O. Ridge	55	President and CEO, WD-40 Company	1997	137,246[8]	*
Gregory A. Sandfort	56	President and Chief Merchandising Officer, Tractor Supply Company	2011	1,097[9]	*
Neal E. Schmale	65	Chairman, WD-40 Company; Retired President and COO, Sempra Energy	2001	28,237[10]	*

* Less than one (1) percent

1 All shares owned directly unless otherwise indicated.

2 Mr. Adams is not a nominee for re-election to the Board of Directors. Mr. Adams has the right to acquire 13,800 shares upon the exercise of stock options and the right to receive 4,325 shares upon settlement of restricted stock units upon termination of his service as a director of the Company.

3 Mr. Bateman has the right to acquire 13,800 shares upon the exercise of stock options and the right to receive 4,694 shares upon settlement of restricted stock units upon termination of his service as a director of the Company.

4 Mr. Bewley has the right to acquire 9,800 shares upon the exercise of stock options and the right to receive 7,711 shares upon settlement of restricted stock units upon termination of his service as a director of the Company.

5 Mr. Collato has the right to acquire 13,800 shares upon the exercise of stock options and the right to receive 5,942 shares upon settlement of restricted stock units upon termination of his service as a director of the Company.

6 Mr. Crivello has sole voting and investment power over 702,129 shares held in trust for the benefit of others. He also has sole voting and investment power over 102,943 shares held directly. Mr. Crivello also has the right to acquire 15,800 shares upon exercise of stock options and the right to receive 3,928 shares upon settlement of restricted stock units upon termination of his service as a director of the Company.

7 Ms. Lang has the right to acquire 11,800 shares upon the exercise of stock options and the right to receive 6,928 shares upon settlement of restricted stock units upon termination of her service as a director of the Company.

8 Mr. Ridge has the right to acquire 95,000 shares upon exercise of stock options, the right to receive 5,884 shares upon settlement of restricted stock units upon termination of employment, the right to receive 8,248 shares upon settlement of restricted stock units upon vesting within 60 days and the right to receive 5,136 shares upon settlement of vested performance share units. Mr. Ridge also has voting and investment power over 1,113 shares held under the Company's 401(k) plan.

9 Mr. Sandfort has the right to receive 1,097 shares upon settlement of restricted stock units upon termination of his service as a director of the Company.

10 Mr. Schmale has the right to acquire 13,800 shares upon the exercise of stock options and the right to receive 7,711 shares upon settlement of 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 17, 2011[1] Number	Percent of Class
Jay W. Rembolt	60	Chief Financial Officer and Vice President, Finance, WD-40 Company	46,209[2]	*
Michael J. Irwin	48	Executive Vice President, Strategic Development, WD-40 Company	16,821[3]	*
Michael L. Freeman	58	Division President, the Americas, WD-40 Company	36,220[4]	*
William B. Noble	53	Managing Director Europe, WD-40 Company Ltd. (U.K.)	47,305[5]	*
All Directors and Executive Officers as a Group			1,332,465[6]	8.1%

* Less than one (1) percent.

1 All shares owned directly unless otherwise indicated.

2 Mr. Rembolt has the right to acquire 31,160 shares upon exercise of stock options, the right to receive 2,804 shares upon settlement of restricted stock units upon vesting within 60 days and the right to receive 1,284 shares upon settlement of vested performance share units. Mr. Rembolt has voting and investment power over 5,591 shares held under the Company's 401(k) plan.

3 Mr. Irwin has the right to receive 3,971 shares upon settlement of restricted stock units upon termination of employment, the right to receive 2,804 shares upon settlement of restricted stock units upon vesting within 60 days and the right to receive 1,284 shares upon settlement of vested performance share units. Mr. Irwin has voting and investment power over 775 shares held under the Company's 401(k) plan.

4 Mr. Freeman has the right to acquire 14,700 shares upon exercise of stock options, the right to receive 3,971 shares upon settlement of restricted stock units upon termination of employment, the right to receive 2,804 shares upon settlement of restricted stock units upon vesting within 60 days and the right to receive 1,284 shares upon settlement of vested performance share units. Mr. Freeman has voting and investment power over 2,118 shares held under the Company's 401(k) plan.

5 Mr. Noble has the right to acquire 35,000 shares upon exercise of stock options, the right to receive 3,971 shares upon settlement of restricted stock units upon termination of employment, the right to receive 2,804 shares upon settlement of restricted stock units upon vesting within 60 days and the right to receive 1,284 shares upon settlement of vested performance share units.

6 Total includes the rights of directors and executive officers to acquire 321,160 shares upon exercise of stock options, the rights of executive officers and directors to receive a total of 68,075 shares upon settlement of restricted stock units upon termination of employment or service as a director of the Company, the rights of executive officers to receive a total of 25,072 shares upon settlement of restricted stock units upon vesting within 60 days, the rights of executive officers to receive 12,840 shares upon settlement of vested performance share units, and 11,129 shares held by executive officers under the Company's 401(k) plan.

Nominees for Election as Directors

Giles H. Bateman was elected to the Board of Directors in 2003. Mr. Bateman has been retired since 2000. He was a co-founder and Chief Financial Officer of Price Club from 1976 until 1991. Mr. Bateman served as director and Chairman of CompUSA, Inc. from 1994 until 2000. Mr. Bateman served as a director of Tuesday Morning, Inc. from 2002 until 2006 and as a director of United PanAm Financial Corp. from 2006 until 2010. He presently serves as a director of Life Time Fitness, Inc. Mr. Bateman's financial expertise, considerable public company board experience and knowledge of the retail industry provides the Board with a breadth of relevant skill and experience.

Peter D. Bewley was appointed 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.

Richard A. Collato was elected to the Board of Directors in 2003. Mr. Collato served as President and CEO of the YMCA of San Diego County from 1981 until his retirement in 2010. Mr. Collato served as a director of Surge Global Energy, Inc. from 2006 to 2008, as a director of Sempra Energy from 1993 to 2010 and as a director of PepperBall Technologies, Inc. from 2008 to February 2011. Mr. Collato has extensive public and private company board experience and 29 years of successful CEO experience. He serves on the board of the Corporate Directors Forum and is an adjunct professor at the University of San Diego's graduate program, teaching corporate governance. His understanding of corporate governance and management theory and practice makes him a contributing member of the Board.

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.

Linda A. Lang was elected to the Board of Directors in 2004. Since 2005, Ms. Lang has served as Chairman of the Board and Chief Executive Officer of Jack in the Box, Inc. Ms. Lang has been employed by Jack in the Box, Inc. for 24 years and 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. 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.

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 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.

Gregory A. Sandfort was elected to the Board of Directors on October 11, 2011. Mr. Sandfort has served as President and Chief Merchandising Officer of Tractor Supply Company since February 2009 and he served as Executive Vice President-Chief Merchandising Officer of Tractor Supply Company from November 2007 to January 2009. Mr. Sandfort previously served as President and Chief Operating Officer at Michael's Stores, Inc. from March 2006 to August 2007 and as Executive Vice President-General Merchandise Manager at Michaels Stores, Inc. from January 2004 to February 2006. Mr. Sandfort served as Vice Chairman and Co-Chief Executive Officer of Kleinert's Inc. from 2002 to 2003 and as a Vice President, General Merchandise Manager for Sears, Roebuck and Co. from 1998 to 2002. As Chief Merchandising Officer of an existing WD-40 Company customer, Mr. Sandfort brings a customer perspective to the board. The board also values Mr. Sandfort's extensive management experience in the retail industry.

Neal E. Schmale was elected to the Board of Directors in 2001. Mr. Schmale was named Chairman of the Board in 2004. Mr. Schmale was President and COO of Sempra Energy from 2006 until his retirement effective as of November 1, 2011. Previously, he was Executive Vice President and CFO of Sempra Energy from 1998 through 2005. Mr. Schmale served as a director of Sempra Energy from 2004 until November 1, 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.

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 chairman positions for many years. In addition, the board chairman 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 chairman positions is appropriate for the Company given the size of the Board, 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 chairman 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 incentive bonus 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 insured risks. The Finance Committee considers risks associated with the Company's financial management and investment activities, acquisition-related risks and ERISA 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 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 revenues and increased profitability. 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 web site at *www.wd40company.com* on the "Investors" page under the Officers and Directors link. There were six 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 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. The compensation advisor serving the Compensation Committee, Compensia, Inc., has also provided guidance and analysis to the Corporate Governance Committee with respect to non-employee director compensation recommendations. For fiscal year 2011, 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, 2010. Pursuant to the Director Compensation Policy, non-employee directors received a base annual fee of $32,000 for services provided from January 1, 2011 through the date of the Company's 2011 Annual Meeting of Stockholders. The Chairman of the Board received an additional annual fee of $14,000. Non-employee directors received additional cash compensation for service on various Board Committees. The Chairman of the Audit Committee received $16,000 and each other member of the Audit Committee received $8,000. The Chairman of the Compensation Committee, the Corporate Governance Committee and the Finance Committee each received $8,000 and each other member of those committees received $4,000. All such annual fees were paid in March 2011.

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 2010 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 $40,000 to each non-employee director. Each RSU represents the right to receive one share of the Company's common stock. On December 14, 2010 each non-employee director received an RSU award covering 979 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.

Prior to fiscal year 2008, the Company maintained the 1999 Non-Employee Director Restricted Stock Plan (the "Director Stock Plan") providing for the issuance of restricted shares of the Company's common stock to each non-employee director. Restricted shares were issued under the Director Stock Plan in lieu of cash compensation according to written elections made by the non-employee directors. Restricted shares issued to a non-employee director in prior years did not become vested for resale for a period of five years from the date of issuance or until the director's retirement from the Board following the director's 65th birthday. Unless a non-employee director has reached age 65, the restricted shares are subject to forfeiture if, during the five year vesting period, the director resigns from service as a director of the Company. Linda A. Lang holds 1,108 restricted shares that will be fully vested on March 1, 2012. No other director holds restricted shares subject to future vesting.

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.

The following Director Compensation table provides information concerning director compensation earned by each non-employee director for services rendered in fiscal year 2011. 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 2011, one third of the reported compensation earned or paid in cash is based on the director compensation policy in effect for calendar year 2010 and two thirds of the reported compensation paid in cash is based on the director compensation policy in effect for calendar year 2011. 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 chairman during the fiscal year.

DIRECTOR COMPENSATION
Fiscal Year 2011

Name	Fees Earned or Paid in Cash ($)[1]	Stock Awards ($)[2]	Option Awards ($)[3]	All Other Compensation ($)[4]	Total ($)
John C. Adams, Jr.	$44,000	$39,963	$0	$6,000	$89,963
Giles H. Bateman	$52,000	$39,963	$0	$6,000	$97,963
Peter D. Bewley	$44,000	$39,963	$0	$6,000	$89,963
Richard A. Collato	$48,000	$39,963	$0	$6,000	$93,963
Mario L. Crivello	$36,000	$39,963	$0	$6,000	$81,963
Linda A. Lang	$44,000	$39,963	$0	$6,000	$89,963
Neal E. Schmale	$54,000	$39,963	$0	$6,000	$99,963

1 For services rendered during fiscal year 2011, directors received RSU awards pursuant to elections made in 2009 and 2010 under the Director Compensation Policy with respect to their services as directors in calendar years 2010 and 2011, 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: Giles H. Bateman received RSU awards valued at $3,991; Linda A. Lang received RSU awards valued at $10,665; and Peter D. Bewley and Neal E. Schmale received RSU awards valued at $31,973.

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 14, 2010, each director received a non-elective RSU award covering 979 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 $40.82 per share multiplied by the number of shares underlying the RSU award. The number of shares underlying each RSU award is rounded down to the nearest whole share. The number of RSUs held by each director as of the end of the fiscal year are reported with respect to such director's security ownership as of the record date for the annual meeting of stockholders on page 4 of this proxy statement. 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 each director as of the end of the fiscal year are reported with respect to such director's security ownership as of the record date for the annual meeting of stockholders on page 4 of this proxy statement.

4 Amounts represent charitable contributions made by the Company as designated by each non-employee director 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 the 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 Security Ownership of Directors and Executive Officers table on page 4 of this proxy statement.

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 Chairman of the Board of Directors. 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
John C. Adams, Jr.	✓		✓	
Giles H. Bateman	Chairman			✓
Peter D. Bewley		✓	Chairman	
Richard A. Collato	✓	Chairman		
Mario L. Crivello		✓		
Linda A. Lang		✓		Chairman
Garry O. Ridge				
Gregory A. Sandfort			✓	✓
Neal E. Schmale			✓	✓
Number of Meetings Held in Fiscal Year 2011	**4**	**4**	**4**	**4**

Corporate Governance Committee
Nomination Policies and Procedures

The Corporate Governance Committee is comprised of Peter D. Bewley (Chairman), John C. Adams, Jr., 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 annual 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 not be recommended for re-election at that meeting.

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 on page 38 of this proxy statement.

Audit Committee

The Audit Committee is comprised of Giles H. Bateman (Chairman), John C. Adams, Jr. and Richard A. Collato. Four meetings were held during the last fiscal year to review quarterly financial reports, to consider the annual audit and other audit services and to review the audit with the independent registered public accounting firm after its completion. The Board of Directors has determined that Mr. Bateman is an "audit committee financial expert" as defined by regulations adopted by the Securities and Exchange Commission. Mr. Bateman and each of the other members of the Audit Committee is an independent director 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 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:

- transactions approved in the ordinary course of business that do not exceed $50,000 in any fiscal year;
- 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 deny, 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, 2011 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. Upon the election of Gregory A. Sandfort as a director, the Audit Committee considered and approved the ordinary course of business transactions between the Company and Tractor Supply Company as more fully described below under the heading, *Related Party Transactions*.

The Audit Committee also has responsibility for the selection, appointment and oversight of the independent registered public accounting firm for the Company. A separate report of the Audit Committee is included at page 35 of this proxy statement.

Finance Committee

The Finance Committee is comprised of Linda A. Lang (Chairman), Giles H. Bateman, Gregory A. Sandfort 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 Richard A. Collato (Chairman), Peter D. Bewley, Mario L. Crivello and Linda A. Lang, all of whom are independent directors as defined under the Nasdaq Rules. The Compensation Committee met four times during the last fiscal year. During the fiscal year ended August 31, 2011, 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.

Related Party Transactions

Gregory A. Sandfort was elected to the Board of Directors on October 11, 2011. As a director and nominee, he is a "related person" as that term is defined in Item 404(a) of Regulation S-K promulgated under the Securities Exchange Act of 1934. Mr. Sandfort is an executive officer of Tractor Supply Company, a WD-40 Company customer that acquired products from the Company in the ordinary course of business during fiscal year 2011. The total amount of net sales recorded by the Company for all product purchases by Tractor Supply Company from the Company during fiscal year 2011 was $960,420. It is anticipated that Tractor Supply Company will continue to purchase products from the Company in the ordinary course of business during the current fiscal year in amounts that are consistent with purchases during the prior fiscal year. Mr. Sandfort's indirect material interest in the purchase of products from the Company by Tractor Supply Company is limited to his interest in such transactions as an executive officer of Tractor Supply Company.

ITEM NO. 2

ADVISORY VOTE ON EXECUTIVE COMPENSATION

In accordance with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Company's stockholders are being asked to cast an advisory vote on 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. The following resolution will be presented for approval by the Company's stockholders at the 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 2011 Annual Meeting of Stockholders and in the accompanying compensation tables and narrative disclosures."

The advisory vote on 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, and the Company's proxy statement in subsequent years will disclose whether and the extent to which the Compensation Committee and the Board of Directors have taken the most recent voting results into account.

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.

ITEM NO. 3

ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION

In addition to providing stockholders with the opportunity to cast an advisory vote on executive compensation, the Dodd-Frank Wall Street Reform and Consumer Protection Act also requires, at least once every six years, that the Company conduct an advisory vote to solicit input from stockholders on whether future advisory votes on executive compensation should be held every one, two or three years.

After careful consideration of the various arguments supporting each frequency level, the Board of Directors believes that submitting the advisory vote on executive compensation to stockholders on an annual basis is most appropriate at the present time.

Although the Board of Directors recommends that stockholders vote in favor of holding advisory votes on executive compensation every year, stockholders are not voting to approve or disapprove the Board's recommendation. The form of Proxy for the Company's Annual Meeting of Stockholders provides stockholders with four choices: (a) to recommend that an advisory vote on executive compensation be held every year, (b) every two years or (c) every three years; or (d) to abstain from making any recommendation with respect to the frequency of future advisory votes on executive compensation.

Because the vote on this proposal is advisory in nature, it will not be binding on the Board of Directors. However, the Board of Directors will consider the outcome of the advisory vote along with other factors when making its decision about the frequency of future stockholder advisory votes on executive compensation.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE "EVERY YEAR" RECOMMENDATION FOR FUTURE STOCKHOLDER ADVISORY VOTES ON EXECUTIVE COMPENSATION.

COMPENSATION DISCUSSION AND ANALYSIS

WD-40 Company's Compensation Discussion and Analysis addresses the processes and decisions of the Company's Board of Directors and 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 2011, the Company's NEOs were:

- Garry O. Ridge, our Chief Executive Officer (our "CEO");
- Jay W. Rembolt, our Chief Financial Officer (our "CFO");
- Michael J. Irwin, our Executive Vice President, Strategic Development;
- Michael L. Freeman, our Division President, the Americas; and
- William B. Noble, our Managing Director, Europe.

Summary of Fiscal Year 2011 Compensation Decisions

The following is a summary of the decisions made by the Committee for NEO compensation for fiscal year 2011:

- Base salaries for each of the NEOs other than Mr. Rembolt for fiscal year 2011 were increased by 3.5% or 5%. Mr. Rembolt received an 11.5% salary increase, including both a merit increase and a market adjustment increase to account for his increased responsibility as CFO. Base salaries for the NEOs were assessed in light of market data and a favorable comparison of the Company's fiscal 2010 performance to comparable performance of the Company's peer group used by the Committee for compensation benchmarking. Merit increases for the NEOs were awarded in recognition of the fact that base salaries had not been increased for fiscal year 2010 and based on strong fiscal 2010 Company performance and relative achievement of individual performance measures and goals established for each NEO.
- With the exception of Mr. Noble, no bonus compensation was earned by the NEOs under the Company's Performance Incentive Program. Mr. Noble received a bonus equal to 10.3% of his maximum bonus opportunity. Results under the Company's Performance Incentive Program for fiscal year 2011 were based on the relative achievement of various performance measures established for each NEO at the beginning of the fiscal year. Mr. Noble's bonus was based on a level of Regional Revenue for Europe representing 20.6% of the range from the minimum to the maximum target levels for such performance measure. The Company's results for all other applicable performance measures under the Performance Incentive Program, including Regional EBITDA for Europe, Regional Revenue and EBITDA for the Americas, and Global Revenue and EBITDA, fell below the minimum target levels established for such performance measures.[1]
- In October 2010, the NEOs received annual restricted stock unit ("RSU") awards providing for the issuance of a total of 12,800 shares of the Company's common stock to be earned by continued employment by the Company over a vesting period of 3 years. These awards serve a retention purpose together with an incentive to maximize long term stockholder value through share price appreciation.
- In October 2010, the NEOs received annual performance share unit ("PSU") awards providing for the issuance of shares of the Company's common stock following a two year performance vesting period based on relative levels of achievement of target levels for the Company's revenue and gross margin. These awards also serve a retention purpose together with enhanced incentives to achieve performance measure targets over the two year vesting period. If performance measure targets are met, a target number of shares of the Company's common stock equal to 19,200 shares would be issued to the NEOs. The actual number of shares to be issued will be from 0% to 150% of the target number of shares depending upon the relative achievement of the two performance measures.

[1] For a more complete description of the performance measures applicable under the Company's Performance Incentive Program, refer to the *Executive Officer Compensation Decisions* section below under the heading, *Performance Incentive Program*.

- For PSU awards to NEOs in December 2009 having a performance measurement period ending as of August 31, 2011, each NEO received 53.5% of the target number of shares as a result of relative achievement of the performance measures applicable to the PSU awards, Aggregate Revenue Growth and Gross Margin over the two year measurement period. Aggregate Revenue Growth over the two year measurement period was 12.0% which was less than the minimum performance goal of 15% and resulted in no portion of the PSU award being earned. Gross Margin over the two year measurement period was 50.7% which exceeded the target performance goal of 50%, resulting in 53.5% of the target number of shares for the PSU award being earned.[1]

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 compensation advisor. 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 Charter can be found under the Officers and Directors link on the Investors page 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 Human Resources is management's liaison with the Committee. The Committee has engaged Compensia, Inc, a national compensation consulting firm, to provide advice and information relating to executive compensation. In fiscal year 2011 Compensia assisted the Committee in the evaluation of executive base salary, bonus compensation and equity incentive design and award levels, and the specific pay recommendation for our CEO. Compensia 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 four primary objectives:

1. Attract and retain high-caliber executives.
2. Align the interests and compensation of executives with the value created for stockholders.
3. Reinforce a sense of urgency among executives to achieve both short-term and long-term Company objectives.
4. Create a direct, meaningful link between business and team success and individual performance and rewards.

[1] For a more complete description of the PSU award performance measures and calculation of the number of shares issued to each NEO with respect to their fiscal year 2010 PSU awards, refer to the *Executive Officer Compensation Decisions* section below under the heading, *Performance Share Unit Awards*.

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 performance incentive bonus, plus the grant date fair value of equity awards) at the 50th percentile relative to the market (details on the use of peer group data 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. 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 2011 compensation decisions, the Committee examined the executive compensation practices of a peer group of twenty 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 broad industry company data from published compensation surveys for a set of companies having revenues comparable to the Company. This mix of data has been weighted, 50% for the broad industry company data and 50% for the peer group data. The companies used in the peer group analysis for fiscal year 2011 compensation decisions were as follows:

- American Pacific Corporation
- American Vanguard Corporation
- Balchem Corporation
- Calgon Carbon Corporation
- Cambrex Corporation
- Hawkins, Inc.
- Innophos Holdings, Inc.
- Inter Parfums, Inc.
- Medicis Pharmaceutical Corporation
- National Presto Industries Inc.
- Nutraceutical International Corporation
- Oil-Dri Corporation of America
- Park Electrochemical Corp.
- PetMed Express, Inc.
- Prestige Brands Holdings, Inc.
- Quaker Chemical Corporation
- STR Holdings, Inc.
- Trex Company, Inc.
- USANA Health Sciences, Inc.
- Zep, Inc.

Executive Officer Compensation Decisions

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 increases, 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; strategic growth and earnings for Mr. Irwin; and teamwork, execution and growth for Messrs. Freeman and Noble.

Base Salary: Fiscal Year 2011

In October 2010, the Committee reviewed the market competitiveness of executive officer base salaries relative to peer group market data presented by the Committee's compensation advisor and considered each executive officer's individual performance relative to the performance elements identified above and the overall performance of the Company for fiscal year 2010. The Committee also considered the fact that executive officer base salaries had been unchanged for fiscal year 2010 due to economic conditions existing in October 2009 and uncertainty with respect to expectations for the Company's fiscal 2010 performance. The Committee also reviewed the Company's favorable fiscal 2010 performance as compared to the comparable performance of the peer group companies. Based on these considerations, the Committee approved increases to the base salaries of the NEOs in the range of 3.5 to 5 percent. Mr. Ridge, Mr. Freeman and Mr. Noble each received a 5 percent base salary increase based on the Committee's finding that each of them had met or exceeded individual performance expectations and based upon their specific contributions to the Company's overall fiscal 2010 performance, including achievement of performance goals for revenue growth and improvement in gross margin. Mr. Rembolt received a base salary increase of 11.5%, including a market adjustment and a merit increase for having met individual performance expectations and based on the Company's overall fiscal 2010 performance. The market adjustment to Mr. Rembolt's base salary was provided to account for his increased responsibility as CFO consistent with the Committee's established framework for pay position benchmarking.

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 Plan approved by the stockholders at the 2008 Annual Meeting of Stockholders.

The Performance Incentive Program is intended to provide direct incentives to all Company employees, including executive officers, to affect regional financial performance and, for the company as a whole, to promote increased sales at sustained or 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 awards for fiscal year 2011 were based on pre-established target levels for the following corporate performance measures: (i) net invoiced sales recorded on a consolidated basis ("Global Revenue")[1]; (ii) net invoiced sales recorded for the Company's relevant reporting segments ("Regional Revenue")[1]; (iii) the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") computed on a consolidated basis ("Global EBITDA"); and (iv) EBITDA computed for the Company's relevant financial reporting segments ("Regional EBITDA"). The target levels for these performance measures for the NEOs were the same as the targets for such measures as applied to formulas for all other employees for whom such performance measures were applicable.

Depending upon actual performance results, the Performance Incentive Program bonus opportunities range from 0% to 100% of base salary for our CEO and from 0% to 60% of base salary for the other NEOs. The maximum bonus opportunity for our CEO at 100% of base salary as compared to the maximum bonus opportunity for the other NEOs at 60% of base salary was established by the Board of Directors in prior years in recognition of the higher level of responsibility of our CEO for overall Company performance, in reliance on competitive market data that supports total potential CEO compensation at such levels and to establish a compensation package for our CEO having a higher percentage of potential compensation tied to Company performance.

1 Global Revenue and Regional Revenue results are calculated using foreign exchange rates predetermined at the beginning of the fiscal year. The purpose of using predetermined rates is to avoid the impact of volatile foreign exchange rates, whether favorable or unfavorable to the employees, on bonus payout.

The maximum bonus for each NEO is referred to herein as their "annual opportunity". For Messrs. Freeman and Noble, the Performance Incentive Program for fiscal year 2011 provided three distinct performance measure levels for possible bonus awards. The first level represented 50% of the annual opportunity, the second level represented 30% of the annual opportunity and the third level represented 20% of the annual opportunity. These weightings were the same as applied to the Performance Incentive Program for all other employees of the Company other than Messrs. Ridge, Rembolt and Irwin. The maximum bonus payouts for Messrs. Freeman and Noble required achievement of specified segment targets for Regional Revenue (first level) and Regional EBITDA (second level) and Company performance that equaled the maximum target amount for Global EBITDA as described below (third level). For Messrs. Ridge, Rembolt and Irwin (each of whom has global rather than regional responsibilities), only the first and third levels apply (Global Revenue for the first level and Global EBITDA for the third level), each representing 50% of the annual opportunity.

After all bonus amounts earned for the first level and second level (if applicable) were calculated, the Global EBITDA result was measured. The maximum target amount of Global EBITDA was established by means of a formula that was based on all bonus payouts under the first and second levels and the anticipated maximum bonus payout under the third level.

Target and maximum payout amounts for each of the NEOs for the fiscal year 2011 Performance Incentive Program are disclosed in the Grants of Plan-Based Awards table on page 30 of this proxy statement.

The following table sets forth the fiscal year 2011 Performance Incentive Program payout weightings and the minimum and maximum target amounts for the performance measures applicable to each of the NEOs:

	Garry O. Ridge Jay W. Rembolt Michael J. Irwin	Michael L. Freeman	William B. Noble	Minimum Target FY 2011 ($ millions)	Maximum Target FY 2011 ($ millions)
Regional Revenue (Americas)	N/A	50%	N/A	$199.5	$210.4
Regional EBITDA (Americas)	N/A	30%	N/A	$ 52.6	$ 55.0
Regional Revenue (Europe)	N/A	N/A	50%	$114.5	$131.6
Regional EBITDA (Europe)	N/A	N/A	30%	$ 33.5	$ 35.3
Global Revenue	50%	N/A	N/A	$347.0	$379.7
Global EBITDA	50%	20%	20%	$ 68.3	$ 73.3

The following table sets forth the actual fiscal 2011 performance results and percentage achievement for each of the performance measures under the Performance Incentive Program formulas applicable to the NEOs:

Performance Measure	Actual FY 2011 ($ millions)	% Achievement
Regional Revenue (Americas)	$165.2	0.0%
Regional EBITDA (Americas)	$ 41.7	0.0%
Regional Revenue (Europe)	$120.3	20.6%
Regional EBITDA (Europe)	$ 29.9	0.0%
Global Revenue	$303.7	0.0%
Global EBITDA	$ 59.9	0.0%

Achievement of the maximum target levels for Regional Revenue and EBITDA and Global Revenue and EBITDA are 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 2011 performance and the Committee's certification of the relative attainment of each of the performance measures under the Performance Incentive Program, the bonus payouts for our executive officers, including the NEOs, were calculated. On October 10, 2011, the Committee approved payment of the following bonuses to the NEOs for fiscal 2011 performance:

Executive Officer	Title	FY2011 Annual Incentive Opportunity (As % of Base Salary)	FY2011 Bonus Paid ($)	FY2011 Actual Bonus (As % of Base Salary)
Garry O. Ridge	Chief Executive Officer	100%	$ 0	0%
Jay W. Rembolt	Vice President, Finance and Chief Financial Officer	60%	$ 0	0%
Michael J. Irwin	Executive Vice President, Strategic Development	60%	$ 0	0%
Michael L. Freeman	Division President, the Americas	60%	$ 0	0%
William B. Noble	Managing Director, Europe	60%	$19,771[1]	6.2%

As an example of the operation of the Performance Incentive Program, Mr. Noble's bonus payout for fiscal year 2011 was computed as follows[2]:

- Bonus Opportunity = 60% X Salary ($319,531) = $191,719.
- Level 1 (Regional Revenue (Europe)) = 50% of Bonus Opportunity = $95,859.
  - Level 1 Bonus = Level 1 Achievement (20.63%) X Level 1 Bonus Opportunity = $19,771.
- Level 2 (Regional EBITDA (Europe)) = 30% of Bonus Opportunity = $57,516.
  - Level 2 Bonus = Level 2 Achievement (0%) X Level 2 Bonus Opportunity = $0.
- Level 3 (Global EBITDA) = 20% of Bonus Opportunity = $38,344.
  - Level 3 Bonus = Level 3 Achievement (0%) X Level 3 Bonus Opportunity = $0.

Mr. Noble's aggregate bonus payout was the sum of the payouts under each of the three levels of the Performance Incentive Program, or $19,771.

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 both time-vesting restricted stock unit ("RSU") awards and performance-vesting performance share unit ("PSU") awards. Equity awards are awarded 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 principal attributes and benefits of the RSU and PSU awards for executive officers are as follows:

- Both RSU and PSU awards provide for the issuance of shares of the Company's common stock upon vesting.

[1] Mr. Noble's bonus has been converted from pounds sterling at an average annual exchange rate for fiscal year 2011 of $1.5981 per pound.

[2] Amounts relating to Mr. Noble's bonus payout have been converted from pounds sterling at an average annual exchange rate for fiscal year 2011 of $1.5981 per pound.

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

- PSU awards provide for performance-based vesting over a performance measurement period of two fiscal years ending on August 31st of the second calendar year following the grant date. The performance measures for the PSU awards are equally weighted between targets established for the Company's aggregate revenue growth and gross margin as described in more detail below.

- A mix of RSU and PSU awards for our executive officers was considered by the Committee to be appropriate as compared to RSU awards alone or stock options for the following reasons: i) PSU awards provide a more direct performance-based incentive; ii) RSU awards have a greater perceived value to recipients than stock options; iii) RSU and PSU awards, in the aggregate, have a lower compensation expense impact on the Company's financial results; iv) RSU and PSU awards have less dilutive impact on a share count basis; and v) the issuance of shares of the Company's common stock upon vesting encourages long-term stock ownership and facilitates the achievement of the Company's stock ownership guidelines (as described below in the *Other Considerations* 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. The vesting date each year is the third business day following the release of the Company's annual earnings for the preceding fiscal year, but not later than November 15th. 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. 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.

Performance Share Unit Awards

PSU awards granted for fiscal year 2011 provide for performance-based vesting over a performance measurement period of two fiscal years ending August 31, 2012. 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 PSU Award Agreement. Shares of the Company's common stock equal to an "Applicable Percentage" of the "Target Number" of shares underlying the PSU award granted to the executive officers are issued as of the "Settlement Date". The Applicable Percentage is determined by reference to the performance vesting provisions of the PSU Award Agreement as described below. The Settlement Date for a PSU award is the third business day following the release of the Company's annual earnings for the second fiscal year of the performance measurement period. Payment of required withholding taxes due with respect to the settlement of a PSU 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 PSU award after withholding shares having a value as of the Settlement Date equal to the required tax withholding obligation.

The performance vesting provisions of the PSU awards granted for fiscal year 2011 are based on relative achievement of two equally weighted performance measures, "Aggregate Revenue Growth" and "Gross Margin", over the performance measurement period of two fiscal years as provided in the table below:

Aggregate Revenue Growth	Gross Margin	Applicable Percentage
> 25%	> 55%	150%
25%	55%	150%
20%	50%	100%
15%	45%	50%
< 15%	< 45%	0%

In order to determine the Applicable Percentage of the Target Number of shares subject to a PSU award that will be vested upon achievement of the performance measures, the Applicable Percentage is determined independently for each performance measure and the two Applicable Percentages so determined are given equal weight by taking the simple average of the two amounts. For each performance measure, the Applicable Percentage will be determined on a straight line sliding scale from the minimum 50% Applicable Percentage achievement level to the maximum 150% Applicable Percentage achievement level.

Aggregate Revenue Growth is calculated as the annual percentage growth in world-wide consolidated net sales for the second fiscal year of the two fiscal year measurement period (defined in the PSU Award Agreement as the "Measurement Year") as compared to the world-wide consolidated net sales for the fiscal year immediately preceding the two fiscal year performance measurement period (defined in the PSU Award Agreement as the "Base Year"). Net sales for the Measurement Year are to be measured by translation of all consolidated reporting entities' actual local currency revenues into U.S. dollars at the Base Year average foreign currency exchange rate applicable to each such entity.

Gross Margin is calculated as the aggregate world-wide consolidated gross profit for the full two fiscal year performance measurement period as a percentage of aggregate world-wide consolidated net sales for the performance measurement period. Gross profit and net sales for the performance measurement period are to be measured by translation of all consolidated reporting entities' actual local currency gross profits and net sales at the actual foreign currency exchange rate applicable to each such entity for the period, as reported.

Fiscal Year 2011 Equity Awards

For fiscal year 2011, equity awards to our executive officers were granted to satisfy goals for executive officer retention, to provide incentives for future performance, and to meet objectives for overall levels of compensation and pay mix. In October 2010, the Committee approved RSU and PSU awards to the NEOs as set forth in the Grants of Plan-Based Awards table on page 30 of this proxy statement. In establishing award levels for the NEOs for fiscal year 2011, the Committee placed particular emphasis on long-term retention goals and desired incentives for future contributions. The RSU and PSU awards to our CEO were larger than the awards to the other NEOs in recognition of his higher level of responsibility for overall Company performance and in reliance on market data that supports a higher level of equity compensation for our CEO. For fiscal year 2011 equity awards, the Committee concluded that each of the NEOs other than our CEO should be treated equally in light of each NEO's responsibility as an important member of the Company's management team and for overall compensation purposes.

Performance Share Unit Award Vesting for Fiscal 2011 Performance Achievement

On October 11, 2011, the Committee certified achievement of the Aggregate Revenue Growth and Gross Margin performance measures for the performance measurement period ended August 31, 2011 for purposes of calculating the vested number of shares of the Company's common stock for PSU awards granted to the NEOs in December 2009. The same performance measures and performance vesting requirements were applicable to the PSUs awarded in 2009 as are described above. The following table sets forth the calculated Aggregate Revenue Growth and Gross Margin for the measurement period ended August 31, 2011 and Applicable Percentage as to each performance measure and the Applicable Percentage of the Target Number of shares underlying the PSU awards.

	Calculated Performance Measure	Applicable Percentage
Aggregate Revenue Growth	12.0%	0%
Gross Margin	50.7%	107%
Applicable Percentage of Target Number of Shares		53.5%

For the PSU awards granted to the NEOs in December 2009, the NEOs were thus eligible to receive 53.5% of the target number of shares of the Company's common stock underlying the PSU awards. The following table sets forth the target number and vested number of shares underlying the PSU awards granted to each NEO in December 2009.

Executive Officer	Target Number	Vested Shares
Garry O. Ridge	9,600	5,136
Jay W. Rembolt	2,400	1,284
Michael J. Irwin	2,400	1,284
Michael L. Freeman	2,400	1,284
William B. Noble	2,400	1,284

Benefits and Perquisites

As is the case with most Company employees, the NEO's are provided with standard health and welfare benefits, as well as 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 NEOs, with tax-advantaged retirement savings as an additional component of overall compensation. The Company's contributions to the Plan may be invested by employees in a Company Stock Fund invested in shares of the Company's common stock.

The Company maintains individual Supplemental Death Benefit Plan agreements with each of the NEOs other than Mr. Noble who has an equivalent life insurance benefit under his local U.K. compensation package. The Company's Supplemental Death Benefit Plan agreement obligations are funded by life insurance policies owned by the Company.

The Company also provides cars to our executive officers and private health insurance for Mr. Noble in excess of coverage available to other Company employees in the U.K. The costs associated with the perquisites and other personal benefits provided to the NEOs are included in the Summary Compensation Table included on page 28 of this proxy statement 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 on page 33 of this proxy statement. 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 bonus compensation to determine whether it appropriately rewards individual efforts directed toward the 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 pursue the achievement of performance targets for increasing revenues, gross margin and profitability 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 (as reported based on cash compensation received as base salary and performance incentive bonus plus the grant date fair value of equity awards) for fiscal year 2011, together with the relative market percentile for each NEO.

Executive Officer	Base Salary	Annual Bonus Earned	Grant Value of Stock Awards[1]	Total Compensation	Total Comp Position vs Market
Garry O. Ridge	$601,747	$ 0	$590,144	$1,191,891	45th percentile
Jay W. Rembolt	$248,822	$ 0	$147,536	$ 396,358	25th percentile
Michael J. Irwin	$296,888	$ 0	$147,536	$ 444,424	30th percentile
Michael L. Freeman	$293,990	$ 0	$147,536	$ 441,526	25th percentile
William B. Noble[2]	$319,531	$19,771	$147,536	$ 486,838	45th percentile

1 Stock Awards are reported at their grant date fair values. Information concerning such awards for fiscal year 2011 is set forth in the Grants of Plan-Based Awards table on page 30 of this proxy statement.

2 Mr. Noble's salary and bonus amounts have been converted from pounds sterling at an average annual exchange rate for fiscal year 2011 of $1.5981 per pound.

For fiscal year 2011, total compensation for each of our NEOs fell below the 50th percentile target pay position relative to market. In reviewing total compensation for the NEOs, the Committee also reviews the Company's relative performance against the peer group. Based on publicly available data for the peer group as of the end of the Company's fiscal third quarter, the Company's trailing four quarters of revenue growth and growth in EBITDA were each below the 25th percentile for the peer group.

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 thereof will result in the Company's refusal to approve future trading plan requests for that person.

Executive Officer Stock Ownership Guidelines

In December 2007, the Board of Directors 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 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 two times base salary for our CEO.

Our CEO's higher required ownership guideline is consistent with the proportionately higher level of overall compensation received by our CEO as compared to the other NEOs, including proportionately higher levels of equity compensation. 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 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 attained the requisite level of stock ownership or it is anticipated that they will attain such level of stock ownership within the time provided for in the applicable stock ownership guidelines.

As noted above under the heading *Equity Compensation*, the NEOs receive both time-vesting RSU awards and performance-vesting PSU awards. As these 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. RSU and PSU awards held presently by the NEOs are set forth, together with stock options granted for fiscal years prior to 2009, in the Outstanding Equity Awards table on page 31 of this proxy statement. Each of the NEOs, other than Mr. Rembolt, hold vested RSU awards that must be retained until termination of employment as noted in the footnotes to the Security Ownership of Directors and Executive Officers table on pages 4 and 5 of this proxy statement.

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 2011 to the NEOs pursuant to the WD-40 Company Performance Incentive Plan approved by the stockholders at the Company's 2008 Annual Meeting of Stockholders is intended to qualify as "performance-based" compensation. In addition, vested shares under PSU awards are intended to qualify as "performance-based" compensation upon the Settlement Date for such awards.

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 Standard 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 and restricted stock awards, based on the grant date "fair value" of these awards. This calculation is performed for accounting purposes and reported in the compensation tables below, even though our executive officers may never realize any value from their awards. ASC Topic 718 also requires companies to recognize the compensation cost of their stock-based compensation awards in their income statements over the period that an executive officer is required to render service in exchange for the option or other award.

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, 2011, and, based upon that review and discussion, recommended to the board that it be so included.

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

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (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, except as described below, 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.

As a result of a clerical filing error, On December 17, 2010, Peter D. Bewley filed a late report on Form 4 to report a grant of Restricted Stock Units on December 14, 2010. On April 21, 2011, Maria Mitchell, Vice President and Corporate Secretary, filed a late report on Form 4 to report the acquisition of shares through a broker dividend reinvestment program on January 31, 2011. On October 26, 2011, Mario L. Crivello filed a late report on Form 5 to report gift transfers on February 10, 2010 and February 9, 2011 pursuant to which he acquired shares owned directly and disposed of shares owned indirectly as trustee.

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 2011, 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, receives bonus 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 under the heading *Performance Incentive Program* on page 18 of this proxy statement. Information regarding the target and maximum potential bonus compensation payable under the Performance Incentive Program for fiscal year 2011 is provided in the Grants of Plan-Based Awards table on page 30 of this proxy statement. The actual payouts under the Performance Incentive Program for fiscal year 2011 and further details regarding the program are provided in the Compensation Discussion and Analysis section of this proxy statement.

The following table shows information for the three fiscal years ended August 31, 2011, August 31, 2010 and August 31, 2009 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 2011 (collectively, the "Named Executive Officers" or "NEOs").

Summary Compensation Table

Name and Principal Position	Year	Salary	Stock Awards[1]	Non-Equity Incentive Plan Compensation[2]	All Other Compensation[3]	Total
Garry O. Ridge	2011	$601,747	$590,144	$ 0	$72,486	$1,264,377
President and Chief	2010	573,092	513,344	550,027	68,573	1,705,036
Executive Officer	2009	573,092	366,000	227,956	56,719	1,223,767
Jay W. Rembolt	2011	$248,822	$147,536	$ 0	$79,266	$ 475,624
Vice President, Finance	2010	222,600	128,336	128,185	73,494	552,615
and Chief Financial Officer	2009	222,600	160,125	53,088	51,393	487,206
Michael J. Irwin	2011	$296,888	$147,536	$ 0	$74,223	$ 518,647
Executive Vice President,	2010	286,848	128,336	165,182	74,874	655,240
Strategic Development	2009	286,848	160,125	55,370	54,468	556,811
Michael L. Freeman	2011	$293,990	$147,536	$ 0	$78,510	$ 520,036
Division President,	2010	279,990	$128,336	154,999	75,509	638,834
the Americas	2009	279,990	160,125	27,906	57,371	525,392
William B. Noble[4]	2011	$319,531	$147,536	$ 19,771	$99,126	$ 585,964
Managing Director Europe	2010	298,469	128,336	171,475	79,424	677,704
WD-40 Company (UK) Ltd.	2009	299,364	160,125	89,809	71,878	621,176

1 Stock Awards for fiscal years 2009, 2010 and 2011 are reported at their grant date fair values. Grant date fair value assumptions and related information is set forth in Note 14, *Stock-based Compensation*, to the Company's financial statements included in the Company's annual report on Form 10-K filed on October 20, 2011. Stock Awards consisting of performance share units ("PSUs") awarded in fiscal years 2010 and 2011 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 measures. For achievement of the highest level of all applicable performance measures for the PSUs, NEOs will receive 150% of the target number of shares. For fiscal year 2011, the total amounts for Stock Awards based on the grant date fair values for all PSU awards based on the maximum number of shares to be received would be as follows: $767,168 for Mr. Ridge and $191,792 for each of the other NEOs. Based on the actual number of vested PSU awards for those awards granted in fiscal year 2010 as described in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*, at page 20 of this proxy statement, the total amounts for Stock Awards for fiscal year 2010 for each of the NEOs would have been as follows: $370,139 for Mr. Ridge and $92,535 for each of the other NEOs.

2 Amounts reported as Non-Equity Incentive Plan Compensation represent incentive bonus 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 2011 are set forth in the Grants of Plan-Based Awards table on page 30 of this proxy statement.

3 All Other Compensation for each of the NEOs includes, among other nominal cost benefits, group medical, dental, vision, wellness and life insurance benefit costs for each NEO other than Mr. Noble and supplemental health insurance costs for Mr. Noble ("welfare benefit costs"), employer profit sharing and matching contributions to the Company's 401(k) Profit Sharing Plan for each NEO other than Mr. Noble and a U.K. retirement benefit for Mr. Noble, 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 2011, the welfare benefit costs for each NEO were as follows: Mr. Ridge — $10,235; Mr. Rembolt — $19,142; Mr. Irwin — $17,142; Mr. Freeman — $18,642; and Mr. Noble — $4,868. For fiscal year 2011, the profit sharing and matching contributions for each of the NEOs other than Mr. Noble were $40,833 and Mr. Noble's retirement cost was $73,388. The vehicle allowance costs for each NEO for fiscal year 2011 were as follows: Mr. Ridge — $20,291; Mr. Rembolt — $18,380; Mr. Irwin — $15,843; Mr. Freeman — $18,230; and Mr. Noble — $20,285.

4 Mr. Noble's Salary, Non-Equity Incentive Plan Compensation and All Other Compensation for each fiscal year have been converted from pounds sterling at average annual exchange rates for the year as follows: for fiscal year 2011 at $1.5981 per pound, for fiscal year 2010 at $1.5674 per pound and for fiscal year 2009 at $1.5721 per pound.

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, directors and consultants. In addition to base salary and the Performance Incentive bonus, for fiscal year 2011 the executive officers were granted restricted stock unit (“RSU”) awards and performance share unit (“PSU”) awards under the Stock Incentive Plan. A description of the RSU and PSU awards is provided in the Compensation Discussion and Analysis section at page 21 of this proxy statement.

Information concerning the grant of RSU and PSU 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 bonuses awarded for fiscal year 2011 as described in the Compensation Discussion and Analysis section under the heading *Performance Incentive Program* on page 18 of this proxy statement. The table provides threshold, target and maximum payout information relating to the Company's fiscal year 2011 Performance Incentive Program.

GRANTS OF PLAN-BASED AWARDS
Fiscal Year 2011

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards[2]			All Other Stock Awards: Number of Shares of Stock or Units[3]	Grant Date Fair Value of Stock and Option Awards[4]
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	(#)	($)
Garry O. Ridge	10/12/10	$1	$300,874	$601,747					
Garry O. Ridge	10/12/10				4,800	9,600	14,400		$354,048
Garry O. Ridge	10/12/10							6,400 RSUs	$236,096
Jay W. Rembolt	10/12/10	$1	$ 74,647	$149,293					
Jay W. Rembolt	10/12/10				1,200	2,400	3,600		$ 88,512
Jay W. Rembolt	10/12/10							1,600 RSUs	$ 59,024
Michael J. Irwin	10/12/10	$1	$ 89,067	$178,133					
Michael J. Irwin	10/12/10				1,200	2,400	3,600		$ 88,512
Michael J. Irwin	10/12/10							1,600 RSUs	$ 59,024
Michael L. Freeman	10/12/10	$1	$141,115	$176,394					
Michael L. Freeman	10/12/10				1,200	2,400	3,600		$ 88,512
Michael L. Freeman	10/12/10							1,600 RSUs	$ 59,024
William B. Noble[5]	10/12/10	$1	$153,374	$191,718					
William B. Noble	10/12/10				1,200	2,400	3,600		$ 88,512
William B. Noble	10/12/10							1,600 RSUs	$ 59,024

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 bonuses payable for fiscal 2011 performance. The Target amount represents that portion of the bonus opportunity for each NEO that is based on attainment of identified performance goals for the first level, and for Mr. Freeman and Mr. Noble, the second level, of the Performance Incentive Program (as more fully discussed in the Compensation Discussion and Analysis section of this proxy statement). The Maximum amount represents the bonus opportunity for each NEO that assumes receipt of the full Target amount by such NEO and attainment by the Company of a level of Global EBITDA sufficient to maximize such payouts under the last level of the Performance Incentive Program formula applicable to all employees.

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 PSU awards as described in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*, at page 20 of this proxy statement.

3 All Other Stock Awards represent RSUs described in the Compensation Discussion and Analysis section under the heading, *Equity Compensation,* at page 20 of this proxy statement.

4 Information relating to the Grant Date Fair Value of Stock Awards is included in footnote 1 to the Summary Compensation Table on page 28 of this proxy statement.

5 The Target and Maximum amounts for Mr. Noble's Estimated Future Payouts Under Non-Equity Incentive Plan Awards have been converted from pounds sterling at an average annual exchange rate for fiscal year 2011 of $1.5981 per pound.

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

OUTSTANDING EQUITY AWARDS
At 2011 Fiscal Year End

	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					14,584	$599,986	19,200	$789,888
	35,000	0	35.99	10/17/16				
	60,000	0	36.03	10/16/17				
Total	**95,000**	**0**			**14,584**	**$599,986**	**19,200**	**$789,888**
Jay W. Rembolt					4,388	$180,522	4,800	$197,472
	1,504	0	20.75	9/25/11				
	5,000	0	27.56	9/24/12				
	5,000	0	29.30	9/23/13				
	5,000	0	27.67	10/19/14				
	5,000	0	27.27	10/18/15				
	5,000	0	35.99	10/17/16				
	6,160	0	36.03	10/16/17				
Total	**32,664**	**0**			**4,388**	**$180,522**	**4,800**	**$197,472**
Michael J. Irwin					4,388	$180,522	4,800	$197,472
Total					**4,388**	**$180,522**	**4,800**	**$197,472**
Michael L. Freeman					4,388	$180,522	4,800	$197,472
	2,000	0	35.99	10/17/16				
	12,700	0	36.03	10/16/17				
Total	**14,700**	**0**			**4,388**	**$180,522**	**4,800**	**$197,472**
William B. Noble					**4,388**	**$180,522**	**4,800**	**$197,472**
	5,000	0	29.30	9/23/13				
	10,000	0	35.99	10/17/16				
	20,000	0	36.03	10/16/17				
Total	**35,000**	**0**			**4,388**	**$180,522**	**4,800**	**$197,472**

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 at fiscal year end was 41.14 per unit, determined by reference to the closing price for the Company's common stock as of August 31, 2011.

3 Represents the target number of shares to be issued with respect to PSU awards granted to the NEOs that were not vested as of the fiscal year end. The target number of shares to be issued with respect to PSU awards equals the number of shares to be issued with respect to the PSU awards upon achievement of the mid-point target level of performance for such PSU awards as described in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*, at page 20 of this proxy statement.

4 The Market Value of the target number of shares to be issued with respect to unvested PSU awards at fiscal year end was $41.14 per share, determined by reference to the closing price for the Company's common stock as of August 31, 2011.

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 upon the vesting of RSU awards in the Company's last fiscal year and the aggregate dollar value realized with respect to such vested RSU awards. No PSU awards were vested during the fiscal year. Information concerning PSU awards granted in December 2009 having a performance measurement period ending as of August 31, 2011 and vesting as of October 11, 2011 is provided in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*, at page 20 of this proxy statement.

OPTION EXERCISES AND STOCK VESTED
Fiscal Year 2011

	Option Awards		Stock Awards	
Name	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	96,000	$1,481,235	8,097	$321,942
Jay W. Rembolt	6,996	$ 144,020	2,277	$ 89,167
Michael J. Irwin	75,600	$ 730,277	3,600	$144,257
Michael L. Freeman	27,380	$ 304,530	3,600	$144,257
William B. Noble	16,200	$ 238,517	3,600	$144,257

[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 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 awards on October 20, 2010. The Number of Shares Acquired on Vesting for each NEO other than Mr. Rembolt also includes RSU awards that vested on March 25, 2011 but will not be settled in shares of the Company's common stock until following termination of the NEO's employment.

[3] The Value Realized on Vesting for shares of the Company's common stock issued on October 20, 2010 is calculated based on the number of vested RSU awards multiplied by the closing price of $39.16 for the Company's common stock as of that date. The Value Realized on Vesting for RSU awards that vested on March 25, 2011 but will not be settled in shares until following termination of employment is calculated based on the closing price of $41.64 for the Company's common stock as of that date. For Mr. Ridge, the portion of the value realized but deferred upon vesting of RSU awards on March 25, 2011 was $81,656 and for each other NEO other than Mr. Rembolt, the value deferred upon vesting of RSU awards on March 25, 2011 was $55,090.

Supplemental Death Benefit Plans and Supplemental Insurance Benefits

The Company maintains Supplemental Death Benefit Plans for the NEOs other than Mr. Noble. The Company maintains an equivalent supplemental life insurance benefit for Mr. Noble. 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 or her death prior to retirement from the Company. All of the NEOs also are eligible to receive life insurance benefits offered to all employees of the Company and, in the case of Mr. Noble, to all employees of the Company's U.K. subsidiary.

The death benefits under the Supplemental Death Benefit Plans are not formally funded but the Company has purchased key man life insurance polices 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 2011 base salaries, the supplemental death benefit to be provided to the NEOs as of the end of fiscal year 2011 would have been as set forth in the following table.

Name	Death Benefit
Garry O. Ridge	$601,747
Jay W. Rembolt	$248,822
Michael J. Irwin	$296,888
Michael L. Freeman	$293,990
William B. Noble	$313,392

Change of Control Severance Agreements

Each executive officer serves at the pleasure 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 bonus compensation, calculated based on the greater of the most recent annual bonus 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 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. 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 2011 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 PSU awards that, as of the end of fiscal year 2011 were not vested.

Name	Severance Pay[1]	Welfare Benefits[2]	Accelerated Vesting of RSUs and PSUs[3]	Total Change of Control Severance Benefits
Garry O. Ridge	$2,303,548	$20,470	$1,389,874	$3,713,892
Jay W. Rembolt	$ 754,014	$38,284	$ 377,994	$1,170,292
Michael J. Irwin	$ 924,140	$34,284	$ 377,994	$1,336,418
Michael L. Freeman	$ 897,978	$37,284	$ 377,994	$1,313,256
William B. Noble	$ 982,010	$ 9,736	$ 377,994	$1,369,740

1 For each NEO, Severance Pay includes 2 times the reported fiscal year 2011 base salary and 2 times the reported fiscal year 2010 Non-Equity Plan Compensation from the Summary Compensation Table above.

2 For each NEO, Welfare Benefits includes an estimate of the Company's cost to provide 2 years of continuation coverage under the Company's welfare and benefit plans.

3 The value included for accelerated vesting of RSU and PSU awards equals the value of the RSU and PSU awards that were not vested at $41.14 for each RSU and PSU based on the closing price for the Company's common stock as of August 31, 2011. PSUs 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 PSUs as described in the Compensation Discussion and Analysis section under the heading, *Equity Compensation*, at page 20 of this proxy statement, in the event of the acceleration of vesting thereof pursuant to the NEOs' Severance Agreements and PSU Award Agreements.

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 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, 2011. 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, 2011, 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, 2012.

The Audit Committee has taken the following steps in making its recommendation that the Company's financial statements be included in its annual report on Form 10-K for the fiscal year ended August 31, 2011:

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 year ended August 31, 2011, 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 fiscal year ended August 31, 2011, those matters required to be discussed by Statement on Auditing Standards No. 61 and PCAOB 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, 2011, and consolidated statements of income, cash flows and stockholders' equity for the fiscal year ended August 31, 2011.
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, 2011.

Based on the reviews and discussions explained above, the Audit Committee recommended to the Board that the Company's financial statements be included in its annual report on Form 10-K for its fiscal year ended August 31, 2011. PricewaterhouseCoopers LLP has been selected to serve as the Company's independent registered public accounting firm for the fiscal year ending August 31, 2012.

Giles H. Bateman (Chairman)
John C. Adams, Jr.
Richard A. Collato

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 2012. 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 Pricewaterhouse-Coopers 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 product 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 $632,200 for the year ended August 31, 2010 and $655,458 for the year ended August 31, 2011.

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 for audit-related services were $5,683 for the year ended August 31, 2010. No such audit-related services were performed by PricewaterhouseCoopers LLP or billed to the Company for the year ended August 31, 2011.

Tax Fees

Tax fees consist of tax compliance, tax advice, or tax planning services provided by PricewaterhouseCoopers LLP to the Company. No such tax services were provided by PricewaterhouseCoopers LLP or billed to the Company for the year ended August 31, 2010. The aggregate fees billed to the Company by PricewaterhouseCoopers LLP for international tax planning services were $8,848 for the year ended August 31, 2011.

All Other Fees

Other fees for services provided by PricewaterhouseCoopers LLP for fiscal years 2010 and 2011 consisted of fees for access provided by PricewaterhouseCoopers LLP to its online research reference materials and fees associated with a risk assessment analysis prepared by PricewaterhouseCoopers LLP on behalf of the Company. The aggregate fees billed to the Company by PricewaterhouseCoopers LLP for other services performed for the Company were $48,400 for the year ended August 31, 2010 and $1,800 for the year ended August 31, 2011.

STOCKHOLDER PROPOSALS

Stockholder proposals must be received by the Company no sooner than May 6, 2012 and not later than July 5, 2012 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 2012 Annual Meeting of Stockholders in accordance with the Company's Bylaws.

By Order of the Board of Directors
Maria M. Mitchell
Secretary

Dated: November 2, 2011

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

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, 2011

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	**95-1797918**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1061 Cudahy Place, San Diego, California	**92110**
(Address of principal executive offices)	**(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 28, 2011 was approximately $644,884,759.

As of October 14, 2011, there were 15,962,746 shares of the registrant's common stock outstanding.

Documents Incorporated by Reference:

The Proxy Statement for the annual meeting of stockholders on December 13, 2011 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, 2011

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PART I

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 are subject to certain risks and uncertainties. The words "aim," "believe," "expect," "anticipate," "intend," "estimate" and other expressions that indicate future events and trends identify forward-looking statements. These statements include, but are not limited to, references to the near-term growth expectations for multi-purpose maintenance products and homecare and cleaning products, the impact of changes in product distribution, competition for shelf space, the impact of competition on product pricing, the level of promotional and advertising spending, plans for and success of product innovation, the impact of new product introductions on the growth of sales, the impact of customer mix and costs of raw materials, components and finished goods costs on gross margins, the impact of promotional programs on sales, the rate of sales growth in the Asia-Pacific segment, direct European countries and Eastern and Northern Europe, foreign currency exchange rates and fluctuations in those rates, the impact of changes in inventory management, the effect of future income tax provisions and audit outcomes on tax rates, and the effects of, and changes in, worldwide economic conditions and legal proceedings and other risk factors 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 percents in tables and discussions may not total due to rounding.

Item 1. Business

Overview

WD-40 Company is a global consumer products company dedicated to delivering unique, high value and easy-to-use solutions for a wide variety of maintenance needs of "doer" and "on-the-job" users by leveraging and building the brand fortress of the Company. The Company was founded in 1953 and its headquarters are located in San Diego, California. For more than four decades, the Company sold only one product, WD-40®, a multi-purpose maintenance product which acts as a lubricant, rust preventative, penetrant, cleaner and moisture displacer. Over the years, the Company has further developed the WD-40 brand and acquired several brands worldwide, many of which have been homecare and cleaning product brands, in order to build a fortress of brands that deliver a unique high value to end users. In addition, some of these brand acquisitions have provided the Company with access to existing distribution channels for other of its existing brands and have also provided the Company with economies of scale in areas such as sales, manufacturing and administration. The Company's acquisitions include the following:

- 3-IN-ONE® brand of general purpose and specialty maintenance products in fiscal year 1996;
- Lava® brand of heavy-duty hand cleaners in fiscal year 1999;
- 2000 Flushes® automatic toilet bowl cleaners, X-14® automatic toilet bowl cleaners and Carpet Fresh® rug and room deodorizers, all of which were associated with the Global Household Brands acquisition, and Solvol® brand of heavy-duty hand cleaners in Australia in fiscal year 2001;
- Spot Shot® brand, whose primary product was a carpet stain remover; in fiscal year 2002; and
- 1001® line of carpet and household cleaners in the United Kingdom ("U.K.") in fiscal year 2004.

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 it intends to continue to work on future product, packaging 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 team, Team Tomorrow, supports new product development and current product improvement for the Company's brands. Since its inception in fiscal year 2003, Team Tomorrow has made an innovation impact on most of the Company's fortress of brands. Key innovations for the Company's products include, but are not limited to, WD-40 Smart Straw®, WD-40 Trigger Pro®, 3-IN-ONE Professional Garage Door Lube™, Spot Shot Pet Clean™ which is a non-aerosol Spot Shot trigger product, and a mildew stain remover under the X-14 brand. In addition, the Company launched Blue Works®, a new brand of multi-purpose maintenance products targeted at the industrial channel, during fiscal year 2010 and developed a new WD-40 Specialist™ line of products, which consist of certain specialty maintenance products aimed at current users of the WD-40 brand, during fiscal year 2011. The Company started to launch the first three products in the WD-40 Specialist line in the U.S. during September 2011.

The Company's core strategic initiatives and the areas where it will continue to focus its time and resources in future periods include: (i) expanding geographically in countries where end users could benefit from or continue to benefit from using the WD-40 brand; (ii) maximizing its position in the multi-purpose maintenance products segment by focusing its research and development resources to leverage its multi-purpose maintenance products and adjacent categories; (iii) developing its business through acquisitions, joint ventures, licensing and/or other strategic partnerships; and (iv) leveraging the trust the WD-40 brand has established with its wide user base to grow the Company's revenues and profits.

The Company's brands are sold in various locations around the world. Multi-purpose maintenance products are sold worldwide in markets throughout North, Central and South America, Asia, Australia and the Pacific Rim, Europe, the Middle East and Africa. Homecare and cleaning products are sold primarily in North America, the U.K., Australia and the Pacific Rim.

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 segments: the Americas, Europe and Asia-Pacific.

The Company's management reviews product performance on the basis of sales, which comes from its two product lines – multi-purpose maintenance products and homecare and cleaning products. The Company sells its products primarily through mass retail and home center stores, warehouse club stores, grocery stores, hardware stores, automotive parts outlets and industrial distributors and suppliers. The financial information required by this item is included in Note 16 – 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

Multi-Purpose Maintenance Products

The WD-40 brand 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 and industrial distributors and suppliers. WD-40 products are sold worldwide in markets such as North, Central and South America, Asia, Australia and the Pacific Rim, Europe, the Middle East and Africa. WD-40 products have 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.

The 3-IN-ONE brand consists of multi-purpose drip oil and spray lubricant products, as well as other specialty maintenance products. The drip oil is an entry-level lubricant with unique spout options that allow precise applications for 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, construction and jewelry manufacturing. 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, great value multi-purpose 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.

The Blue Works brand consists of a line of industrial grade, specialty maintenance products that include lubricants, penetrants, degreasers and cleaners designed specifically for the needs of industrial users. Blue Works products were launched in the U.S. during the second quarter of fiscal year 2010 and in selected markets in Europe in early fiscal year 2011 and are currently sold through the industrial channel. This industrial channel represents a smaller market and experiences slower growth with different sales cycles than do other distribution channels where the Company currently sells its products.

WD-40 Specialist consists of a line of best-in-class performing specialty problem solving products that include penetrants, water resistant silicone sprays, corrosion inhibitors and rust removers that are aimed at the current users of the WD-40 brand. The Company started to launch the first three products in the WD-40 Specialist line in the U.S. during September 2011 using the same established distribution channels where the Company currently sells its existing products.

Homecare and Cleaning Products

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 two types of automatic toilet bowl cleaners. X-14 is sold primarily in the U.S. through grocery and mass retail channels.

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.

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

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, 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.

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 to introduce the Company's other homecare and cleaning product formulations under the 1001 brand in order to expand the Company's homecare and cleaning products business into the U.K. market.

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. Lava is sold primarily in the U.S., while Solvol is sold exclusively in Australia.

Financial information about operating segments and product lines is included in Note 16 – 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, it gains or loses store count for a customer or 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 sole suppliers, for certain of its raw materials, packaging, product components and other necessary supplies. The Company's primary components and raw materials include aerosol cans and petroleum-based products, 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. The Company's product development team, Team Tomorrow, engages in consumer research, product development, current product improvement and testing activities, and also leverages its development capabilities by partnering with a network of outside resources including the Company's current and prospective outsource suppliers. The Company incurred research and development expenses of $5.5 million, $5.3 million and $4.8 million in fiscal years 2011, 2010 and 2009, 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 United States, Canada, Brazil, Argentina, the U.K., Australia, 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. In addition, the Company has expanded its manufacturer sourcing outside of its traditional contract manufacturing and distribution model in order to support certain product introductions.

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 initiatives and/or supply chain initiatives.

Significant Customer

Wal-Mart Stores, Inc. is a significant U.S. and global mass retail customer and offers a variety of the Company's products. Sales to U.S. Wal-Mart stores and its affiliates worldwide accounted for approximately 7 percent, 9 percent and 10 percent of the Company's consolidated net sales in fiscal years 2011, 2010 and 2009, respectively. Accounts receivable from Wal-Mart stores and its affiliates worldwide accounted for 6 percent and 9 percent of the Company's consolidated accounts receivable balances at August 31, 2011 and 2010, respectively.

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 substantial advertising and promotional support and activities. When or if a new product achieves consumer acceptance, ongoing advertising and promotional support may be required to maintain its relative market position.

Trademarks and Patents

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

Employees

At August 31, 2011, the Company employed 334 people worldwide: 146 by the United States parent corporation (including 6 of whom are based in the Malaysia regional office); 9 by the Canada subsidiary; 126 by the U.K. subsidiary (including 59 in the U.K., 20 in Germany, 23 in France, 16 in Spain and 8 in Italy); 13 by the Australia subsidiary; 38 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 and total assets by reportable segment and long-lived assets by geography, refer to Note 16 – 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 core strategic initiatives or if the Company's core strategic initiatives do not achieve the intended results.

There is no assurance that the Company will be able to implement and successfully manage its core strategic initiatives, including its four major strategic initiatives, or that the core strategic initiatives will achieve the intended results, which include sales volume growth. The Company's four major strategic initiatives include: (i) expanding geographically in countries where end users could benefit from or continue to benefit from using the WD-40 brand; (ii) maximizing its position in the multi-purpose maintenance products line by focusing its research and development resources to leverage its multi-purpose maintenance products and adjacent categories; (iii) developing its business through acquisitions, joint ventures licensing and/or other strategic partnerships; and (iv) leveraging the trust the WD-40 brand has established with its wide user base to grow the Company's revenues and profits. If the Company is unable to implement and successfully manage its core 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 implementation of its core strategic initiatives will necessarily advance its business or financial results as intended.

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. Also, if the Company makes significant changes to the infrastructure that it has in place to manage activities with these third-party contract manufacturers, logistic providers or suppliers and it experiences difficulties with implementing or managing such changes, the Company's business may be disrupted. Any such disruptions could have an adverse effect on the Company's business, financial condition and results of operations. 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.

Cost increases in finished goods, components, raw materials, transportation and other necessary supplies or services could harm 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 products and aerosol cans, which constitute a significant portion of the costs for many of the Company's products, have experienced significant price volatility in the past, and may continue to do so in the future. Fluctuations in oil and diesel fuel prices have also impacted the Company's cost of transporting its products. 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. Specifically, aerosol can prices are exposed to fluctuations resulting from changes in the cost of tinplate used to manufacture such cans. In the event there is significant volatility in the Company's cost of goods or increases in raw material and/or component costs or the costs of transportation and other necessary supplies or services, the Company may not be able to maintain its gross margins if it chooses not to raise its product sales prices. Should the Company choose to increase product sales prices to offset cost increases, such increases may adversely affect demand and unit sales. 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 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 business or consumer spending or confidence could delay or significantly decrease purchases of the Company's products by its customers, including mass retail and home center stores, warehouse club stores, grocery stores, hardware stores, automotive parts outlets and industrial distributors and suppliers. Consumer purchases of discretionary items, which could include the Company's multi-purpose 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. In addition, during unfavorable or uncertain economic times, consumers may 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.

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 or other changes which may affect the principal markets in which the Company conducts its business. If economic or market conditions in the United States or other key global markets deteriorate, the Company may experience material adverse effects on its business, financial condition and results of operations. For example, particularly in fiscal year 2009, consumer and business confidence and spending deteriorated significantly as the economy entered a recession. In addition, there were significant global economic events which occurred in late fiscal year 2011 and early fiscal year 2012, including the downgrading of the United States long-term debt by Standard and Poor's as well as the credit ratings of certain large banks in the United States and the European debt crisis, all of which could trigger a financial crisis and send the economy into a downturn or back into a recession. As a result of these recent events and the general lack of consumer confidence and decreased spending, there is significant instability in the global economy and it is uncertain what the state of the global economy will be in the near-term and what impacts it will have on the Company's 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.

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

The Company faces significant competition from other consumer products companies, both in the U.S. and in international markets. Many of the Company's products, particularly its homecare and cleaning products, compete with other widely advertised brands within each product category and with "private label" brands and "generic" non-branded products of the Company's customers in certain categories, which are typically sold at lower prices. The Company also encounters competition from similar and alternative products, many of which are produced and marketed by major national or multinational companies.

The Company's products generally compete on the basis of product performance, brand recognition, price, quality or other benefits to consumers. 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 promotion and trade merchandising. 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 Company's competitors 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. In addition, the Company's competitors may attempt to gain market share by offering products at sales prices at or below those typically offered by 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 or a loss of market share, either 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 will not have a material adverse effect on its business, 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 60% of consolidated net sales in fiscal year 2011 and one of its strategic initiatives includes expanding its operations globally. The Company 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 international markets, including Latin America, the Middle East, parts of Asia, Eastern Europe and Russia;
- 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 the conduct of business in foreign jurisdictions; 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.

The Company is also exposed to foreign currency exchange rate risk with respect to its sales, expenses, profits, assets and liabilities denominated in currencies other than the U.S. dollar. Although the Company uses instruments to hedge certain foreign currency risks, primarily those associated with its U.K. subsidiary, 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.

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.

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

The manufacturing, 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 extensive federal, state and foreign laws and regulations. If the Company is not successful in complying with all such regulations or changes to existing regulations, it could be fined and this could adversely affect the Company's financial condition and results of operations. It is also possible that governments will increase regulation of the transportation, storage or use of certain chemicals, to enhance homeland security or protect the environment and such 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. 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 in response to any such regulatory requirements could have a material adverse effect on the Company's business, financial condition and results of operations.

In previous years, the California Air Resources Board ("CARB"), one of the most influential state environmental agencies in the United States, has released regulations that have required the Company to reformulate certain of its multi-purpose maintenance products. During 2008, CARB approved regulatory amendments to establish lower limits for Volatile Organic Compounds ("VOCs") in certain regulated consumer products, including multi-purpose lubricants and penetrants and aerosol spot stain removers, which will require reductions in the levels of VOCs in each product category by dates specified in the amended regulations. For multi-purpose lubricants and penetrants, the regulations require a reduction in VOC levels by December 31, 2013 from the current level of 50% by weight to 25% for most subcategories. These subcategories and the VOC levels required for each are as follows: anti-seize lubricant – 40%; cutting and tapping oil – 25%; gear, chain and wire lubricant – 25%; rust prevention and control lubricant – 25%. Under the current regulations, a further reduction of VOC levels for multi-purpose lubricants and penetrants to 10% will be required by December 31, 2015. For aerosol spot stain removers, the regulations require a reduction in VOC levels from the current standard of 18% by weight to 15%

by December 31, 2012. The Company is required to reformulate certain of its multi-purpose maintenance products and its Spot Shot brand aerosol spot stain remover in order to comply with these lower limits on VOC content. Although the Company will make every effort to reformulate its products to meet these requirements, there can be no assurance that this reformulation can be accomplished at a commercially reasonable cost or without having an adverse impact on product performance. The inability of the Company to successfully reformulate its products to comply with these regulatory amendments could have a material adverse effect on the Company's business, financial condition and results of operations.

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 govern actions that may have adverse environmental effects and also require compliance with certain practices when handling and disposing of hazardous wastes. 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.

Sales 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 core strategic initiatives, which include among other things, geographic expansion and business development through acquisitions, joint ventures, licensing and/or other strategic partnerships, (ii) drive growth within its existing markets through innovation, renovation and enhanced merchandising and marketing of its established brands, (iii) introduce its products to new users and (iv) capture market share from its competitors. 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. 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 successfully penetrating new and developing markets globally, the Company may not achieve its sales volume growth objectives.

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

A limited number of customers, which include mass retail customers, account for a large percentage of the Company's net sales. The Company expects that a significant portion of its revenues will continue to be derived from this limited number of customers. 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 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, which could result in the Company not being first to market, the failure of new products and line extensions to achieve anticipated levels of market acceptance and the cost of failed product introductions. As the Company continues to focus on innovation and renovation, 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.

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, packaging errors and incorrect ingredients in the Company's product. 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.

Goodwill and intangible assets are subject to impairment risk.

In accordance with the authoritative guidance on goodwill, intangibles and other, the Company assesses the potential impairment of its existing indefinite-lived intangible assets and goodwill during the second fiscal quarter of each fiscal year and otherwise when there is evidence that 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 and/or its 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 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 would negatively impact the Company's financial condition and results of operations. Although the Company has recorded significant impairments to certain of its indefinite-lived intangible assets in prior fiscal years, no such impairments have been identified or recorded to date associated with its goodwill or definite-lived intangible assets. As of August 31, 2011, the Company only held goodwill and definite-lived intangible assets as its remaining indefinite-lived intangible assets, which include the Spot Shot, 2000 Flushes and 1001 trade names, were reclassified to definite-lived intangible assets effective February 28, 2011. See Note 6 – Goodwill and Other Intangible Assets included in Item 15 of this report and Critical Accounting Policies included in Item 7 of this report for additional details.

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 core strategic initiatives, then the Company's actual performance could vary materially from its internal and market expectations. 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, including the following:

- Significant increases in the costs of finished goods, components, raw materials and/or transportation;
- The impact of general economic and market conditions in the U.S. and in other countries in which the Company currently does business;
- Changes in product sales prices by the Company or its competitors and consumer and customer reactions to such sales price changes;
- The introduction of new products and line extensions by the Company or its competitors;
- The mix of products sold with varying profitability in a given period;
- The mix of products sold within different channels and countries with varying profitability in a given period;
- The Company's ability to control internal costs;
- The effectiveness of the Company's advertising, marketing and promotional programs;
- The availability and cost of debt financing;
- The ability of the Company to execute its core strategic initiatives and to maintain and enhance profits in the face of a consolidating retail environment;

- The ability of the Company to achieve its business plans, including sales volume growth and sales pricing plans, as a result of high levels of competitive activity;

- The ability of the Company to maintain key customer relationships;

- The ability of the Company to maintain key supplier, third-party contract manufacturer and logistics provider relationships;

- The ability of the Company to generate expected cost savings and efficiencies;

- The ability of the Company to maintain the value of its brands;

- The ability of major customers and other debtors to meet their obligations as they come due;

- The failure of parties contracting with the Company to perform their obligations and the loss of or inability to renew contracts of importance to the Company's performance;

- The Company's reliance on brokers for the grocery and industrial channels;

- The ability to successfully manage regulatory, tax and legal matters, including resolution of pending matters within current estimates;

- The substantial costs associated with regulatory compliance, including those associated with governmental and environmental laws and regulations;

- The ability of the Company to attract and retain qualified personnel;

- The expenses associated with the potential impairment of the Company's goodwill, trade names and other intangible assets and the potential impairment or obsolescence of its property and equipment;

- The ability to maintain the overall safety and quality of new and existing products;

- The ability of the Company to penetrate and grow domestic and international markets and distribution channels;

- The ability of the Company to manage the impact of foreign currency exchange rate fluctuations in the countries in which it does business;

- The impact of foreign import and export restrictions or other trade regulations;

- Changes to cash flow resulting from the Company's operating results, tax payments, tax settlements, debt repayments, dividend payments and share repurchases;

- The ability of the Company to manage inventory at appropriate levels, including decisions regarding obsolescence;

- Changes in accounting policies and accounting standards;

- The impact of any litigation or product liability claims; and

- Fluctuations in federal, state, local and foreign taxes.

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 and the financial condition of the Company are likely to be adversely affected.

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 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 13 – Income Taxes of the consolidated financial statements, included in Item 15 of this report.

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 United States 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 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.

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, patent and copyright laws to protect its intellectual property rights. The Company cannot be sure that these intellectual property rights will be maximized or that they can be successfully asserted. 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. 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 United States, 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 perfect or successfully assert its intellectual property rights or to protect its other proprietary information could make the Company less competitive and 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, trade secret, 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.

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

Historically, the Company's acquisitions have been funded to a large extent by debt. In order to service the debt, the Company is required to use its income from operations to make interest and principal payments required by the terms of the loan agreements. In addition, the Company's loan agreements typically include 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 October 2010, the Board of Directors declared an 8% increase in the regular quarterly cash dividend, increasing it from $0.25 per share to $0.27 per share.

The Company may incur substantial debt in the future for acquisitions or other 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.

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. 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 were determined to be defective, the Company could be required to recall the product, which could result in adverse publicity 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.

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 in 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.

The Company may experience difficulties with or malfunctions of the critical information systems that it uses for the daily operations of its business and this could adversely affect the Company's business, financial condition and results of operations.

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. 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. 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.

In addition, 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.

Compliance with changing regulations and standards for accounting, corporate governance and public disclosure may result in additional expenses and this could negatively impact the Company's business, financial condition and results of operations.

Changing laws, regulations and standards relating to accounting and financial reporting, corporate governance and public disclosure, including new SEC regulations, new NASDAQ Stock Market rules, new accounting requirements, including any that result from the joint convergence projects of the Financial Accounting Standards Board and the International Accounting Standards Board, and the expected future requirement to transition to international financial reporting standards may create uncertainty and additional burdens and complexities for the Company. To maintain high standards of accounting and financial reporting, corporate governance and public disclosure, the Company intends to invest all reasonably necessary resources to comply with all such evolving standards and requirements. These investments may result in increased general and administrative expenses and a diversion of management time and attention from strategic revenue generating and cost management activities, either of which could negatively impact the Company's business, financial condition and results of operations.

The operations of the Company and its third-party contract manufacturers and suppliers of raw materials and components are subject to disruption by events beyond the Company's control.

Operations of the Company and the operations of its third-party contract manufacturers and suppliers of raw materials and components are subject to disruption for a variety of reasons, including work stoppages, acts of war, terrorism, pandemics, fire, earthquakes, hurricanes, flooding or other natural disasters. If a major disruption were to occur, it could result in harm to people or the natural environment, temporary loss of access to critical data, delays in shipments of products to customers, supply chain disruptions, increased costs for finished goods, components and/or raw materials or suspension of operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations. Although the Company has certain business continuity plans in place to respond to such events, there is no assurance that such plans are adequate or would be successfully implemented.

The Company's continued growth and expansion could adversely affect its internal control over financial reporting which could harm its business and financial condition.

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting per the Sarbanes-Oxley Act of 2002. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting standards generally accepted in the United States. Internal control over financial reporting includes maintaining records in reasonable detail such that they accurately and fairly reflect the Company's transactions, providing reasonable assurance that receipts and expenditures are made in accordance with management's authorization, policies and procedures and providing reasonable assurance that the unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements would be prevented or detected in a timely manner. The Company's continued growth and expansion, particularly in global markets, will place additional pressure and risk on the Company's system of internal control over financial reporting. Any failure by the Company to maintain an effective system of internal control over financial reporting associated with such growth and expansion could limit the Company's ability to report its financial results accurately and on a timely basis or to detect and prevent fraud.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

Americas

The Company owns and occupies an office and plant facility, consisting of office, plant and storage space, which is located at 1061 Cudahy Place, San Diego, California 92110. The Company also leases additional office and storage space in San Diego. The Company leases a regional sales office in Miami, Florida, a research and development office in Springfield, New Jersey and office space in Toronto, Ontario, Canada. In addition, the Company owns a warehouse facility in Memphis, Tennessee which was in escrow with a third party as of August 31, 2011.

Europe

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

Asia-Pacific

The Company leases office space in Epping, New South Wales, Australia and Shanghai, China. The Company also leases office space for a regional office in Kuala Lumpur, Malaysia.

Item 3. Legal Proceedings

The Company is party to various claims, legal actions and complaints, including product liability litigation, arising in the ordinary course of business.

On October 3, 2010, a legal action was filed against the Company in the United States Federal Court for the Eastern District of Texas (*Promote Innovation, LLC v. WD-40 Company*). The complaint was a *qui tam* action brought by the plaintiff on behalf of the United States of America for alleged violation of Section 292 of the Patent Act (Title 35 U.S. Code, Section 292) for false patent marking. The complaint alleged that the Company included reference to an expired patent on certain product packaging, specifically including 2000 Flushes brand products, with an intent to deceive the public. The complaint sought to recover a civil monetary fine of $500 per false marking offense, or an alternative amount determined by the court, one-half of which was to be paid to the United States. On June 6, 2011, Promote Innovation, LLC voluntarily dismissed its false patent marking claim against the Company, without prejudice.

Item 4. Removed and Reserved

Executive Officers of the Registrant

The following table sets forth the names, ages, year elected to current position and current titles of the executive officers of the Company as of August 31, 2011:

Name, Age and Year Elected to Current Position			Title
Garry O. Ridge	55	1997	President and Chief Executive Officer
Jay W. Rembolt	60	2008	Vice President, Finance and Chief Financial Officer
Michael J. Irwin	48	2008	Executive Vice President, Strategic Development
Graham P. Milner	57	2002	Executive Vice President, Global Development and Chief Branding Officer
Michael L. Freeman	58	2002	Division President, The Americas
Geoffrey J. Holdsworth	49	1996	Managing Director, Asia Pacific
William B. Noble	53	1996	Managing Director, WD-40 Company Ltd. (U.K.)

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. Irwin joined the Company in 1995 as Director of U.S. Marketing, and he was subsequently promoted to Director of Marketing, The Americas. He was named Vice President, Marketing, The Americas in 1998, Senior

Vice President, Chief Financial Officer and Treasurer in 2001 and Executive Vice President in 2002. In 2008, he was appointed to his current position of Executive Vice President, Strategic Development.

Mr. Milner joined the Company in 1992 as International Director. He was named Vice President, Sales and Marketing, The Americas, in 1997 and Senior Vice President, The Americas, in 1998. He was then appointed to his current position of Executive Vice President, Global Development and Chief Branding Officer in 2002.

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 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, WD-40 Company Ltd. (U.K.) 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 2011			Fiscal Year 2010		
	High	Low	Dividend	High	Low	Dividend
First Quarter	$ 41.45	$ 35.09	$ 0.27	$ 34.55	$ 26.23	$ 0.25
Second Quarter	$ 41.77	$ 36.72	$ 0.27	$ 34.53	$ 29.30	$ 0.25
Third Quarter	$ 43.90	$ 39.26	$ 0.27	$ 36.65	$ 31.13	$ 0.25
Fourth Quarter	$ 47.97	$ 38.00	$ 0.27	$ 37.50	$ 30.11	$ 0.25

On October 14, 2011, the last reported sales price of the Company's common stock on the NASDAQ Global Select Market was $44.55 per share, and there were 15,962,746 shares of common stock outstanding held by approximately 1,011 holders of record.

Dividends

The Company has historically paid regular quarterly cash dividends on its common stock. On October 7, 2011, the Company's Board of Directors declared a cash dividend of $0.27 per share payable on October 31, 2011 to shareholders of record on October 18, 2011.

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 December 14, 2010, the Company's Board of Directors approved a share buy-back plan, which was to be in effect through December 13, 2011, and authorized the Company to acquire up to $25.0 million of its outstanding shares. On April 4, 2011, the Company's Board of Directors approved an increase to this existing $25.0 million share buy-back plan to authorize the Company to acquire an additional $35.0 million of its outstanding shares and to extend the expiration date of the plan to April 4, 2013. As a result, the Company is authorized to acquire shares of its common stock in the aggregate amount of $60.0 million, less the amount utilized to date. Under the plan, the Company is authorized to acquire its outstanding shares on such terms and conditions as may be acceptable to the Company's Chief Executive Officer or Chief Financial Officer and subject to lender approval from Prudential Capital and in compliance with all laws and regulations applicable thereto. During the period from December 14, 2010 through August 31, 2011, the Company repurchased 1,017,457 shares at a total cost of $41.4 million.

The following table provides information with respect to all purchases made by the Company during the three months ended August 31, 2011. All purchases listed below were made in the open market at prevailing market prices. Purchase transactions between June 1, 2011 and July 8, 2011 and after August 21, 2011 were executed pursuant to a trading plan adopted by the Company pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
June 1 – June 30	166,381	$ 40.18	166,381	$ 32,009,031
July 1 – July 31	103,591	$ 43.79	103,591	$ 27,470,606
August 1 – August 31	216,508	$ 40.95	216,508	$ 18,601,135
Total	486,480	$ 41.29	486,480	

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,				
	2011	2010	2009	2008	2007
Net sales	$ 336,409	$ 321,516	$ 292,002	$ 317,118	$ 307,816
Cost of products sold	168,297	156,210	147,469	168,848	158,954
Gross profit	168,112	165,306	144,533	148,270	148,862
Operating expenses	113,980	110,108	104,688	105,574	99,846
Income from operations	54,132	55,198	39,845	42,696	49,016
Interest and other expense, net	(601)	(1,641)	(1,521)	(697)	(1,841)
Income before income taxes	53,531	53,557	38,324	41,999	47,175
Provision for income taxes	17,098	17,462	12,037	14,377	15,641
Net income	$ 36,433	$ 36,095	$ 26,287	$ 27,622	$ 31,534
Earnings per common share:					
Basic	$ 2.16	$ 2.17	$ 1.59	$ 1.66	$ 1.85
Diluted	$ 2.14	$ 2.15	$ 1.58	$ 1.64	$ 1.83
Dividends per share	$ 1.08	$ 1.00	$ 1.00	$ 1.00	$ 0.97
Total assets	$ 279,777	$ 289,108	$ 262,617	$ 270,673	$ 283,186
Long-term obligations (1)	$ 24,321	$ 32,764	$ 41,456	$ 52,118	$ 61,057

(1) Long-term obligations include long-term debt, long-term deferred tax liabilities, net and deferred 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, 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, based in San Diego, California, is a global consumer products company dedicated to delivering unique, high value and easy-to-use solutions for a wide variety of maintenance needs of "doer" and "on-the-job" users by leveraging and building the brand fortress of the Company. We market multi-purpose maintenance products, WD-40® multi-use product and, 3-IN-ONE® Oil, BLUE WORKS® and WD-40 Specialist™ product lines. WD-40 Specialist is the newest of these product brands and we launched the first three products in this line in the U.S. during September 2011. We also market the following homecare and cleaning brands: X-14® mildew stain remover and automatic toilet bowl cleaners, 2000 Flushes® automatic toilet bowl cleaners, Carpet Fresh® and No Vac® rug and room deodorizers, Spot Shot® aerosol and liquid carpet stain removers, 1001® household cleaners and rug and room deodorizers and Lava® and Solvol® heavy-duty hand cleaners.

Our brands are sold in various locations around the world. Multi-purpose maintenance products are sold worldwide in markets throughout North, Central and South America, Asia, Australia and the Pacific Rim, Europe, the Middle East and Africa. Homecare and cleaning products are sold primarily in North America, the U.K., Australia and the Pacific Rim. We sell our products primarily through mass retail and home center stores, warehouse club stores, grocery stores, hardware stores, automotive parts outlets and industrial distributors and suppliers.

Highlights

The following summarizes the financial and operational highlights for our business during the fiscal year ended August 31, 2011:

- *Consolidated net sales increased $14.9 million, or 5%, for fiscal year 2011 compared to the prior fiscal year. Changes in foreign currency exchange rates had a favorable impact of $5.6 million on consolidated net sales for fiscal year 2011. Thus, on a constant currency basis, sales would have increased by $9.3 million, or 3%, for fiscal year 2011 compared to the prior fiscal year.*
    - *Multi-purpose maintenance products sales, which include WD-40, 3-IN-ONE and BLUE WORKS were $278.8 million, up 8% from the prior fiscal year.*

    - *Homecare and cleaning products sales, which include all other brands, were $57.6 million, down 9% from the prior fiscal year.*

- *Americas segment sales were $169.9 million, down 6% compared to the prior fiscal year. Europe segment sales were $125.4 million, up 14% compared to the prior fiscal year. Asia-Pacific segment sales were $41.1 million, up 31% compared to the prior fiscal year.*

- *Consolidated net income increased $0.3 million, or 1%, for fiscal year 2011 compared to the prior fiscal year. Changes in foreign currency exchange rates had a favorable impact of $0.8 million on consolidated net income for fiscal year 2011. Thus, on a constant currency basis, net income would have decreased by $0.5 million, or 1%, for fiscal year 2011 compared to the prior fiscal year.*

- *Gross profit as a percentage of net sales decreased to 50.0% for fiscal year 2011 compared to 51.4% for the prior fiscal year.*

- *Diluted earnings per common share for fiscal year 2011 were $2.14 versus $2.15 in the prior fiscal year period.*

- *Geographic expansion continues to be a major contributor to our sales growth. Total net sales outside the U.S. were up 17% for fiscal year 2011 compared to the prior fiscal year.*

- *Progress continues to be made on the development and launch of new multi-purpose maintenance products. Blue Works has been launched in the U.S. and select markets in Europe over the last year and a half. In addition, the first three products in the WD-40 Specialist line were launched in the U.S. during September 2011.*

- *Share repurchases have been successfully executed under our $60.0 million approved share buy-back plan and totaled $41.4 million during fiscal year 2011.*

- *A new $75.0 million credit facility was executed on June 17, 2011, significantly increasing available cash funds to the Company under such facilities.*

Our core strategic initiatives and the areas where we will continue to focus our time and resources in future periods include: (i) expanding geographically in countries where end users could benefit from or continue to benefit from using the WD-40 brand; (ii) maximizing our position in the multi-purpose maintenance products segment by focusing our research and development resources to leverage our multi-purpose maintenance products and adjacent categories; (iii) developing our business through acquisitions, joint ventures, licensing and/or other strategic partnerships; and (iv) leveraging the trust the WD-40 brand has established with its wide user base to grow our revenues and profits.

Results of Operations

Fiscal Year Ended August 31, 2011 Compared to Fiscal Year Ended August 31, 2010

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	
	2011	2010	Dollars	Percent
Net sales:				
Multi-purpose maintenance products	$ 278,763	$ 258,095	$ 20,668	8%
Homecare and cleaning products	57,646	63,421	(5,775)	(9)%
Total net sales	336,409	321,516	14,893	5%
Cost of products sold	168,297	156,210	12,087	8%
Gross profit	168,112	165,306	2,806	2%
Operating expenses	113,980	110,108	3,872	4%
Income from operations	$ 54,132	$ 55,198	$ (1,066)	(2)%
Net income	$ 36,433	$ 36,095	$ 338	1%
Earnings per common share – diluted	$ 2.14	$ 2.15	$ (0.01)	0%

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	
	2011	2010	Dollars	Percent
Americas	$ 169,881	$ 179,867	$ (9,986)	(6)%
Europe	125,400	110,367	15,033	14%
Asia-Pacific	41,128	31,282	9,846	31%
	$ 336,409	$ 321,516	$ 14,893	5%

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	
	2011	2010	Dollars	Percent
Multi-purpose maintenance products	$ 127,507	$ 129,834	$ (2,327)	(2)%
Homecare and cleaning products	42,374	50,033	(7,659)	(15)%
	$ 169,881	$ 179,867	$ (9,986)	(6)%
% of consolidated net sales	**51%**	**56%**		

Sales in the Americas segment, which includes the U.S., Canada and Latin America, decreased to $169.9 million, down $10.0 million, or 6%, for the fiscal year ended August 31, 2011 compared to the prior fiscal year. Changes in foreign currency exchange rates did not have a material impact on sales for the fiscal year ended August 31, 2011 compared to the prior fiscal year.

Sales of multi-purpose maintenance products in the Americas segment decreased $2.3 million, or 2%, for the fiscal year ended August 31, 2011 compared to the prior fiscal year. This sales decrease was primarily driven by lower sales of WD-40 products in the U.S., which were down 6% for the fiscal year ended August 31, 2011 compared to the prior fiscal year primarily due to reduced product offerings and lost promotional opportunities with certain of our key customers. These decreased sales of WD-40 products in the U.S. were partially offset by higher sales of these same products in Latin America and in Canada, which were both up by 14% primarily due to new distribution, a higher level of replenishment orders and increased promotional activities from period to period.

Sales of homecare and cleaning products in the Americas segment decreased $7.7 million, or 15%, for the fiscal year ended August 31, 2011 compared to the prior fiscal year. Although we remain focused on stabilizing the sales of our homecare and cleaning products, sales of these products continue to be negatively impacted by competition, category declines, lost distribution and reduced product offerings. In addition, sales of such products have been negatively impacted by the volatility of orders from and the level of promotional programs with certain customers, particularly those in the warehouse club and mass retail channels. Sales of homecare and cleaning products in the U.S., which is where the majority of such sales originate, decreased 18% from period to period. This sales decrease was driven primarily by lower sales of Spot Shot products, which were down 27% in the U.S. for the fiscal year ended August 31, 2011 compared to the prior fiscal year. This decrease in Spot Shot sales was due to several factors, including reduced promotional opportunities with our customers, specifically those within the warehouse club channel, category declines, lost distribution and the effect of competitive factors. Sales of our automatic toilet bowl cleaners in the Americas segment also decreased $1.3 million, or 8%, from period to period due to competitive factors, category declines and lost distribution. Also contributing to the overall decline in sales of the homecare and cleaning products in the Americas segment was a decrease in the sales of our Carpet Fresh and X-14 brands, which totaled $1.1 million, or 14%, and was primarily due to a lower level of product offerings carried by certain of our customers and the effect of competitive factors.

For the Americas segment, 79% of sales came from the U.S. and 21% of sales came from Canada and Latin America combined for the fiscal year ended August 31, 2011, compared to the distribution for the fiscal year ended August 31, 2010, when 83% of sales came from the U.S. and 17% of sales came from Canada and Latin America combined.

Europe

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

	Fiscal Year Ended August 31,			
			Change from Prior Year	
	2011	2010	Dollars	Percent
Multi-purpose maintenance products	$ 116,461	$ 102,195	$ 14,266	14%
Homecare and cleaning products	8,939	8,172	767	9%
	$ 125,400	$ 110,367	$ 15,033	14%
% of consolidated net sales	**37%**	**34%**		

Sales in the Europe segment increased to $125.4 million, up $15.0 million, or 14%, for the fiscal year ended August 31, 2011 compared to the prior fiscal year. Changes in foreign currency exchange rates for the fiscal year ended August 31, 2011 compared to the prior fiscal year had a favorable impact on sales. Sales for the fiscal year ended August 31, 2011 translated at the exchange rates in effect for the prior fiscal year would have been $123.1 million in the Europe segment. Thus, on a constant currency basis, sales would have increased by $12.7 million, or 12%, for the fiscal year ended August 31, 2011 compared to the prior fiscal year.

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, Holland, Switzerland and Belgium). Overall, sales from direct markets increased $9.9 million, or 13%, for the fiscal year ended August 31, 2011 compared to the prior fiscal year. We experienced sales growth throughout the Europe segment for the fiscal year ended August 31, 2011 compared to the prior fiscal year, with percentage increases in sales as follows: Italy, 31%; U.K., 17%; France, 13%; Germanics sales region, 10%; and Iberia, 1%.

The sales growth in the direct markets throughout the Europe segment was primarily due to new distribution, the continued growth of the WD-40 Smart Straw and 3-IN-ONE products and our increased focus on the industrial channel. In addition, sales in the direct markets were favorably impacted by the ongoing growth of our base business, increased volumes through existing distribution channels and a higher level of promotional activities. Sales from direct markets accounted for 68% of the Europe segment's sales for the fiscal year ended August 31, 2011 compared to 67% of the Europe segment's sales for the prior fiscal year.

In the countries in which we sell through local distributors, sales increased $5.1 million, or 14%, for the fiscal year ended August 31, 2011 compared to the prior fiscal year primarily due to increased sales of WD-40 products in Eastern Europe and Northern Europe as a result of our continued focus on the growth of our base business. The distributor markets accounted for 32% of the total Europe segment sales for the fiscal year ended August 31, 2011, compared to 33% 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	
	2011	2010	Dollars	Percent
Multi-purpose maintenance products	$ 34,795	$ 26,066	$ 8,729	33%
Homecare and cleaning products	6,333	5,216	1,117	21%
	$ 41,128	$ 31,282	$ 9,846	31%
% of consolidated net sales	**12%**	**10%**		

Sales in the Asia-Pacific segment, which includes Asia and Australia, increased to $41.1 million, up $9.8 million, or 31%, for the fiscal year ended August 31, 2011 compared to the prior fiscal year. Changes in foreign currency exchange rates for the fiscal year ended August 31, 2011 compared to the prior fiscal year had a favorable impact on sales. Sales for the fiscal year ended August 31, 2011 translated at the exchange rates in effect for the prior fiscal year would have been $38.8 million in the Asia-Pacific segment. Thus, on a constant currency basis, sales would have increased by $7.5 million, or 24%, for the fiscal year ended August 31, 2011 compared to the prior fiscal year.

Sales in Asia, which represented 61% of the total sales in the Asia-Pacific segment, increased $6.0 million, or 31%, for the fiscal year ended August 31, 2011 compared to the prior fiscal year primarily due to the ongoing growth of our base business throughout the Asia region. The distributor markets in the Asia region experienced a sales increase of $3.1 million, or 24%, for the fiscal year ended August 31, 2011 compared to the prior fiscal year, primarily due to the continued growth of the WD-40 products throughout the distributor markets, including those in Indonesia, India and Taiwan. Sales in China increased $2.9 million, or 46%, for the fiscal year ended August 31, 2011 compared to the prior fiscal year due to the ongoing growth of our base business and significant promotional activities that occurred during the first and second quarters of fiscal year 2011, which were aimed at building user awareness and distribution in the China region.

Sales in Australia increased $3.8 million, or 32%, for the fiscal year ended August 31, 2011 compared to the prior fiscal year partially due to the favorable impact of changes in foreign currency exchange rates. On a constant currency basis, sales would have increased $1.8 million, or 15%, for the fiscal year ended August 31, 2011 compared to the prior fiscal year primarily due to improved economic conditions, promotional activities, new distribution and the ongoing growth of our base business.

Gross Profit

Gross profit increased to $168.1 million for the fiscal year ended August 31, 2011 compared to $165.3 million for the prior fiscal year. As a percentage of net sales, gross profit decreased to 50.0% for the fiscal year ended August 31, 2011 compared to 51.4% for the prior fiscal year due to a variety of items which partially offset each other, including costs associated with petroleum-based materials and aerosol cans, other raw materials and manufacturing costs, sales mix changes, changes in foreign currency exchange rates, sales price increases and the level of discounts offered to our customers.

Gross margin was negatively impacted by 1.4 percentage points due to the combined effects of changes in the costs of petroleum-based materials and aerosol cans from period to period. There is often a delay of one quarter or more before changes in such raw material costs impact cost of products sold due to production and inventory life cycles. As a result of an aerosol can price increase that our suppliers implemented in January 2011 and the increase in the costs associated with petroleum-based materials which started in the second quarter of our fiscal year 2011, our gross margin from period to period was negatively impacted. We expect that petroleum-based material costs will continue to be volatile and that volatility will have an impact on our cost of products sold in future periods. In addition to increased costs associated with petroleum-based materials and aerosol cans, we also experienced higher costs associated with other raw materials and manufacturing costs, largely related to our Europe segment, which negatively impacted gross margin by 0.3 percentage points from period to period.

Sales mix changes negatively impacted gross margin by 0.5 percentage points for the fiscal year ended August 31, 2011 compared to the prior fiscal year. In addition, changes in foreign currency exchange rates negatively impacted gross margin by 0.2 percentage points.

Partially offsetting the aforementioned unfavorable impacts to gross margin were sales price increases and a lower level of advertising, promotional and other discounts offered to our customers from period to period. Sales price increases implemented in certain locations and markets during fiscal year 2011 positively affected gross margin by 0.5 percentage points. Advertising, promotional and other discounts decreased during the fiscal year ended August 31, 2011 compared to the prior fiscal year positively impacting gross margin by 0.3 percentage points. The decrease in such discounts was due to the fact that a lower percentage of sales during fiscal year 2011 was subject to promotional allowances compared to the prior fiscal year. In general, the timing of advertising, promotional and other discounts, which are recorded as a reduction to sales may cause fluctuations in gross margin from period to period. Examples of advertising, promotional and other discounts include coupon redemptions, consideration and allowances given to retailers for space and/or favorable display positions in their stores, co-operative advertising and promotional activity, volume discounts and other one-time or ongoing incentives. In addition, other miscellaneous items when combined positively impacted gross margin by 0.2 percentage points from period to period.

Note that our gross profits and gross margins may not be comparable to those of other reporting entities, since some entities 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 distribution to our customers from our contract packagers and include these costs in selling, general and administrative expenses. These costs totaled $15.0 million and $13.6 million for the fiscal years ended August 31, 2011 and 2010, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative (“SG&A”) expenses remained constant at $87.3 million for the fiscal years ended August 31, 2011 and 2010. As a percentage of net sales, SG&A expenses decreased to 26.0% for the fiscal year ended August 31, 2011 from 27.2% for the prior fiscal year. Although total SG&A expenses remained constant year over year, various components within SG&A expenses increased for the fiscal year ended

August 31, 2011 compared to the prior fiscal year. These increases in SG&A expenses were largely attributable to higher professional services costs, increased freight costs, a higher level of expenses associated with travel and meetings, increased office overhead costs and the unfavorable impact of changes in foreign currency exchange rates. Professional services costs increased $1.5 million due to higher legal and consulting fees. Freight costs increased $1.0 million primarily due to increased diesel costs and higher sales volumes for the fiscal year ended August 31, 2011 compared to the prior fiscal year. Travel and meeting expenses increased $0.8 million due to a higher level of travel expenses associated with the ongoing support of our strategic initiatives. Office overhead expenses increased $0.5 million primarily due to repairs required at our Memphis warehouse facility. Changes in foreign currency exchange rates increased SG&A expenses by $1.4 million for the fiscal year ended August 31, 2011 compared to the prior fiscal year. Other miscellaneous expenses, which primarily include broker sales commissions and bad debt expense increased by $0.1 million period over period.

The increases in SG&A expenses described above were fully offset by lower employee-related costs from period to period. Employee-related costs, which include salaries, bonuses, profit sharing, stock-based compensation and other fringe benefits, decreased $5.3 million for the fiscal year ended August 31, 2011 compared to the prior fiscal year primarily due to lower bonus expense. In fiscal year 2011, certain of our business segments did not achieve the sales and other profit performance metrics required to trigger payout of bonuses. As a result, bonus expense and the related fringe benefit expense decreased $7.6 million for the fiscal year ended August 31, 2011 compared to the prior fiscal year. This decrease in bonus expense from period to period was slightly offset by a $2.3 million increase in employee-related costs as a result of increased staffing levels in fiscal year 2011 and the annual compensation increases, which were implemented in the first quarter of the current fiscal year and not in the prior fiscal year.

We continued our research and development investment in support of our focus on innovation and renovation of our products. Research and development costs for the fiscal years ended August 31, 2011 and 2010 were $5.5 million and $5.3 million, respectively. Our product development team, Team Tomorrow, 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.

Advertising and Sales Promotion Expenses

Advertising and sales promotion expenses for the fiscal year ended August 31, 2011 increased $3.0 million, or 14%, to $25.1 million from $22.1 million for the prior fiscal year. As a percentage of net sales, these expenses increased to 7.5% for the fiscal year ended August 31, 2011 from 6.9% for the prior fiscal year. The increase in advertising and sales promotion expenses was due to a higher level of advertising and promotional activities period over period, primarily in our Europe and Asia-Pacific segments. Changes in foreign currency exchange rates had an unfavorable impact of $0.3 million on advertising and sales promotion expenses for the fiscal year ended August 31, 2011 compared to the prior fiscal year. Thus, on a constant currency basis, advertising and sales promotion expenses for the fiscal year ended August 31, 2011 would have been $24.8 million resulting in an increase in such expenses of $2.7 million period over period. Investment in global advertising and sales promotion expenses for fiscal year 2012 is expected to be in the range of 6.5% to 8.0% 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. The costs of certain promotional activities are required to be recorded as a reduction to sales, while others are recorded as advertising and sales promotion expenses. Total promotional costs recorded as a reduction to sales were $18.8 million and $18.4 million for the fiscal years ended August 31, 2011 and 2010. Therefore, our total investment in advertising and sales promotion activities totaled $43.9 million and $40.5 million for the fiscal years ended August 31, 2011 and 2010, respectively.

Amortization of Definite-lived Intangible Assets Expense

Amortization of our definite-lived intangible assets was $1.5 million and $0.7 million for the fiscal years ended August 31, 2011 and 2010, respectively. The increase in amortization for the fiscal year ended August 31, 2011 was related to the 2000 Flushes, Spot Shot and 1001 trade names which were changed to definite-lived intangible assets from indefinite-lived intangible assets at February 28, 2011. The amortization for the fiscal year ended August 31, 2010 related only to the Carpet Fresh and X-14 trade names and certain non-contractual customer relationships from the acquisition of the 1001 line of products in fiscal year 2004.

Beginning March 1, 2011, the 1001 trade name is being amortized on a straight-line basis over its estimated useful life of twenty years, and the 2000 Flushes and Spot Shot trade names are being amortized over their estimated useful lives of seventeen years. The non-contractual customer relationships intangible asset and the 1001 trade name are recorded and amortized in Pounds Sterling and are converted to U.S. dollars for reporting purposes. Therefore, a portion of the fluctuation in amortization expense from period to period is the result of changes in foreign currency exchange rates.

Non-Operating Items

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

	Fiscal Year Ended August 31,		
	2011	2010	Change
Interest income	$ 228	$ 174	$ 54
Interest expense	$ 1,076	$ 1,726	$ (650)
Other income (expense), net	$ 247	$ (89)	$ 336
Provision for income taxes	$ 17,098	$ 17,462	$ (364)

Interest Income

Interest income increased $0.1 million for the fiscal year ended August 31, 2011 compared to the prior fiscal year primarily due to slightly higher average cash balances and interest rates during fiscal year 2011 compared to the prior fiscal year.

Interest Expense

Interest expense decreased $0.7 million for the fiscal year ended August 31, 2011 compared to the prior fiscal year due to the lower principal balance on long-term borrowings resulting from the annual $10.7 million principal payment made in October 2010.

Other Income (Expense), Net

Other income (expense), net increased by $0.3 million for the fiscal year ended August 31, 2011 compared to the prior fiscal year due to higher foreign currency exchange gains in fiscal year 2011 as compared to foreign currency exchange losses in the prior fiscal year primarily related to the Euro and Pound Sterling.

Provision for Income Taxes

The provision for income taxes was 31.9% of income before income taxes for the fiscal year ended August 31, 2011 compared to 32.6% for the prior fiscal year. The decrease in the effective rate was primarily due to the increase in the percentage benefit from the qualified domestic production deduction which increased from 6% to 9% of qualified production activities income from period to period. The decrease was also attributable to the reinstatement of the research and experimentation credit during the fiscal year ended August 31, 2011 as well as the increasing proportion of the Company's earnings which are foreign and are taxed at lower rates.

Net Income

Net income was $36.4 million, or $2.14 per common share on a fully diluted basis, for fiscal year 2011 compared to $36.1 million, or $2.15 per common share on a fully diluted basis, for the prior fiscal year. Changes in foreign currency exchange rates year over year had a favorable impact of $0.8 million on net income for fiscal year 2011. Thus, on a constant currency basis, net income for fiscal year 2011 would have been $35.6 million.

Fiscal Year Ended August 31, 2010 Compared to Fiscal Year Ended August 31, 2009

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	
	2010	2009	Dollars	Percent
Net sales:				
Multi-purpose maintenance products	$ 258,095	$ 225,098	$ 32,997	15%
Homecare and cleaning products	63,421	66,904	(3,483)	(5)%
Total net sales	321,516	292,002	29,514	10%
Cost of products sold	156,210	147,469	8,741	6%
Gross profit	165,306	144,533	20,773	14%
Operating expenses	110,108	104,688	5,420	5%
Income from operations	$ 55,198	$ 39,845	$ 15,353	39%
Net income	$ 36,095	$ 26,287	$ 9,808	37%
Earnings per common share – diluted	$ 2.15	$ 1.58	$ 0.57	36%

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	
	2010	2009	Dollars	Percent
Americas	$ 179,867	$ 168,381	$ 11,486	7%
Europe	110,367	97,518	12,849	13%
Asia-Pacific	31,282	26,103	5,179	20%
	$ 321,516	$ 292,002	$ 29,514	10%

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	
	2010	2009	Dollars	Percent
Multi-purpose maintenance products	$ 129,834	$ 115,095	$ 14,739	13%
Homecare and cleaning products	50,033	53,286	(3,253)	(6)%
	$ 179,867	$ 168,381	$ 11,486	7%
% of consolidated net sales	**56%**	**58%**		

Sales in the Americas segment, which includes the U.S., Canada and Latin America, increased to $179.9 million, up $11.5 million, or 7%, for fiscal year 2010 compared to fiscal year 2009. Changes in foreign currency exchange rates did not have a material impact on sales for fiscal year 2010 compared to fiscal year 2009.

Sales of multi-purpose maintenance products in the Americas segment increased $14.7 million, or 13%, for fiscal year 2010 compared to fiscal year 2009. Sales of WD-40 products in the Americas segment increased $14.3 million, or 13%, for fiscal year 2010 compared to fiscal year 2009 due to improved economic conditions, increased volume through existing distribution channels, new distribution and increased promotional activities.

Sales of homecare and cleaning products in the Americas segment decreased $3.3 million, or 6%, for fiscal year 2010 compared to fiscal year 2009. Although our focus has shifted to our multi-purpose maintenance products, we were still able to either stabilize or increase the sales of certain of our homecare and cleaning products in fiscal year 2010 by pursuing our niche markets or expanding our distribution channels. However, this increase was more than offset by the decrease in sales of all other homecare and cleaning product brands in the Americas segment. The largest decline came from the automatic toilet bowl cleaners which decreased $1.9 million, or 10%, for fiscal year 2010 compared to fiscal year 2009 due primarily to the effect of competitive factors and declining categories which was partially offset by new distribution outside of the grocery channel. The decline in sales of the Carpet Fresh brand products and X-14 mildew stain remover, which totaled $1.8 million, or 18%, was the result of several factors, including lost distribution, the discontinuation of certain product offerings, the effect of competitive factors and our strategic decision to focus our research and development resources on our multi-purpose maintenance products and not on our homecare and cleaning products.

For the Americas segment, 83% of sales came from the U.S. and 17% of sales came from Canada and Latin America combined for fiscal year 2010 compared to the distribution for fiscal year 2009 when 84% of sales came from the U.S. and 16% of sales came from Canada and Latin America combined.

Europe

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

	Fiscal Year Ended August 31,			
			Change from Prior Year	
	2010	2009	Dollars	Percent
Multi-purpose maintenance products	$ 102,195	$ 88,153	$ 14,042	16%
Homecare and cleaning products	8,172	9,365	(1,193)	(13)%
	$ 110,367	$ 97,518	$ 12,849	13%
% of consolidated net sales	**34%**	**33%**		

Sales in the Europe segment increased to $110.4 million, up $12.8 million, or 13%, for fiscal year 2010 compared to fiscal year 2009. Changes in foreign currency exchange rates did not have a material impact on sales for fiscal year 2010 compared to fiscal year 2009.

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, Holland and Switzerland). Overall, sales from these direct markets increased $6.6 million, or 10%, for fiscal year 2010 compared to fiscal year 2009 and accounted for 67% of the Europe segment's sales for fiscal year 2010 compared to 69% for fiscal year 2009. We experienced sales growth throughout most of the Europe segment for fiscal year 2010 compared to fiscal year 2009, with percentage increases in sales as follows: Italy, 30%; Iberia, 26%; Germanics sales region, 20%; and France, 19%. Partially offsetting these sales increases was a sales decrease in the U.K. of 10% for fiscal year 2010 compared to fiscal year 2009.

The sales growth in the direct markets throughout the Europe segment was primarily due to the continued growth of the WD-40 Smart Straw product and new distribution. Other factors that positively impacted sales growth were improved economic conditions, increased volume through existing distribution channels and increased promotional activities. In addition, France and Iberia benefited from the continued growth of the 3-IN-ONE product line. The sales decline in the U.K. was primarily due to lost distribution and the effect of competitive factors.

In the countries in which we sell through local distributors, sales increased $6.2 million, or 21%, for fiscal year 2010 compared to fiscal year 2009, driven by sales increases of the WD-40 products in Northern Europe and the Middle East. The distributor markets accounted for 33% of the total Europe segment sales for fiscal year 2010 compared to 31% for fiscal year 2009.

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	
	2010	**2009**	**Dollars**	**Percent**
Multi-purpose maintenance products	$ 26,066	$ 21,850	$ 4,216	19%
Homecare and cleaning products	5,216	4,253	963	23%
	$ 31,282	$ 26,103	$ 5,179	20%
% of consolidated net sales	**10%**	**9%**		

Sales in the Asia-Pacific segment, which includes Asia and Australia, increased to $31.3 million, up $5.2 million, or 20%, for fiscal year 2010 compared to fiscal year 2009. Changes in foreign currency exchange rates compared to the prior fiscal year had a favorable impact on sales. Sales for fiscal year 2010 translated at the exchange rates in effect for fiscal year 2009 would have been $29.1 million in the Asia-Pacific segment. Thus, on a constant currency basis, sales would have increased by $3.0 million, or 12%, for fiscal year 2010 compared to fiscal year 2009.

Sales in Asia, which represented 62% of the total sales in the Asia-Pacific segment, increased $2.5 million, or 15%, for fiscal year 2010 compared to fiscal year 2009 primarily due to improved economic conditions throughout the Asia region. The distributor markets in the Asia region experienced a sales increase of $1.2 million, or 10%, due to higher sales of multi-purpose maintenance products throughout the distributor markets, including those in the Philippines, Taiwan, Indonesia, Hong Kong and Singapore. Sales in China increased $1.3 million, or 28%, due to improved economic conditions, significant promotional activities and the launch of a new product in the 3-IN-ONE product line during fiscal year 2010.

Sales in Australia increased $2.7 million, or 29%, for fiscal year 2010 compared to fiscal year 2009 primarily due to the favorable impact of changes in foreign currency exchange rates. On a constant currency basis, sales would have increased $0.5 million, or 6%, for fiscal year 2010 compared to fiscal year 2009 primarily due to increased marketing and promotional activities.

Gross Profit

Gross profit was $165.3 million, which yielded a gross margin of 51.4% of net sales, for fiscal year 2010 compared to $144.5 million, or 49.5% of net sales, for fiscal year 2009. Cost savings from product conversions and sourcing changes on a combined basis and the lower costs for petroleum-based materials positively impacted gross margin by 0.6 percentage points and 0.5 percentage points, respectively, for fiscal year 2010. In addition, worldwide price increases implemented during the first quarter of fiscal year 2009 added 0.4 percentage points to our gross margin for fiscal year 2010.

In general, the timing of advertising, promotional and other discounts, which are recorded as a reduction to sales, as well as shifts in product and customer mix, may cause fluctuations in gross margin from period to period. Examples of advertising, promotional and other discounts include coupon redemptions, consideration and allowances given to retailers for space and/or favorable display positions in their stores, co-operative advertising and promotional activity, volume discounts and other one-time or ongoing incentives. During fiscal year 2010, advertising, promotional and other discounts decreased compared to fiscal year 2009, positively impacting gross margin by 0.8 percentage points. The decrease in such discounts was due to the fact that a lower percentage of sales during fiscal year 2010 was subject to promotional allowances compared to fiscal year 2009. In addition, sales mix favorably impacted gross margin by 0.6 percentage points.

Our gross margin for fiscal year 2010 was also positively impacted by 0.1 percentage points due to losses associated with VML Company L.L.C. ("VML"), a former related party, which were incurred in fiscal year 2009 but not in fiscal year 2010.

Partially offsetting the aforementioned favorable impacts to gross margin were higher costs for aerosol cans, which negatively affected our gross margin by 1.1 percentage points for fiscal year 2010. We began to experience a significant increase in the cost of aerosol cans during the second quarter of fiscal year 2009, due to the cost of tinplate used to manufacture such cans. Although the cost of aerosol cans decreased in fiscal year 2010, the decrease was minimal. Tinplate pricing is generally set annually and is independent of the movements in the cost of steel on the spot market.

Note that our gross profits and gross margins may not be comparable to those of other reporting entities, since some entities 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 distribution to our customers from our contract packagers and include these costs in selling, general and administrative expenses. These costs totaled $13.6 million and $13.3 million for the fiscal years ended August 31, 2010 and 2009, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for fiscal year 2010 increased $9.2 million, or 12%, to $87.3 million from $78.1 million for fiscal year 2009. As a percentage of net sales, SG&A expenses increased slightly to 27.2% for fiscal year 2010 from 26.7% for fiscal year 2009. The increase in SG&A expenses was primarily due to higher employee-related costs year over year. Employee-related costs, which include salaries, bonuses, profit sharing and other fringe benefits, increased $8.3 million for fiscal year 2010 compared to fiscal year 2009 due primarily to significantly higher bonus expense. Most of our regions met or exceeded sales and other profit performance targets for fiscal year 2010 whereas achievement of such targets in fiscal year 2009 was unusually low. As a result, bonus expense for fiscal year 2010 reflects these higher levels of achievement. Changes in foreign currency exchange rates increased SG&A expenses by $0.7 million for fiscal year 2010 compared to fiscal year 2009. Also contributing to the higher SG&A expenses in fiscal year 2010 as compared to fiscal year 2009 was a $0.9 million increase in travel and entertainment expenses due to improved business conditions. Additionally, other miscellaneous expenses when combined increased $0.2 million year over year. Partially offsetting these increases was a decrease in professional services costs totaling $0.5 million due primarily to lower legal costs for fiscal year 2010 compared to fiscal year 2009. In addition, bad debt expense decreased $0.4 million due primarily to specific accounts receivable allowances recorded by our international subsidiaries during fiscal year 2009 which were not repeated during fiscal year 2010.

We continued our research and development investment in support of our focus on innovation and renovation of our products. Research and development costs for the fiscal year ended August 31, 2010 and 2009 were $5.3 million and $4.8 million, respectively.

Advertising and Sales Promotion Expenses

Advertising and sales promotion expenses for fiscal year 2010 increased $2.6 million, or 13%, to $22.1 million from $19.5 million for fiscal year 2009. As a percentage of net sales, these expenses increased to 6.9% for fiscal year 2010 from 6.7% for fiscal year 2009. The increase in advertising and sales promotion expenses was primarily due to the timing of sales promotions and the increased level of investment in advertising activities across all segments.

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. The costs of certain promotional activities are required to be recorded as a reduction to sales, while others are recorded as advertising and sales promotion expenses. Total promotional costs recorded as a reduction to sales were $18.4 million for each of the fiscal years ended August 31, 2010 and 2009. Therefore, our total investment in advertising and sales promotion activities totaled $40.5 million and $37.9 million for the fiscal years ended August 31, 2010 and 2009, respectively.

Amortization of Definite-lived Intangible Assets Expense

Amortization of our definite-lived intangible assets was $0.7 million and $0.5 million for fiscal years 2010 and 2009, respectively. The increase in amortization for fiscal year 2010 as compared to fiscal year 2009 relates to the Carpet Fresh and X-14 trade names which were changed to definite-lived intangible assets from indefinite-lived intangible assets at August 31, 2009. The amortization for fiscal year 2009 related only to the non-contractual customer relationships included in the 1001 acquisition completed by the Europe segment in fiscal year 2004.

Beginning September 1, 2009, the Carpet Fresh and X-14 trade names are being amortized on a straight-line basis over their estimated useful lives of thirteen and eight years, respectively. The non-contractual customer relationships intangible asset is recorded and amortized in Pounds Sterling on a straight-line basis over its estimated eight-year life and is converted to U.S. dollars for reporting purposes. Therefore, a portion of the fluctuation in amortization from period to period is the result of changes in foreign currency exchange rates.

Impairment of Indefinite-lived Intangible Assets Expense

During the quarter ended February 28, 2010, we performed our annual impairment tests of goodwill and indefinite-lived intangible assets. As a result of our annual impairment tests, no impairment charge was recorded for either our goodwill or any of our indefinite-lived intangible assets. However, as a result of the annual impairment tests that we performed during fiscal year 2009, we recorded impairment charges totaling $6.7 million to reduce the carrying value of our Carpet Fresh and X-14 indefinite-lived intangible assets to their estimated fair values. We subsequently determined that the Carpet Fresh and X-14 trade names were no longer indefinite-lived intangible assets. As a result, we reclassified them to definite-lived intangible assets effective August 31, 2009 and started to amortize them over their expected useful lives of thirteen and eight years, respectively, beginning September 1, 2009.

Non-Operating Items

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

	Fiscal Year Ended August 31,		
	2010	2009	Change
Interest income	$ 174	$ 428	$ (254)
Interest expense	$ 1,726	$ 2,492	$ (766)
Other (expense) income, net	$ (89)	$ 543	$ (632)
Provision for income taxes	$ 17,462	$ 12,037	$ 5,425

Interest Income

Interest income decreased $0.3 million for fiscal year 2010 compared to fiscal year 2009 due primarily to lower interest rates year over year.

Interest Expense

Interest expense decreased by $0.8 million for fiscal year 2010 compared to fiscal year 2009 due primarily to the lower principal balance on long-term borrowings resulting from the annual $10.7 million principal payment made in October 2009.

Other (Expense) Income, Net

Other (expense) income, net decreased by $0.6 million for fiscal year 2010 compared to fiscal year 2009 due primarily to lower foreign currency exchange gains in the Europe segment, specifically related to the Euro and Pound Sterling.

Provision for Income Taxes

The provision for income taxes was 32.6% of income before income taxes for fiscal year 2010 compared to 31.4% for fiscal year 2009. The effective tax rate was lower than normal for both fiscal years. For fiscal year 2010, the effective tax rate was low due to the release of liabilities associated with unrecognized tax benefits that resulted from the conclusion of the audit of our fiscal year 2008 federal income tax return, the expiration of certain statutes due to certain tax years being closed and other provision adjustments that we recorded during the third quarter of fiscal year 2010 related to the filing of our federal and state tax returns. For fiscal year 2009, the effective tax rate was lower than normal primarily due to a one time California tax law change that occurred in the second quarter of fiscal year 2009. This law change caused a revaluation of our deferred tax assets and liabilities that resulted in a tax benefit of $0.5 million in fiscal year 2009.

Net Income

Net income was $36.1 million, or $2.15 per common share on a fully diluted basis, for fiscal year 2010 compared to $26.3 million, or $1.58 per common share on a fully diluted basis, for fiscal year 2009. Changes in foreign currency exchange rates year over year had a favorable impact of $0.5 million on net income for fiscal year 2010. Thus, on a constant currency basis, net income for fiscal year 2010 would have been $35.6 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 50/30/20 rule, which includes gross margin, cost of doing business, and 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 of indefinite-lived intangible assets and depreciation in operating departments and EBITDA is defined as net income (loss) before interest, income taxes, depreciation and amortization. We target our gross margin to be at or above 50% of net sales, our cost of doing business to be at or below 30% of net sales, and our EBITDA to be at or above 20% of net sales. Although our 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, we continue to focus on and work towards achievement of our 50/30/20 targets over the long-term.

The following table summarizes the results of these performance measures:

	Fiscal Year Ended August 31,		
	2011	2010	2009
Gross margin	50%	51%	50%
Cost of doing business as a percentage of net sales	33%	34%	33%
EBITDA as a percentage of net sales	17%	18%	15%

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. 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,		
	2011	2010	2009
Total operating expenses – GAAP	$ 113,980	$ 110,108	$ 104,688
Amortization of definite-lived intangible assets	(1,537)	(724)	(468)
Impairment of indefinite-lived intangible assets	—	—	(6,710)
Depreciation (in operating departments)	(1,637)	(1,560)	(1,557)
Cost of doing business	$ 110,806	$ 107,824	$ 95,953
Net sales	$ 336,409	$ 321,516	$ 292,b 002
Cost of doing business as a percentage of net sales	33%	34%	33%

EBITDA (in thousands, except percentages)

	Fiscal Year Ended August 31,		
	2011	2010	2009
Net income – GAAP	$ 36,433	$ 36,095	$ 26,287
Provision for income taxes	17,098	17,462	12,037
Interest income	(228)	(174)	(428)
Interest expense	1,076	1,726	2,492
Amortization of definite-lived intangible assets	1,537	724	468
Depreciation	2,849	3,524	3,259
EBITDA	$ 58,765	$ 59,357	$ 44,115
Net sales	$ 336,409	$ 321,516	$ 292,002
EBITDA as a percentage of net sales	17%	18%	15%

Liquidity and Capital Resources

Overview

The Company's financial condition and liquidity remain strong. Net cash provided by operations was $30.0 million for fiscal year 2011 compared to $56.4 million for fiscal year 2010. 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, cash generated from operations and cash available from our revolving credit facility. Previously, we had a revolving credit facility with Union Bank, N.A. in the amount of $10.0 million, which was terminated effective on June 17, 2011 when we entered into a $75.0 million unsecured revolving credit facility with Bank of America, N.A. ("Bank of America"). Our available cash funds have increased significantly under this credit facility with Bank of America.

The outstanding indebtedness under our original $75.0 million, 7.28% fixed-rate term loan was $10.7 million as of August 31, 2011. The final payment on this term loan is due in October 2011. See Note 17 – Subsequent Events in Item 15 of this report for details on this final payment.

We plan to use the proceeds of the revolving credit facility with Bank of America for our share repurchases and general working capital needs. In July 2011, we drew $5.0 million under the revolving credit facility with Bank of America. We repaid this $5.0 million short-term loan and the associated interest with cash on hand in August 2011. Thus, there was no outstanding balance on the revolving credit facility as of August 31, 2011. Until the time at which the $75.0 million term note is paid in full, the revolving credit facility is subject to the same debt covenants as the term loan agreement. The term loan agreement has covenant requirements, which require us to maintain minimum consolidated net worth greater than the sum of $57.0 million plus 25% of consolidated net income for each fiscal quarter beginning with the first fiscal quarter of 2002, plus proceeds of all equity securities other than those issued under our prior stock option plan and current stock incentive plan. A consolidated fixed charge coverage ratio in the range of 1.20 to 1.00 on the last day of any fiscal quarter must be maintained. The consolidated fixed charge coverage ratio is calculated by dividing earnings before interest, taxes, depreciation and amortization and rent expense minus cash payments for income taxes and capital expenditure by total cash payments for rent, principal and interest. We are also limited to a leverage ratio ranging from 2.25 to 1.00, which is calculated by dividing total debt by earnings before interest, taxes, depreciation and amortization, measured on a trailing four quarter basis at each reporting period. Once the term loan agreement is paid in full, the Bank of America agreement requires us to maintain a minimum consolidated earnings before interest, income taxes, depreciation and amortization of $40.0 million, measured on a trailing twelve month basis, at each reporting period.

At August 31, 2011, we were in compliance with all debt covenants as required by the term loan agreement and the revolving credit facility and believe it is unlikely we will fail to meet any of these covenants in the foreseeable future.

At August 31, 2011, we had a total of $56.4 million in cash and cash equivalents. Of this balance, $46.6 million was held in Europe, Australia and China in foreign currencies. It is our intention to indefinitely reinvest all current and future foreign earnings at these locations in order to ensure sufficient working capital, expand operations and fund foreign acquisitions in these locations. 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, acquisitions and new business development activities in the United States. In the event that management elects in the future to repatriate some or all of the foreign earnings that were previously deemed to be indefinitely reinvested outside of the United States, we would incur additional tax expense upon such repatriation.

We believe that these existing consolidated cash and cash equivalents at August 31, 2011, the liquidity provided by our $75.0 million revolving credit facility and our anticipated cash flows from operations will be sufficient to meet our projected 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, early debt repayment penalties, future capital expenditure requirements, 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,		
	2011	2010	2009
Net cash provided by operating activities	$ 30,009	$ 56,424	$ 34,628
Net cash used in investing activities	(3,220)	(1,553)	(2,753)
Net cash used in financing activities	(48,933)	(23,575)	(25,864)
Effect of exchange rate changes on cash and cash equivalents	2,609	(1,324)	(2,038)
Net (decrease) increase in cash and cash equivalents	$ (19,535)	$ 29,972	$ 3,973

Operating Activities

Net cash provided by operating activities decreased $26.4 million to $30.0 million for fiscal year 2011 from $56.4 million for fiscal year 2010. Cash provided by operating activities decreased for fiscal year 2011 as compared to fiscal year 2010 due to changes in operating assets and liabilities, primarily changes in trade accounts receivable, accrued payroll and related expenses, inventories, accounts payable and accrued liabilities. Trade accounts receivable increased primarily due to higher sales volumes in the fourth quarter of fiscal year 2011 compared to the fourth quarter of the prior fiscal year. Accrued payroll and related expenses decreased from year to year primarily due to the payment of fiscal year 2010 bonuses during the first quarter of fiscal year 2011 which were significantly higher than those paid in the prior fiscal year and lower bonus accruals for the current fiscal year. Inventories increased due to additional purchases in support of the WD-40 Specialist line, which was launched in September 2011, and promotions in the upcoming quarters. Accounts payable and accrued liabilities increased from year to year due primarily to the increase in accounts payable balances resulting from increased business activities and the timing of payments.

Also contributing to the overall change in cash provided by operating activities was the impact of changes in various account balances related to income taxes from period to period as a result of the year-end provision for income taxes. These entries resulted in changes to account balances for other assets, deferred tax assets and liabilities, income taxes payable and deferred and other long-term liabilities. See Note 8 – Income Taxes included in Item 15 of this report for additional details.

Net cash provided by operating activities increased $21.8 million to $56.4 million for fiscal year 2010 from $34.6 million for fiscal year 2009. Cash provided by operating activities increased for fiscal year 2010 as compared to fiscal year 2009 due to an increase in net income and changes in assets and liabilities, primarily changes in accounts payable and accrued liabilities, accrued payroll and related expenses, deferred and other long-term liabilities and income taxes payable. Accounts payable and accrued liabilities increased significantly from year to year due primarily to the increase in accounts payable balances resulting from increased business activities and the timing of payments. Accrued payroll and related expenses increased from year to year due to a higher level of bonus accruals recorded during fiscal year 2010 compared to fiscal year 2009 and the timing of payments for both the bonus and profit sharing plans. Bonus accruals were higher during fiscal year 2010 as most regions met or exceeded sales and other profit performance targets in fiscal year 2010 whereas achievement of such targets were unusually low in fiscal year 2009. Deferred and other long-term liabilities increased for fiscal year 2010 as compared to fiscal year 2009 primarily due to an increase in long-term income taxes payable related to uncertain tax positions. Partially offsetting these increases from year to year was a decrease in income taxes payable due to the timing of payments as compared to income tax accruals and the final year-end tax provision entries.

Investing Activities

Net cash used for investing activities increased $1.6 million to $3.2 million for the fiscal year 2011 from $1.6 million for fiscal year 2010 due primarily to higher purchases of property and equipment. Purchases of property and equipment during fiscal year 2011 were primarily for machinery and equipment, computer equipment and software. Also contributing to the increase in net cash used for investing activities was the purchase of $0.5 million in short-term investments during fiscal year 2011.

Net cash used in investing activities decreased $1.2 million to $1.6 million for fiscal year 2010 from $2.8 million for fiscal year 2009 due primarily to lower purchases of property and equipment. Purchases of property and equipment during fiscal year 2010 were primarily for machinery and equipment to enhance manufacturing efficiencies, computer equipment and software. Purchases of property and equipment for fiscal year 2009 were higher primarily due to an increased level of purchases of machinery and equipment in support of manufacturing activities, particularly those related to Smart Straw.

Financing Activities

Net cash used for financing activities increased $25.3 million to $48.9 million for the fiscal year 2011 from $23.6 million for fiscal year 2010 due primarily to $41.4 million of treasury stock purchases which were transacted during the second, third and fourth quarters of fiscal year 2011. The treasury stock purchases were partially offset by an increase of $16.6 million from period to period in proceeds from the issuance of common stock upon the exercise of stock options.

Net cash used in financing activities decreased $2.3 million to $23.6 million for fiscal year 2010 from $25.9 million for fiscal year 2009 due primarily to higher proceeds from the issuance of common stock upon the exercise of stock options 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 balances are denominated in these foreign 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 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 an increase in cash of $2.6 million for fiscal year 2011, a decrease of $1.3 million for fiscal year 2010, and a decrease of $2.0 million for fiscal year 2009. These changes from period to period are primarily due to the significant fluctuations in the foreign currency exchange rates for the Pound Sterling against the U.S. Dollar. The Pound Sterling to U.S. Dollar exchange rate increased from 1.5514 to 1.6352 during fiscal year 2011, decreased from 1.6275 to 1.5514 during fiscal year 2010 and decreased from 1.8190 to 1.6275 during fiscal year 2009.

Share Repurchase Plans

On December 8, 2009, the Company's Board of Directors approved a share buy-back plan. Under the plan, which was in effect for up to twelve months from the date of approval, the Company was authorized to acquire up to $15.0 million of our outstanding shares. The Company did not purchase any shares under this share buy-back plan.

On December 14, 2010, the Company's Board of Directors approved a share buy-back plan, which was to be in effect through December 13, 2011, and authorized the Company to acquire up to $25.0 million of its outstanding shares. On April 4, 2011, the Company's Board of Directors approved an increase to this existing $25.0 million share buy-back plan to authorize the Company to acquire an additional $35.0 million of its outstanding shares and to extend the expiration date of the plan to April 4, 2013. As a result, the Company is authorized to acquire shares of its common stock in the aggregate amount of $60.0 million, less the amount utilized to date. Under the plan, the Company is authorized to acquire its outstanding shares on such terms and conditions as may be acceptable to the Company's Chief Executive Officer or Chief Financial Officer and subject to lender approval from Prudential Capital and in compliance with all laws and regulations applicable thereto. During the period from December 14, 2010 through August 31, 2011, the Company repurchased 1,017,457 shares at a total cost of $41.4 million.

Dividends

The Company has historically paid regular quarterly cash dividends on its common stock. On October 7, 2011, the Company's Board of Directors declared a cash dividend of $0.27 per share payable on October 31, 2011 to shareholders of record on October 18, 2011. Our ability to pay dividends could be affected by future business performance, liquidity, capital needs, alternative investment opportunities and debt 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, 2011 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
Term loan	$ 10,715	$ 10,715	$ —	$ —	$ —
Interest payments on term loan	195	195	—	—	—
Operating leases	4,354	1,629	1,669	612	444
Supplemental employee retirement plan benefits obligation [1]	996	147	146	124	579
Total	$ 16,260	$ 12,686	$ 1,815	$ 736	$ 1,023

(1) Represents commitments to certain retired key executives under the Company's supplemental employee retirement plan. The present value of all future benefit payments was $0.7 million as of August 31, 2011. See Note 15 – Other Benefit Plans included in Item 15 of this report for additional details.

The following summarizes other commitments which are excluded from the contractual obligations table above as of August 31, 2011:

- We have relationships with various suppliers (contract manufacturers) who manufacture our products. Although we typically do not have definitive minimum purchase obligations included in the contract terms with the contract manufacturers, when such obligations have been included, they have been immaterial to date. Supply needs are communicated by us to our contract manufacturers, and we are committed to purchase the products produced based on orders and short-term projections, ranging from two to five months, provided to the contract manufacturers. We are also obligated to purchase obsolete or slow-moving inventory from our contract manufacturers and have done so in the past under these commitments, the amounts of which have been immaterial.

- Under the 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 three-year period commencing June 17, 2011 through June 17, 2014. Based on our most recent cash projection, we expect to borrow amounts against this credit facility ranging from $35.0 million to $40.0 million in fiscal year 2012. We estimate that the interest associated with these borrowings will be approximately $0.5 million for fiscal year 2012 based on the applicable interest rates and the expected payment dates of such borrowings.

- At August 31, 2011, the liability recorded for uncertain tax positions, excluding associated interest and penalties, was approximately $1.4 million. We have estimated that up to $0.5 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 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 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. We must make judgments and certain assumptions in order to determine when delivery has occurred. Through an analysis of end-of-period shipments, we determine an average time of transit of product to our customers, and this is used to estimate the time of delivery. 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 also 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 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 reserves 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, 2011 were to differ by 10%, the impact on net sales would be approximately $0.7 million.

Allowance for Doubtful Accounts

The preparation of our financial statements requires us to make certain estimates and assumptions related to the collectability of our accounts receivable balances. We specifically analyze historical bad debts, customer credit worthiness, current economic trends and changes in our customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. We review our accounts receivable balances and our assumptions used to determine their collectability on a periodic basis and adjust our allowance for doubtful accounts accordingly on a quarterly basis.

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 and Indefinite-lived Intangible Assets

The carrying values of goodwill and indefinite-lived intangible assets are reviewed for possible impairment in accordance with the authoritative guidance on goodwill, intangibles and other. We assess possible impairments to goodwill and existing indefinite-lived intangible assets at least annually during our second fiscal quarter and otherwise when there is evidence that events or changes in circumstances indicate that an impairment condition may exist. In addition, indefinite-lived intangible assets are evaluated each reporting period to determine whether events and circumstances continue to support an indefinite useful life. In performing the annual impairment test of our goodwill and indefinite-lived intangible assets, we consider the fair value concepts of a market participant and the highest and best use for our intangible assets.

Goodwill

We test for goodwill impairment at the reporting unit level based on a two-step process which is conducted by applying fair value concepts. First, the book value of our net assets is compared to the fair value of the net assets of the reporting units that have goodwill assigned to them. If the fair value is determined to be less than book value, a second step is performed to compute the amount of impairment. In the second step, the implied fair value of goodwill is estimated as the fair value of the reporting unit used in the first step less the fair values of all other net tangible and intangible assets of the reporting unit. If the carrying amount of goodwill exceeds its implied fair value, an impairment loss is recognized in an amount equal to that excess, not to exceed the carrying amount of the goodwill. Any required impairment losses are recorded as a reduction in the carrying amount of the related asset and charged to results of operations.

During the second quarter of fiscal year 2011, we performed our annual impairment test of goodwill. Based on the results of this test, we determined that our goodwill was not impaired since the fair value of each reporting unit exceeded its carrying value by more than 10% as of February 28, 2011.

During our impairment tests performed in fiscal years 2010 and 2009, we also did not identify or record any impairment losses related to our goodwill.

Indefinite-lived Intangible Assets

We test for impairment of our existing indefinite-lived intangible assets based on a discounted cash flow approach that requires significant management judgment and estimates with respect to, among other considerations, forecasted sales revenue, advertising and promotional expenses, cost of products sold, gross margins, operating margins, the success of product innovations and introductions, customer retention, tax rates, terminal growth values and the selection of appropriate discount and royalty rates. For our existing indefinite-lived intangible assets, an impairment loss is recognized when the fair value of the asset is less than its carrying amount and is measured as the amount by which the asset's carrying amount exceeds its fair value.

During the second quarter of fiscal year 2011, we conducted the annual impairment test for our indefinite-lived intangible assets, which included the 2000 Flushes, Spot Shot and 1001 trade names. All three of these trade names generate their own revenue streams and the revenues for each are in no way dependent on the revenue streams of any of the other trade names. Based on the results of this annual impairment test, we determined that none of these intangible assets were impaired as of February 28, 2011.

In conjunction with the annual impairment test that was conducted in the second quarter of fiscal year 2011, we also performed an evaluation of our indefinite-lived intangible assets to determine whether an indefinite life for each trade name was still warranted as of February 28, 2011. As a result of this evaluation, we determined that events and circumstances had occurred during the second quarter of fiscal year 2011 which indicated that the 2000 Flushes, Spot Shot and 1001 trade names should no longer be considered to have indefinite lives. These events and circumstances included the following, all of which indicate that these three trade names are definite-lived:

- Our strategic decision to divert research and development resources from our 2000 Flushes, Spot Shot and 1001 trade names so that we can focus more specifically and continue to gain momentum on the development and extension of our multi-purpose maintenance products;

- The tactical manner in which we intend to manage all three trade names in future periods;

- Lost distribution within certain channels for these trade names, which we may or may not be able to recover in future periods;

- The recent increased variability of promotional activities with certain of our key customers for these trade names, which we may or may not be able to reverse in future periods; and

- A lower level of forecasted sales for each of these trade names as a result of decreased sales for each in recent periods and the manner in which we intend to manage these trade names in future periods.

As a result of the aforementioned events and circumstances, we determined that it was appropriate to change the 2000 Flushes, Spot Shot and 1001 trade names from indefinite-lived to definite-lived intangible assets effective February 28, 2011.

We determined the estimated remaining economic lives of the 2000 Flushes, Spot Shot and 1001 trade names based on future forecasted cash flows for these trade names, as well as the consideration of various other factors. These factors included the strength of each trade name and their respective market share within the category in which each operates, the stability of the household cleaning products industry, the fact that these trade names have been in existence for a long period of time and are expected to remain in existence for a significant number of years in the future and the fact that no legal, regulatory, or contractual conditions currently exist that would limit their remaining useful lives. After taking all of these factors into consideration, we concluded that the 1001 trade name will generate future cash flows for at least the next twenty years and the 2000 Flushes and Spot Shot trade names will generate future cash flows for at least the next seventeen years. As a result, these are the periods over which each trade name is being amortized on a straight-line basis effective March 1, 2011.

Although we did not identify or record any impairment to our indefinite-lived intangible assets in fiscal year 2010, we determined that certain of our indefinite-lived intangible assets were impaired in fiscal year 2009. As a result of our annual impairment test and the subsequent events and circumstances driven impairment tests that we conducted during fiscal year 2009, we identified and recorded total impairment charges related to our Carpet Fresh and X-14 brands of $6.1 million and $0.6 million, respectively. This impairment was due to the continued sales declines in fiscal year 2009 and the lower level of forecasted sales for the Carpet Fresh and X-14 brands which were caused by a variety of factors, including lost distribution and the Company's strategic decision to focus its research and development resources on its multi-purpose maintenance product. While conducting the subsequent events and circumstances driven impairment test in the fourth quarter of fiscal year 2009, we also concluded that these two trade names should no longer be considered to have indefinite lives. As a result, effective August 31, 2009, we changed the classification of the Carpet Fresh and X-14 trade names from indefinite-lived to definite-lived intangible assets. We began to amortize the Carpet Fresh and X-14 trade names on a straight-line basis effective on September 1, 2009 based on their estimated remaining useful lives of thirteen and eight years, respectively.

Recently Issued Accounting Standards

In September 2011, the Financial Accounting Standards Board ("FASB") issued updated authoritative guidance to amend the standard for the goodwill impairment test. The amendments will allow companies to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Companies no longer will be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The updated authoritative guidance will be effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. We are currently evaluating the potential impact, if any, of the adoption of this guidance on the process and procedures for our goodwill impairment test.

In June 2011, the FASB issued updated authoritative guidance to amend the presentation of comprehensive income. Under these new presentation rules, companies will have the option to present other comprehensive income in either a single continuous statement of comprehensive income or in two separate but consecutive statements. Under both alternatives, companies will be required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. In the single continuous statement approach, the guidance requires the entity to present the components of net income and total net income, the components of other comprehensive income and a total for other comprehensive income, along with the total of comprehensive income in that statement. In the two-statement approach, the income statement will be followed immediately by the statement of other comprehensive income, which will include the amount for total comprehensive income. This updated authoritative guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. We are currently evaluating the potential impact, if any, of the adoption of this updated authoritative guidance on our consolidated financial statement disclosures.

In May 2011, the FASB issued updated authoritative guidance to amend the fair value measurements and related disclosures. This guidance relates to a major convergence project of the FASB and the International Accounting Standards Board ("IASB") to improve International Financial Reporting Standards ("IFRS") and U.S. GAAP. This new guidance results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between IFRS and U.S. GAAP. The new guidance also changes some fair value measurement principles and enhances disclosure requirements related to activities in Level 3 of the fair value hierarchy. The amendments are effective for interim and annual periods beginning after December 15, 2011. We have evaluated this updated authoritative guidance, and we do not expect the adoption of this guidance to have a material impact on our consolidated financial statement disclosures.

In December 2010, the FASB issued updated authoritative guidance related to when to perform step 2 of the goodwill impairment test for reporting units with zero or negative carrying amounts. Per this updated authoritative guidance, when a reporting unit has a zero or negative carrying amount, Step 2 of the goodwill impairment test will be performed if qualitative factors indicate that it is more likely than not that a goodwill impairment exists. The qualitative factors to be considered are consistent with the current interim impairment triggers for goodwill. Upon adoption, an entity will perform Step 2 of the goodwill impairment test if it is more likely than not that goodwill is impaired. Furthermore, any impairment identified at the time of adoption will be recognized as a cumulative effect adjustment to beginning retained earnings. We are required to apply these new requirements in our fiscal year beginning after December 15, 2010. We have evaluated this updated authoritative guidance, and we do not expect it to have a material impact on our consolidated financial statements.

In January 2010, the FASB issued updated authoritative guidance related to fair value measurements which requires certain new disclosures related to activities in Level 3 fair value measurements, including purchases, sales, issuances and settlements. This updated authoritative guidance is effective for annual periods beginning after December 15, 2010. We have evaluated this updated authoritative guidance, and we do not expect the adoption of this guidance to have a material impact on our consolidated financial statement disclosures.

Related Parties

Prior to July 1, 2009, we owned a 30% membership interest in VML Company L.L.C. ("VML"). VML made profit distributions to us and the 70% owner on a discretionary basis in proportion to each party's respective interest. VML served as one of our contract manufacturers for certain homecare and cleaning products. We entered into a Settlement Agreement and Mutual General Release with VML effective July 1, 2009. As a result, VML is no longer a related party.

We recorded equity losses related to our investment in VML of $0.4 million for fiscal year 2009. This amount was recorded as a component of cost of products sold as VML acted primarily as a contract manufacturer to the Company. Cost of products sold that were purchased from VML, net of rebates and equity earnings or losses, was $11.7 million for fiscal year 2009. Additionally, we received rental income from VML, which was recorded as a component of other income, net in our consolidated statements of operations. Our investment in VML was written off in full as of February 28, 2009.

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 cash and intercompany accounts receivable balances denominated in non-functional currencies. The principal currency affected 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.

The Company has performed a sensitivity analysis related to its foreign currency forward contracts outstanding at August 31, 2011. If the foreign currency exchange rates relevant to those contracts were to change unfavorably by 10%, the Company would incur a loss of approximately $1.4 million.

Interest Rate Risk

As of August 31, 2011, the Company had $10.7 million remaining on its original $75.0 million, 7.28% fixed-rate term loan. Additionally, the Company entered into a $75.0 million three-year revolving credit facility agreement with Bank of America, N.A. ("Bank of America") in June 2011. As a result of the fixed interest rate on the term loan, only the $75.0 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 during the three-year period, which expires on June 17, 2014. All loans denominated in U.S. dollars will accrue interest at the bank's Prime rate or at LIBOR plus a margin of 0.90 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 0.90 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, 2011 and 2010 and for each of the three fiscal years in the period ended August 31, 2011, 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, 2011				
	1st	2nd	3rd	4th	Total
Net sales	$ 80,927	$ 79,206	$ 85,536	$ 90,740	$ 336,409
Gross profit	41,222	41,046	42,139	43,705	168,112
Net Income	9,079	9,108	8,060	10,186	36,433
Diluted earnings per common share	$ 0.53	$ 0.53	$ 0.47	$ 0.61	$ 2.14

	Fiscal Year Ended August 31, 2010				
	1st	2nd	3rd	4th	Total
Net sales	$ 77,721	$ 80,553	$ 82,561	$ 80,681	$ 321,516
Gross profit	39,913	42,233	42,255	40,905	165,306
Net Income	9,413	10,677	9,117	6,888	36,095
Diluted earnings per common share	$ 0.56	$ 0.64	$ 0.54	$ 0.41	$ 2.15

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

Not applicable.

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 ("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, 2011, 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. Based on that evaluation, management concluded that its internal control over financial reporting is effective as of August 31, 2011.

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 this report, has audited the effectiveness of WD-40 Company's internal control over financial reporting as of August 31, 2011, 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, 2011, 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

Not applicable.

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 2011 Annual Meeting of Stockholders on December 13, 2011 ("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 financial reporting code of ethics applicable to its principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions. A copy of the financial reporting code of ethics applicable to such persons may be found on the Registrant's internet website on the Officers and Directors 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, 2011:

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	760,487[(1)]	$ 33.43[(2)]	2,123,938
Equity compensation plans not approved by security holders	n/a	n/a	n/a
	760,487[(1)]	$ 33.43[(2)]	2,123,938

(1) Includes 520,730 securities to be issued upon exercise of outstanding stock options, 191,757 securities to be issued pursuant to outstanding restricted stock units and 48,000 securities to be issued pursuant to outstanding performance share units ("PSUs") based on 100% of the target number of PSU shares to be issued upon achievement of the applicable performance measures specified for such PSUs.

(2) Weighted average exercise price only applies to stock options outstanding of 520,730, 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."

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

(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 25, 2007, Exhibit 3(a) thereto.
3(b)	Bylaws, incorporated by reference from the Registrant's Form 10-Q filed January 9, 2009, Exhibit 3(b) thereto.
	Material Contracts.
	Executive Compensation Plans and Arrangements (Exhibits 10(a) through 10(n) 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 Proxy Statement filed on November 8, 2007, Appendix 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 16, 2009, Exhibit 10(a) thereto.
10(c)	WD-40 Directors' Compensation Policy and Election Plan dated October 11, 2011.
10(d)	Third Amended and Restated WD-40 Company 1999 Non-Employee Director Restricted Stock Plan, incorporated by reference from the Registrant's Form 10-K filed October 16, 2009, Exhibit 10(e) thereto.
10(e)	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 25, 2007, Exhibit 10(d) thereto.
10(f)	Form of Performance Share Unit Award Agreement for 2010 awards to executive officers under the WD-40 Company 2007 Stock Incentive Plan.
10(g)	Form of WD-40 Company Supplemental Death Benefit Plan applicable to certain executive officers of the Registrant, incorporated by reference from the Registrant's Form 10-K filed October 18, 2010, Exhibit 10(f) thereto.

Exhibit No.	Description
10(h)	Change of Control Severance Agreement between WD-40 Company and Garry O. Ridge dated February 14, 2006.
10(i)	Change of Control Severance Agreement between WD-40 Company and Michael J. Irwin dated February 14, 2006.
10(j)	Change of Control Severance Agreement between WD-40 Company and Michael L. Freeman dated February 14, 2006.
10(k)	Change of Control Severance Agreement between WD-40 Company and Geoffrey J. Holdsworth dated February 14, 2006.
10(l)	Change of Control Severance Agreement between WD-40 Company and Graham P. Milner dated February 14, 2006.
10(m)	Change of Control Severance Agreement between WD-40 Company and William B. Noble dated February 14, 2006.
10(n)	Change of Control Severance Agreement between WD-40 Company and Jay Rembolt dated October 16, 2008, incorporated by reference from the Registrant's Form 10-K filed October 23, 2008, Exhibit 10(m) thereto.
10(o)	Note Purchase and Private Shelf Agreement dated October 18, 2001 between WD-40 Company and Prudential Insurance Company of America, incorporated by reference from the Registrant's Form 10-Q filed April 8, 2010, Exhibit 10(a) thereto.
10(p)	First Amendment/Consent to October 18, 2001 Private Shelf Agreement dated May 30, 2002 between WD-40 Company and Prudential Company of America, incorporated by reference from the Registrant's Form 10-Q filed April 8, 2010, Exhibit 10(b) thereto.
10(q)	Amendment to October 18, 2011 Note Purchase and Private Shelf Agreement dated June 15, 2011.
10(r)	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.
21	Subsidiaries of the Registrant.
23	Consent of Independent Registered Public Accounting Firm dated October 20, 2011.
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.

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 and Chief Financial Officer
(Principal Financial and Accounting Officer)
Date: October 20, 2011

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 20, 2011

/s/ JOHN C. ADAMS, JR.

JOHN C. ADAMS, JR., Director
Date: October 20, 2011

/s/ GILES H. BATEMAN

GILES H. BATEMAN, Director
Date: October 20, 2011

/s/ PETER D. BEWLEY

PETER D. BEWLEY, Director
Date: October 20, 2011

/s/ RICHARD A. COLLATO

RICHARD A. COLLATO, Director
Date: October 20, 2011

MARIO L. CRIVELLO, Director
Date:

/s/ LINDA A. LANG

LINDA A. LANG, Director
Date: October 20, 2011

/s/ GREGORY A. SANDFORT

GREGORY A. SANDFORT, Director
Date: October 20, 2011

/s/ NEAL E. SCHMALE

NEAL E. SCHMALE, Director
Date: October 20, 2011

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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 shareholders' equity and comprehensive income, and of cash flows present fairly, in all material respects, the financial position of WD-40 Company and its subsidiaries at August 31, 2011 and August 31, 2010, and the results of their operations and their cash flows for each of the three years in the period ended August 31, 2011 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, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). 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. 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 audits 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.

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, California
October 20, 2011

WD-40 COMPANY
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	August 31, 2011	August 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 56,393	$ 75,928
Short-term investments	533	—
Trade accounts receivable, less allowance for doubtful accounts of $412 and $299 at August 31, 2011 and 2010, respectively	58,324	47,846
Inventories	17,604	14,573
Current deferred tax assets, net	4,849	4,747
Assets held for sale	879	—
Other current assets	4,574	7,314
Total current assets	143,156	150,408
Property and equipment, net	8,482	9,322
Goodwill	95,452	95,235
Other intangible assets, net	29,933	31,272
Other assets	2,754	2,871
Total assets	$ 279,777	$ 289,108
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 19,373	$ 18,943
Accrued liabilities	15,258	14,382
Current portion of long-term debt and short-term borrowings	10,715	10,714
Accrued payroll and related expenses	7,471	14,265
Income taxes payable	1,413	1,516
Total current liabilities	54,230	59,820
Long-term debt	—	10,715
Long-term deferred tax liabilities, net	21,813	17,414
Deferred and other long-term liabilities	2,508	4,635
Total liabilities	78,551	92,584
Shareholders' equity:		
Common stock — authorized 36,000,000 shares, $0.001 par value; 18,948,868 and 18,251,142 shares issued at August 31, 2011 and 2010, respectively; and 16,367,913 and 16,687,644 shares outstanding at August 31, 2011 and 2010, respectively	19	18
Additional paid-in capital	117,022	93,101
Retained earnings	176,008	157,805
Accumulated other comprehensive loss	(358)	(4,334)
Common stock held in treasury, at cost — 2,580,955 and 1,563,498 shares at August 31, 2011 and 2010, respectively	(91,465)	(50,066)
Total shareholders' equity	201,226	196,524
Total liabilities and shareholders' equity	$ 279,777	$ 289,108

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,		
	2011	2010	2009
Net sales	$ 336,409	$ 321,516	$ 292,002
Cost of products sold (including cost of products acquired from related party of $11,675 for fiscal year 2009)	168,297	156,210	147,469
Gross profit	168,112	165,306	144,533
Operating expenses:			
Selling, general and administrative	87,311	87,323	78,051
Advertising and sales promotion	25,132	22,061	19,459
Amortization of definite-lived intangible assets	1,537	724	468
Impairment of indefinite-lived intangible assets	—	—	6,710
Total operating expenses	113,980	110,108	104,688
Income from operations	54,132	55,198	39,845
Other income (expense):			
Interest income	228	174	428
Interest expense	(1,076)	(1,726)	(2,492)
Other income (expense), net	247	(89)	543
Income before income taxes	53,531	53,557	38,324
Provision for income taxes	17,098	17,462	12,037
Net income	$ 36,433	$ 36,095	$ 26,287
Earnings per common share:			
Basic	$ 2.16	$ 2.17	$ 1.59
Diluted	$ 2.14	$ 2.15	$ 1.58
Shares used in per share calculations:			
Basic	16,803	16,606	16,503
Diluted	16,982	16,725	16,656

See accompanying notes to consolidated financial statements.

WD-40 COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME
(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	Total Comprehensive Income
	Shares	Amount				Shares	Amount		
Balance at August 31, 2008	18,041,715	$ 18	$ 82,647	$ 128,627	$ 2,766	1,563,498	$ (50,066)	$ 163,992	
Issuance of common stock upon exercises of stock options and conversions of restricted stock units to common shares	52,164	—	1,296	—	—	—	—	1,296	
Stock-based compensation	—	—	2,688	—	—	—	—	2,688	
Tax benefit from exercises of stock options and conversions of restricted stock units to common shares	—	—	98	—	—	—	—	98	
Cash dividends ($1.00 per share)	—	—	—	(16,547)	—	—	—	(16,547)	
Foreign currency translation adjustment, net of tax provision of $16	—	—	—	—	(4,867)	—	—	(4,867)	$ (4,867)
Net income	—	—	—	26,287	—	—	—	26,287	26,287
Balance at August 31, 2009	18,093,879	$ 18	$ 86,729	$ 138,367	$ (2,101)	1,563,498	$ (50,066)	$ 172,947	$ 21,420
Issuance of common stock upon exercises of stock options and conversions of restricted stock units to common shares	157,263	—	3,261	—	—	—	—	3,261	
Stock-based compensation	—	—	2,864	—	—	—	—	2,864	
Tax benefit from exercises of stock options and conversions of restricted stock units to common shares, net of impact of post-vesting expirations of stock options	—	—	247	—	—	—	—	247	
Cash dividends ($1.00 per share)	—	—	—	(16,657)	—	—	—	(16,657)	
Foreign currency translation adjustment, net of tax provision of $37	—	—	—	—	(2,233)	—	—	(2,233)	$ (2,233)
Net income	—	—	—	36,095	—	—	—	36,095	36,095
Balance at August 31, 2010	18,251,142	$ 18	$ 93,101	$ 157,805	$ (4,334)	1,563,498	$ (50,066)	$ 196,524	$ 33,862
Issuance of common stock upon exercises of stock options and conversions of restricted stock units to common shares	697,726	1	19,523	—	—	—	—	19,524	
Stock-based compensation	—	—	3,033	—	—	—	—	3,033	
Tax benefit from exercises of stock options and conversions of restricted stock units to common shares	—	—	1,365	—	—	—	—	1,365	
Cash dividends ($1.08 per share)	—	—	—	(18,230)	—	—	—	(18,230)	
Acquisition of treasury stock	—	—	—	—	—	1,017,457	(41,399)	(41,399)	
Foreign currency translation adjustment, net of tax provision of $71	—	—	—	—	3,976	—	—	3,976	$ 3,976
Net income	—	—	—	36,433	—	—	—	36,433	36,433
Balance at August 31, 2011	18,948,868	$ 19	$ 117,022	$ 176,008	$ (358)	2,580,955	$ (91,465)	$ 201,226	$ 40,409

See accompanying notes to consolidated financial statements.

WD-40 COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal Year Ended August 31,		
	2011	2010	2009
Operating activities:			
Net income	$ 36,433	$ 36,095	$ 26,287
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,386	4,248	3,727
Impairment of indefinite-lived intangible assets	—	—	6,710
Net losses (gains) on sales and disposals of property and equipment	154	(43)	(17)
Deferred income taxes	2,831	(152)	(266)
Excess tax benefits from exercises of stock options and conversions of restricted stock units to common shares	(1,195)	(224)	(101)
Stock-based compensation	3,033	2,864	2,688
Unrealized foreign currency exchange losses (gains), net	469	931	(696)
Provision for bad debts	162	103	500
Equity losses from related party	—	—	435
Changes in assets and liabilities:			
Trade accounts receivable	(9,776)	(1,723)	(1,349)
Inventories	(2,654)	2,967	2,666
Other assets	2,795	(2,738)	(1,643)
Accounts payable and accrued liabilities	657	6,092	(7,965)
Accrued payroll and related expenses	(7,802)	6,875	1,296
Accounts payable to related party	—	—	547
Income taxes payable	2,661	(346)	1,732
Deferred and other long-term liabilities	(2,145)	1,475	77
Net cash provided by operating activities	30,009	56,424	34,628
Investing activities:			
Purchases of property and equipment	(2,875)	(1,769)	(3,008)
Proceeds from sales of property and equipment	170	216	255
Purchases of short-term investments	(515)	—	—
Net cash used in investing activities	(3,220)	(1,553)	(2,753)
Financing activities:			
Repayments of long-term debt	(10,714)	(10,714)	(10,714)
Proceeds from revolving credit facility	5,000	—	—
Repayments of revolving credit facility	(5,000)	—	—
Dividends paid	(18,230)	(16,657)	(16,547)
Proceeds from issuance of common stock	20,215	3,572	1,296
Treasury stock purchases	(41,399)	—	—
Excess tax benefits from exercises of stock options and conversions of restricted stock units to common shares	1,195	224	101
Net cash used in financing activities	(48,933)	(23,575)	(25,864)
Effect of exchange rate changes on cash and cash equivalents	2,609	(1,324)	(2,038)
Net (decrease) increase in cash and cash equivalents	(19,535)	29,972	3,973
Cash and cash equivalents at beginning of period	75,928	45,956	41,983
Cash and cash equivalents at end of period	$ 56,393	$ 75,928	$ 45,956
Supplemental cash flow information:			
Cash paid for:			
Interest	$ 986	$ 1,767	$ 2,697
Income taxes, net of tax refunds received	$ 11,424	$ 18,948	$ 9,818

See accompanying notes to consolidated financial statements.

WD-40 COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. The Company

WD-40 Company, based in San Diego, California, is a global consumer products company dedicated to delivering unique, high value and easy-to-use solutions for a wide variety of maintenance needs of "doer" and "on-the-job" users by leveraging and building the brand fortress of the Company. The Company markets multi-purpose maintenance products, WD-40® multi-use product and, 3-IN-ONE® Oil, BLUE WORKS® and WD-40 Specialist™ product lines. WD-40 Specialist is the newest of these product brands and the Company launched the first three products in this line in the United States ("U.S.") during September 2011. The Company also markets the following homecare and cleaning brands: X-14® mildew stain remover and automatic toilet bowl cleaners, 2000 Flushes® automatic toilet bowl cleaners, Carpet Fresh® and No Vac® rug and room deodorizers, Spot Shot® aerosol and liquid carpet stain removers, 1001® household cleaners and rug and room deodorizers and Lava® and Solvol® heavy-duty hand cleaners.

The Company's brands are sold in various locations around the world. Multi-purpose maintenance products are sold worldwide in markets throughout North, Central and South America, Asia, Australia and the Pacific Rim, Europe, the Middle East and Africa. Homecare and cleaning products are sold primarily in North America, the United Kingdom ("U.K."), Australia and the Pacific Rim. The Company's products are sold primarily through mass retail and home center stores, warehouse club stores, grocery stores, hardware stores, automotive parts outlets and industrial distributors and suppliers.

Note 2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Sales Concentration

Wal-Mart Stores, Inc. is a significant U.S. and global mass retail customer and offers a variety of the Company's products. Sales to U.S. Wal-Mart stores and its affiliates worldwide accounted for approximately 7 percent, 9 percent and 10 percent of the Company's consolidated net sales in fiscal years 2011, 2010 and 2009, respectively. Accounts receivable from Wal-Mart stores and its affiliates worldwide accounted for 6 percent and 9 percent of the Company's consolidated accounts receivable balances at August 31, 2011 and 2010, respectively.

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 multipurpose 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

Short-term investments include securities with stated maturities of no longer than twelve months. The Company's short-term investments consisted of term deposits with a fair value of $0.5 million at August 31, 2011. The term deposits were either not allowed to be redeemed early or were subject to penalty for early redemption before their maturity. No short-term investments were held by the Company at August 31, 2010.

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 uncollectable. Trade accounts receivable are charged off 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.

Changes in the allowance for doubtful accounts are summarized below (in thousands):

	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deductions*	Balance at End of Year
Fiscal year ended August 31, 2009	$ 486	$ 500	$ 292	$ 694
Fiscal year ended August 31, 2010	$ 694	$ 103	$ 498	$ 299
Fiscal year ended August 31, 2011	$ 299	$ 162	$ 49	$ 412

* Represents the net amount of write-offs against the allowance and recoveries of doubtful accounts.

Inventories

Inventories are stated at the lower of cost (as determined based on the average cost method) or market. 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 certain raw materials and components held at outsourced contract packagers, which manufacture the Company's products. These contract packagers package products to the Company's specifications and, upon order from the Company, ship ready-to-sell inventory to the Company's customers. The Company transfers certain raw materials and components to these contract packagers for use in the manufacturing process. Contract packagers are obligated to pay the Company for these raw materials and components upon receipt. Amounts receivable from the contract packagers as of the balance sheet date related to transfers of these raw materials and components by the Company to its contract packagers are considered product held at contract packagers 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 $2.7 million, $3.1 million and $2.8 million for fiscal years 2011, 2010 and 2009, respectively. These amounts include factory depreciation expense recognized as cost of products sold totaling $1.1 million, $1.5 million and $1.3 million for fiscal years 2011, 2010 and 2009, respectively.

Software Development Costs

The Company capitalizes qualifying software costs, which are incurred during the application development stage, and amortizes them over their estimated useful lives of three to five years. The Company capitalized $0.1 million, $0 million and $0.2 million in fiscal years 2011, 2010 and 2009, respectively. Capitalized software costs are included in property and equipment in the accompanying consolidated balance sheets. Amortization expense totaled $47 thousand, $0.1 million and $0.2 million in fiscal years 2011, 2010 and 2009, respectively.

Goodwill and Indefinite-lived Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of tangible and intangible assets acquired. Indefinite-lived intangible assets consist of certain trade names. The carrying values of goodwill and indefinite-lived intangible assets are reviewed for possible impairment in accordance with the authoritative guidance on goodwill, intangibles and other. The Company assesses possible impairments to goodwill and indefinite-lived intangible assets at least annually during its second fiscal quarter and otherwise when there is evidence that events or changes in circumstances indicate that an impairment condition may exist. In addition, indefinite-lived intangible assets are evaluated each reporting period to determine whether events and circumstances continue to support an indefinite useful life. In performing the annual impairment test of its goodwill and indefinite-lived intangible assets, the Company considers the fair value concepts of a market participant and the highest and best use for its intangible assets.

The Company tests for goodwill impairment at the reporting unit level based on a two-step process which is conducted by applying fair value concepts. First, the book value of the Company's net assets is compared to the fair value of the net assets of the reporting units that have goodwill assigned to them. If the fair value is determined to be less than the book value, a second step is performed to compute the amount of impairment. In the second step, the implied fair value of goodwill is estimated as the fair value of the reporting unit used in the first step less the fair values of all other net tangible and intangible assets of the reporting unit. If the carrying amount of goodwill exceeds its implied fair value, an impairment loss is recognized in an amount equal to that excess, not to exceed the carrying amount of the goodwill. Any required impairment losses are recorded as a reduction in the carrying amount of the related asset and charged to results of operations.

The Company tests for impairment of indefinite-lived intangible assets based on a discounted future cash flows approach that requires significant management judgment and estimates with respect to, among other considerations, forecasted sales revenue, advertising and promotional expenses, cost of products sold, gross margins, operating margins, the success of product innovations and introductions, customer retention, tax rates, terminal growth values and the selection of appropriate discount and royalty rates.

In addition to the annual impairment tests, goodwill and indefinite-lived intangible assets are evaluated each reporting period. 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. Indefinite-lived intangible assets are evaluated each reporting period to determine whether events and circumstances continue to support an indefinite useful life and to determine whether any indicators of impairment exist. 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.

Long-lived Assets

The Company's long-lived assets consist of property and equipment and definite-lived intangible assets, which include trade names and non-contractual customer relationships. 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. Although no material impairments to its long-lived assets have been identified by the Company during fiscal years 2011, 2010 or 2009, the Company recorded impairments to its Carpet Fresh and X-14 trade names prior to their reclassification from indefinite-lived to definite-lived intangible assets on August 31, 2009. Also, the Company reclassified its Spot Shot, 2000 Flushes and 1001 trade names from indefinite-lived to definite-lived intangible assets effective February 28, 2011. See Note 6 – Goodwill and Other Intangible Assets for details.

During the third quarter of fiscal year 2011, the Company decided to approve and start executing upon a plan to sell its warehouse facility located in Memphis, Tennessee. The Company classifies assets as held for sale when they meet the criteria set forth in the authoritative guidance on property, plant and equipment. Based on the approval of the plan to sell this facility in May 2011, this property met the held for sale classification criteria and the Company reclassified this property from held and used to held for sale. As of August 31, 2011, this property was included in the assets held for sale at the lower of its carrying value or fair value less the costs to sell in the Company's consolidated balance sheets. In July 2011, a third party entered into a sales agreement with the Company to purchase this facility in Memphis. As of August 31, 2011, the Company was still in escrow with this third party.

Fair Value of Financial Instruments

The Company's financial instruments include cash and cash equivalents, short-term investments, trade accounts receivable, accounts payable, foreign currency exchange contracts and debt. The carrying amounts of these financial instruments, with the exception of debt, approximate their fair values due to their short-term maturities.

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, money market accounts, term deposits and time deposits. The Company's trade accounts receivable are derived from customers located in North America, South America, Asia-Pacific and Europe. 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, 2011 and 2010.

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 sales incentives 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 packagers, net of volume and other rebates. Cost of products sold also includes the costs to manufacture WD-40 concentrate, which include direct labor, direct materials and supplies; in-bound freight costs related to purchased raw materials; 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 packagers 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 are included in selling, general and administrative expenses and are recorded at the time of shipment of product to the Company's customers. Shipping and handling costs were $15.0 million, $13.6 million and $13.3 million for fiscal years 2011, 2010 and 2009, respectively.

Advertising and Sales Promotion Expenses

Advertising and sales promotion expenses are expensed as incurred. Advertising and sales promotion expenses include costs for advertising (television, print media and internet), coupon programs, consumer promotions, product demonstrations, public relations, agency costs, package design expenses and market research costs.

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 or renovation of existing products. All research and development costs are expensed as incurred and are included in selling, general and administrative expenses. Research and development expenses were $5.5 million, $5.3 million and $4.8 million in fiscal years 2011, 2010 and 2009, 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

Assets and liabilities of the Company’s foreign subsidiaries are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Income and expense items are translated at the average exchange rates prevailing during each reporting period. 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. Foreign currency transaction gains, net were $0.2 million for fiscal year 2011 and foreign currency transaction losses, net were $0.1 million and $0.5 million for fiscal years 2010 and 2009, 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 cash and intercompany accounts receivable 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 accounted for on a mark-to-market basis, 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 a net asset position at the end of the reporting period are included in other current assets, while foreign currency forward contracts in a net liability position at the end of the reporting period are included in accrued liabilities in the Company's consolidated balance sheets.

The Company continually monitors its positions with, and the credit quality of, the financial institution that is counterparty to its foreign currency forward contracts, and has not experienced nonperformance by this counterparty. As a matter of policy, the Company does not purchase foreign currency forward contracts that exceed the amount of its cash and intercompany accounts receivable balances denominated in non-functional currencies. At August 31, 2011, the Company had $12.3 million of foreign currency forward contracts outstanding which mature from September 2011 through December 2011. Unrealized net gains and losses related to foreign currency forward contracts were not material at August 31, 2011 and 2010. Realized net losses related to foreign currency forward contracts were $0.5 million, $0.3 million and $0.6 million for the fiscal years ended August 31, 2011, 2010 and 2009, respectively.

Earnings per Common Share

Effective September 1, 2009, the Company adopted a new accounting standard which provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities that must 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 restricted stock units 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 and performance share 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 value of stock unit awards is based on the fair value of the Company's common stock on the date that the stock unit award is granted. For those stock unit awards that have performance-based conditions, the Company adjusts the compensation expense over the service period based upon the expected achievement of the performance conditions. 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, 2011, the Company determined that it does have a pool of windfall tax benefits.

The Company classifies cash flows resulting from tax deductions in excess of the cumulative compensation cost recognized for stock-based equity awards, or excess tax benefits, as cash inflows from financing activities and cash outflows from operating activities.

Segment Information

The Company discloses certain information about its business segments, which 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 locations. In addition, management assesses and reports on revenue based on product lines.

Recently Adopted Accounting Standards

Effective March 1, 2011, the Company adopted the provisions of the updated authoritative guidance related to financing receivables which enhances the disclosure requirements about the credit quality and related allowance for credit losses of financing receivables. The adoption of the provisions of this standard did not have an impact on the Company's consolidated financial statement disclosures.

Recently Issued Accounting Standards

In September 2011, the Financial Accounting Standards Board ("FASB") issued updated authoritative guidance to amend the standard for the goodwill impairment test. The amendments will allow companies to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Companies no longer will be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The updated authoritative guidance will be effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company is currently evaluating the potential impact, if any, of the adoption of this guidance on the process and procedures for its goodwill impairment test.

In June 2011, the FASB issued updated authoritative guidance to amend the presentation of comprehensive income. Under these new presentation rules, companies will have the option to present other comprehensive income in either a single continuous statement of comprehensive income or in two separate but consecutive statements. Under both alternatives, companies will be required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. In the single continuous statement approach, the guidance requires the entity to present the components of net income and total net income, the components of other comprehensive income and a total for other comprehensive income, along with the total of comprehensive income in that statement. In the two-statement approach, the income statement will be followed immediately by the statement of other comprehensive income, which will include the amount for total comprehensive income. This updated authoritative guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company is currently evaluating the potential impact, if any, of the adoption of this updated authoritative guidance on its consolidated financial statement disclosures.

In May 2011, the FASB issued updated authoritative guidance to amend the fair value measurements and related disclosures. This guidance relates to a major convergence project of the FASB and the International Accounting Standards Board (“IASB”) to improve International Financial Reporting Standards (“IFRS”) and U.S. GAAP. This new guidance results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between IFRS and U.S. GAAP. The new guidance also changes some fair value measurement principles and enhances disclosure requirements related to activities in Level 3 of the fair value hierarchy. The amendments are effective for interim and annual periods beginning after December 15, 2011. The Company has evaluated this updated authoritative guidance, and it does not expect the adoption of this guidance to have a material impact on its consolidated financial statement disclosures.

In December 2010, the FASB issued updated authoritative guidance related to when to perform step 2 of the goodwill impairment test for reporting units with zero or negative carrying amounts. Per this updated authoritative guidance, when a reporting unit has a zero or negative carrying amount, Step 2 of the goodwill impairment test will be performed if qualitative factors indicate that it is more likely than not that a goodwill impairment exists. The qualitative factors to be considered are consistent with the current interim impairment triggers for goodwill. Upon adoption, an entity will perform Step 2 of the goodwill impairment test if it is more likely than not that goodwill is impaired. Furthermore, any impairment identified at the time of adoption will be recognized as a cumulative effect adjustment to beginning retained earnings. The Company is required to apply these new requirements in its fiscal year beginning after December 15, 2010. The Company has evaluated this updated authoritative guidance, and it does not expect it to have a material impact on its consolidated financial statements.

In January 2010, the FASB issued updated authoritative guidance related to fair value measurements which requires certain new disclosures related to activities in Level 3 fair value measurements, including purchases, sales, issuances and settlements. This updated authoritative guidance is effective for annual periods beginning after December 15, 2010. The Company has evaluated this updated authoritative guidance, and it does not expect the adoption of this guidance to have a material impact on its consolidated financial statement disclosures.

Note 3. Fair Value Measurements

Financial Assets and Liabilities

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.

Financial assets measured at fair value on a recurring basis are summarized below (in thousands):

	August 31, 2011			
	Total	Level 1	Level 2	Level 3
Assets:				
Money market funds	$ —	$ —	$ —	$ —
Term deposits	533	—	533	—
Total	$ 533	$ —	$ 533	$ —

	August 31, 2010			
	Total	Level 1	Level 2	Level 3
Assets:				
Money market funds	$ 24,362	$ —	$ 24,362	$ —
Term deposits	—	$ —	—	—
Total	$ 24,362	$ —	$ 24,362	$ —

Money market funds are highly liquid investments classified as cash equivalents and term deposits are held-to-maturity investments classified as short-term investments in the Company's consolidated balance sheets at August 31, 2011 and 2010. These securities are valued based on third party quotations of similar assets in active markets, and are thus classified as Level 2 within the fair value hierarchy.

There were no transfers between Level 1 and Level 2 fair value measurements during the fiscal years ended August 31, 2011 and 2010.

The carrying values of trade accounts receivable and accounts payable approximate their fair values due to their short-term maturities. The estimated fair value of long-term debt, including current maturities, was $10.9 million and $22.4 million at August 31, 2011 and August 31, 2010, respectively, based on discounted future cash flows using current market interest rates.

Nonfinancial Assets and Liabilities

The Company's nonfinancial assets and liabilities are recognized at fair value subsequent to initial recognition when they are deemed to be impaired. There were no nonfinancial assets and liabilities deemed to be impaired and measured at fair value on a nonrecurring basis as of August 31, 2011 and 2010.

Note 4. Inventories

Inventories consisted of the following (in thousands):

	August 31, 2011	August 31, 2010
Product held at contract packagers	$ 1,727	$ 1,536
Raw materials and components	2,174	1,811
Work-in-process	318	979
Finished goods	13,385	10,247
Total	$ 17,604	$ 14,573

Note 5. Property and Equipment

Property and equipment, net, consisted of the following (in thousands):

	August 31, 2011	August 31, 2010
Machinery, equipment and vehicles	$ 12,331	$ 12,162
Buildings and improvements	3,559	4,416
Computer and office equipment	3,169	3,075
Software	4,245	4,011
Furniture and fixtures	1,154	1,092
Land	293	542
Subtotal	24,751	25,298
Less: accumulated depreciation and amortization	(16,269)	(15,976)
Total	$ 8,482	$ 9,322

Note 6. Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of tangible and intangible assets acquired. Other intangible assets, including both indefinite-lived intangible assets and definite-lived intangible assets, consist of trade names and non-contractual customer relationships. The carrying values of goodwill and indefinite-lived intangible assets are reviewed for possible impairment annually during the Company's second fiscal quarter.

In addition to the annual impairment tests, goodwill and indefinite-lived intangible assets are evaluated each reporting period. 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. Indefinite-lived intangible assets are evaluated each reporting period to determine whether events and circumstances continue to support an indefinite useful life and to determine whether any indicators of impairment exist. 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.

Definite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives and are evaluated each reporting period to determine whether events and circumstances indicate that their carrying amounts may not be recoverable and/or their remaining useful lives may no longer be appropriate.

During the second quarter of fiscal year 2011, the Company performed its annual impairment test of goodwill. The annual goodwill impairment test was performed at the reporting unit level as required by the authoritative guidance on intangibles, goodwill and other. This annual test follows a two-step process and is conducted by applying fair value concepts. Only the first step of the annual goodwill impairment test was required as the fair values of all reporting units significantly exceeded their carrying values. In performing the annual impairment test of its goodwill, the Company considered the fair value concepts of a market participant and the highest and best use for the asset. Based on the results of the annual goodwill impairment test, the Company determined that its goodwill was not impaired since the fair value of each reporting unit exceeded its carrying value by more than 10% as of February 28, 2011.

During the second quarter of fiscal year 2011, the Company conducted the annual impairment test for its indefinite-lived intangible assets, which included the 2000 Flushes, Spot Shot and 1001 trade names. In performing the annual impairment test of these indefinite-lived intangible assets, the Company considered the fair value concepts of a market participant and the highest and best use for the intangible assets. All three of these trade names generate their own revenue streams and the revenues for each are in no way dependent on the revenue streams of any of the other trade names. Based on the results of this annual impairment test, the Company determined that none of these intangible assets were impaired as of February 28, 2011. Although no impairment was identified during this annual impairment test, the amount by which the fair values exceeded the carrying values for two of the three trade names decreased from the fiscal year 2010 annual impairment test. This is due to the manner in which the Company plans to manage these trade names in future periods, the decreased sales for these trade names in recent periods and the lower level of forecasted sales for these trade names in future periods.

In conjunction with the annual impairment test that was conducted in the second quarter of fiscal year 2011, the Company also performed an evaluation of its indefinite-lived intangible assets to determine whether an indefinite life for each trade name was still warranted as of February 28, 2011. As a result of this evaluation, the Company determined that events and circumstance had occurred during the second quarter of fiscal year 2011 which indicated that the 2000 Flushes, Spot Shot and 1001 trade names should no longer be considered to have indefinite lives. These events and circumstances included the following, all of which indicate that these three trade names are definite-lived:

- The Company's strategic decision to divert research and development resources from its 2000 Flushes, Spot Shot and 1001 trade names so that the Company can focus more specifically and continue to gain momentum on the development and extension of its multi-purpose maintenance products;

- The tactical manner in which management intends to manage all three trade names in future periods;

- Lost distribution within certain channels for these trade names, which the Company may or may not be able to recover in future periods;

- The recent increased variability of promotional activities with certain of the Company's key customers for these trade names, which the Company may or may not be able to reverse in future periods; and

- A lower level of forecasted sales for each of these trade names as a result of decreased sales for each in recent periods and the manner in which management intends to manage these trade names in future periods.

As a result of the aforementioned events and circumstances, the Company determined that it was appropriate to change the 2000 Flushes, Spot Shot and 1001 trade names from indefinite-lived to definite-lived intangible assets effective February 28, 2011.

The Company determined the estimated remaining economic lives of the 2000 Flushes, Spot Shot and 1001 trade names based on future forecasted cash flows for these trade names, as well as the consideration of various other factors. These factors included the strength of each trade name and their respective market share within the category in which each operates, the stability of the household cleaning products industry, the fact that these trade names have been in existence for a long period of time and are expected to remain in existence for a significant number of years in the future and the fact that no legal, regulatory, or contractual conditions currently exist that would limit their remaining useful lives. After taking all of these factors into consideration, the Company concluded that the 1001 trade name will generate future cash flows for at least the next twenty years and the 2000 Flushes and Spot Shot trade names will generate future cash flows for at least the next seventeen years. As a result, these are the periods over which each trade name is being amortized on a straight-line basis effective March 1, 2011.

Goodwill

Changes in the carrying amounts of goodwill by segment are summarized below (in thousands):

	Americas	Europe	Asia-Pacific	Total
Balance as of August 31, 2009	$ 85,570	$ 8,641	$ 1,213	$ 95,424
Translation adjustments	(24)	(162)	(3)	(189)
Balance as of August 31, 2010	85,546	8,479	1,210	95,235
Translation adjustments	32	184	1	217
Balance as of August 31, 2011	$ 85,578	$ 8,663	$ 1,211	$ 95,452

To date, there have been no impairment losses identified and recorded related to the Company's goodwill.

Indefinite-lived Intangible Assets

Prior to February 28, 2011, indefinite-lived intangible assets, which were not being amortized, consisted of the 2000 Flushes, Spot Shot and 1001 trade names and were included in other intangible assets, net in the Company's consolidated balance sheets. At February 28, 2011, the Company changed the classification of all three trade names from indefinite-lived to definite-lived. As a result, the Company no longer has indefinite-lived intangible assets as of February 28, 2011. Changes in the carrying amounts of indefinite-lived intangible assets by segment are summarized below (in thousands):

	Americas	Europe	Asia-Pacific	Total
Balance as of August 31, 2009	$ 24,500	$ 3,304	$ —	$ 27,804
Translation adjustments	—	(155)	—	(155)
Balance as of August 31, 2010	24,500	3,149	—	27,649
Translation adjustments	—	124	—	124
Trade names changed from indefinite-lived to definite-lived at February 28, 2011	(24,500)	(3,273)	—	(27,773)
Balance as of August 31, 2011	$ —	$ —	$ —	$ —

Definite-lived Intangible Assets

Prior to February 28, 2011, the Company's definite-lived intangible assets consisted of the Carpet Fresh and X-14 trade names and certain non-contractual customer relationships from the acquisition of the 1001 line of products in fiscal year 2004. The Carpet Fresh and X-14 trade names are being amortized on a straight-line basis over their estimated useful lives of thirteen and eight years, respectively. The non-contractual customer relationships intangible asset is being amortized on a straight-line basis over its estimated useful life of eight years. At February 28, 2011, the Company changed the classification of its 2000 Flushes, Spot Shot and 1001 trade names from indefinite-lived to definite-lived. Thus, beginning on March 1, 2011, the 1001 trade name is being amortized on a straight-line basis over its estimated useful life of twenty years, and the 2000 Flushes and Spot Shot trade names are being amortized over their estimated useful lives of seventeen years. The Company's definite-lived intangible assets are included in other intangible assets, net in the Company's consolidated balance sheets. The following table summarizes the definite-lived intangible assets and the related accumulated amortization (in thousands):

	August 31, 2011	August 31, 2010
Gross carrying amount	$ 7,042	$ 6,842
Accumulated amortization	(4,928)	(3,219)
Translation adjustments	46	—
Trade names changed from indefinite-lived to definite-lived at February 28, 2011	27,773	—
Net carrying amount	$ 29,933	$ 3,623

Changes in the carrying amounts of the definite-lived intangible assets by segment are summarized below (in thousands):

	Americas	Europe	Asia-Pacific	Total
Balance as of August 31, 2009	$ 3,150	$ 1,251	$ —	$ 4,401
Amortization expense	(258)	(466)	—	(724)
Translation adjustments	—	(54)	—	(54)
Balance as of August 31, 2010	2,892	731	—	3,623
Amortization expense	(1,062)	(475)	—	(1,537)
Translation adjustments	83	(9)	—	74
Trade names changed from indefinite-lived to definite-lived at February 28, 2011	24,500	3,273	—	27,773
Balance as of August 31, 2011	$ 26,413	$ 3,520	$ —	$ 29,933

The estimated future amortization expense for the non-contractual customer relationships and 1001 trade name intangible assets are based on current foreign currency exchange rates, and amounts in future periods may differ from those presented due to fluctuations in those rates. The estimated amortization expense for the Company's trade names and non-contractual customer relationships intangible assets in future fiscal years is as follows (in thousands):

	Trade Names	Non-Contractual Customer Relationships	Total
Fiscal year 2012	$ 1,865	$ 284	$ 2,149
Fiscal year 2013	1,865	—	1,865
Fiscal year 2014	1,865	—	1,865
Fiscal year 2015	1,865	—	1,865
Fiscal year 2016	1,865	—	1,865
Thereafter	20,324	—	20,324
Total	$ 29,649	$ 284	$ 29,933

Note 7. Accrued and Other Liabilities

Accrued liabilities consisted of the following (in thousands):

	August 31, 2011	August 31, 2010
Accrued advertising and sales promotion expenses	$ 9,396	$ 8,940
Accrued professional services fees	1,005	1,160
Accrued sales taxes	1,189	797
Accrued other taxes	1,535	914
Other	2,133	2,571
Total	$ 15,258	$ 14,382

Accrued payroll and related expenses consisted of the following (in thousands):

	August 31, 2011	August 31, 2010
Accrued bonuses	$ 2,218	$ 8,333
Accrued payroll	2,111	2,020
Accrued profit sharing	1,608	2,051
Accrued payroll taxes	1,066	1,388
Other	468	473
Total	$ 7,471	$ 14,265

Deferred and other long-term liabilities consisted of the following (in thousands):

	August 31, 2011	August 31, 2010
Supplemental employee retirement plan benefits liability	$ 707	$ 705
Other income taxes payable	1,735	3,846
Other	66	84
Total	$ 2,508	$ 4,635

Note 8. Debt

As of August 31, 2011, the Company had $10.7 million remaining on its original $75.0 million, 7.28% fixed-rate term loan financed through Prudential Capital ("Prudential Loan"). Additionally, the Company entered into a $75.0 million unsecured credit agreement with Bank of America, N.A. ("Bank of America") on June 17, 2011. Previously, the Company had an unsecured revolving credit facility with Union Bank, N.A. in the amount of $10.0 million, which was terminated effective on June 17, 2011 when the Company entered into the $75.0 million revolving credit facility with Bank of America.

Debt consisted of the following:

	August 31,	
	2011	2010
Term loan	$ 10,715	$ 21,429
Revolving credit facility [1]	—	—
Less: current portion	(10,715)	(10,714)
Long-term debt	$ —	$ 10,715

[1] In July 2011, the Company drew $5.0 million under the revolving credit facility with Bank of America. The Company repaid this $5.0 million short-term loan and the associated interest with cash on hand in August 2011. Thus, there was no outstanding balance on the revolving credit facility as of August 31, 2011.

Term Loan

The $75.0 million Prudential Loan, which originated in October 2001, has a 10-year term and required interest-only payments for the first three years. The final payment on this term loan is due in October 2011. See Note 17 – Subsequent Events for additional details on this final payment. The term loan agreement has covenant requirements, which require the Company to maintain minimum consolidated net worth greater than the sum of $57.0 million plus 25% of consolidated net income for each fiscal quarter beginning with the first fiscal quarter of 2002, plus proceeds of all equity securities other than those issued under the Company's prior stock option plan and current stock incentive plan. A consolidated fixed charge coverage ratio in the range of 1.20 to 1.00 on the last day of any fiscal quarter must be maintained. The consolidated fixed charge coverage ratio is calculated by dividing earnings before interest, taxes, depreciation and amortization and rent expense minus cash payments for income taxes and capital expenditure by total cash payments for rent, principal and interest. The Company is also limited to a leverage ratio ranging from 2.25 to 1.00, which is calculated by dividing total debt by earnings before interest, taxes, depreciation and amortization, measured on a trailing four quarter basis at each reporting period. The term loan is collateralized by the Company's cash, property, inventory, trade receivables and intangible assets. The term loan also includes certain provisions for prepayment penalties.

The events of default under the fixed-rate term loan include the following:

- Failure to pay principal or interest when due;
- Failure to comply with covenants, representations and warranties or other terms and conditions under the credit agreements;
- Commencing any proceeding for bankruptcy, insolvency, reorganization, dissolution or liquidation; and
- The sale, transfer, abandonment, forfeiture or disposal of the WD-40 trademark or any other trademark used in a material product line.

In the event of default, the term loan may be due and callable immediately at the option of the holders. The term loan agreement also limits the Company's ability, without prior approval from the Company's lenders, to incur additional unsecured indebtedness, sell, lease or transfer assets, place liens on properties, complete certain acquisitions, mergers or consolidations, enter into guarantee obligations, enter into related party transactions and make certain loan advances and investments.

As a result of the share buy-back plan completed during the fiscal year ended August 31, 2008, the Company's debt covenants related to its fixed-rate term loan were revised. Under the revised debt covenants, the aggregate payments for dividends and share repurchases by the Company were limited to $35.0 million, plus 75% of consolidated net income for each fiscal quarter beginning March 1, 2007. Per a June 15, 2011 amendment to the term loan agreement with Prudential, the debt covenants related to the aggregate payments for dividends and share repurchases were further revised. Under these revised debt covenants, the aggregate payments for dividends and share repurchases by the Company are limited to $65.0 million during the period from February 28, 2011 through the date on which all of the balances outstanding on the term loan have been paid in full.

At August 31, 2011, the Company was in compliance with all debt covenants as required by the term loan agreement.

Revolving Credit Facility

On June 17, 2011, the Company entered into an unsecured credit agreement with Bank of America. The agreement consists of a $75.0 million three-year revolving credit facility. The proceeds of the credit facility will be used for the Company's share repurchases and general working capital needs. 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 during the three-year period, which expires on June 17, 2014. All loans denominated in U.S. dollars will accrue interest at the bank's Prime rate or at LIBOR plus a margin of 0.90 percent. All loans denominated in foreign currencies will accrue interest at LIBOR plus 0.90 percent (together with any applicable mandatory liquid asset costs imposed by non-U.S. banking regulatory authorities). Interest on outstanding loans is due and payable on a quarterly basis through the credit facility maturity date of June 17, 2014. The Company may also borrow against the credit facility through the issuance of standby letters of credit. Outstanding letters of credit are subject to a fee equal to 0.90 percent per annum applied to amounts available to be drawn on outstanding letters of credit. The Company will incur commitment fees for the credit facility at an annual rate of 0.15 percent applied to the portion of the total credit facility commitment that has not been borrowed until outstanding loans and letters of credit exceed $37.5 million.

The agreement includes representations, warranties and covenants customary for credit facilities of this type as well as customary events of default and remedies. The agreement also requires the Company to maintain the same financial covenants governing the Company's $75.0 million Prudential Loan until the Prudential Loan is paid in full. After the Prudential Loan is paid in full, the agreement requires the Company to maintain a minimum consolidated earnings before interest, income taxes, depreciation and amortization ("EBITDA") of $40.0 million, measured on a trailing twelve month basis, at each reporting period.

At August 31, 2011, the Company was in compliance with all debt covenants as required by the revolving credit facility.

Note 9. Share Repurchase Plans

On December 8, 2009, the Company's Board of Directors approved a share buy-back plan. Under the plan, which was in effect for up to twelve months from the date of approval, the Company was authorized to acquire up to $15.0 million of its outstanding shares. The Company did not purchase any shares under this share buy-back plan.

On December 14, 2010, the Company's Board of Directors approved a share buy-back plan, which was to be in effect through December 13, 2011, and authorized the Company to acquire up to $25.0 million of its outstanding shares. On April 4, 2011, the Company's Board of Directors approved an increase to this existing $25.0 million share buy-back plan to authorize the Company to acquire an additional $35.0 million of its outstanding shares and to extend the expiration date of the plan to April 4, 2013. As a result, the Company is authorized to acquire shares of its common stock in the aggregate amount of $60.0 million, less the amount utilized to date. Under the plan, the Company is authorized to acquire its outstanding shares on such terms and conditions as may be acceptable to the Company's Chief Executive Officer or Chief Financial Officer and subject to lender approval from Prudential Capital and in compliance with all laws and regulations applicable thereto. During the period from December 14, 2010 through August 31, 2011, the Company repurchased 1,017,457 shares at a total cost of $41.4 million.

Note 10. Earnings per Common Share

The table below reconciles net income to net income available to common shareholders (in thousands):

	Fiscal Year Ended August 31,		
	2011	2010	2009
Net income	$ 36,433	$ 36,095	$ 26,287
Less: Net income allocated to participating securities	(130)	(120)	—
Net income available to common shareholders	$ 36,303	$ 35,975	$ 26,287

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,		
	2011	2010	2009
Weighted-average common shares outstanding, basic	16,803	16,606	16,503
Weighted-average dilutive securities	179	119	153
Weighted-average common shares outstanding, diluted	16,982	16,725	16,656

For the fiscal year ended August 31, 2011, there were no anti-dilutive stock options outstanding. For the fiscal years ended August 31, 2010 and 2009, weighted-average stock options outstanding to purchase 600,814 and 938,792 shares, respectively, of the Company's common stock were excluded from the weighted-average number of common shares and potential common shares outstanding used in the calculation of diluted EPS as the effect of including them would be anti-dilutive because the stock options had an exercise price greater than or equal to the average market value of the Company's common stock during the respective fiscal year.

Note 11. Related Parties

Prior to July 1, 2009, the Company owned a 30% membership interest in VML Company L.L.C. ("VML"). VML made profit distributions to the Company and the 70% owner on a discretionary basis in proportion to each party's respective interest. VML served as one of the Company's contract manufacturers for certain homecare and cleaning products. The Company entered into a Settlement Agreement and Mutual General Release with VML, effective July 1, 2009. As a result, VML is no longer a related party.

The Company recorded equity losses related to its investment in VML of $0.4 million for fiscal year 2009. This amount was recorded as a component of cost of products sold as VML acted primarily as a contract manufacturer to the Company. Cost of products sold that were purchased from VML, net of rebates and equity earnings or losses, was $11.7 million for fiscal year 2009. Additionally, the Company received rental income from VML, which was recorded as a component of other income, net in the Company's consolidated statements of operations. The Company's investment in VML was written off in full as of February 28, 2009.

Note 12. Commitments and Contingencies

Leases

The Company was committed under certain non-cancelable operating leases at August 31, 2011 which provide for the following future fiscal year minimum payments (in thousands):

	2012	2013	2014	2015	2016	Thereafter
Operating leases	$ 1,629	$ 1,123	$ 546	$ 360	$ 252	$ 444

Rent expense was $1.6 million, $1.4 million and $1.5 million for the fiscal years ended August 31, 2011, 2010 and 2009, respectively.

Supplemental Employee Retirement Plan

The Company provides fixed retirement benefits to certain of its retired key executives under a supplemental employee retirement plan. Under the plan, the Company is committed to pay benefits to current retirees as follows (in thousands):

	2012	2013	2014	2015	2016	Thereafter
Supplemental employee retirement plan benefits obligation [(1)]	$ 147	$ 84	$ 62	$ 62	$ 62	$ 579

(1) The present value of all future benefit payments was $0.7 million as of August 31, 2011. See Note 15 – Other Benefit Plans for additional details.

Purchase Commitments

The Company has relationships with various suppliers (contract manufacturers) who manufacture the Company's products. 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 to date. Supply needs are communicated by the Company to its contract manufacturers and the Company is committed to purchase the products produced based on orders and short-term projections, ranging from two to five months, provided to the contract manufacturers. The Company is also obligated to purchase obsolete or slow-moving inventory from its contract manufacturers and has done so in the past under these commitments, the amounts of which 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 initiatives and/or supply chain initiatives. As of August 31, 2011, 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 October 3, 2010, a legal action was filed against the Company in the United States Federal Court for the Eastern District of Texas (*Promote Innovation, LLC v. WD-40 Company*). The complaint was a *qui tam* action brought by the plaintiff on behalf of the United States of America for alleged violation of Section 292 of the Patent Act (Title 35 U.S. Code, Section 292) for false patent marking. The complaint alleged that the Company included reference to an expired patent on certain product packaging, specifically including 2000 Flushes brand products, with an intent to deceive the public. The complaint sought to recover a civil monetary fine of $500 per false marking offense, or an alternative amount determined by the court, one-half of which was to be paid to the United States. On June 6, 2011, Promote Innovation, LLC voluntarily dismissed its false patent marking claim against the Company, without prejudice.

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, 2011.

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, 2011.

Note 13. Income Taxes

The provision for income taxes consisted of the following (in thousands):

	Fiscal Year Ended August 31,		
	2011	2010	2009
Current:			
Federal	$ 9,321	$ 10,062	$ 6,566
State	951	1,216	1,381
Foreign	4,627	4,524	4,160
Total current	14,899	15,802	12,107
Deferred:			
United States	2,162	1,675	48
Foreign	37	(15)	(118)
Total deferred	2,199	1,660	(70)
	$ 17,098	$ 17,462	$ 12,037

Income before income taxes included $16.2 million, $15.7 million and $13.7 million related to foreign operations for the fiscal years ended August 31, 2011, 2010 and 2009, respectively. Included in these amounts are income before income taxes for the Europe segment of $14.5 million, $14.4 million and $13.1 million for the fiscal years ended August 31, 2011, 2010 and 2009, respectively.

Deferred tax assets and deferred tax liabilities consisted of the following (in thousands):

	August 31, 2011	August 31, 2010
Deferred tax assets:		
Accrued payroll and related expenses	$ 803	$ 3,030
State income taxes paid	644	809
Accounts receivable	550	453
Accounts payable and accrued liabilities	2,250	2,431
Deferred and other long-term liabilities	258	260
Stock-based compensation expense	2,391	2,721
Net operating loss	159	137
Uniform capitalization	565	539
Valuation allowance	(78)	(58)
Other	1,401	1,230
Total deferred tax assets	8,943	11,552
Deferred tax liabilities:		
Property and equipment, net	(1,005)	(997)
Amortization of tax goodwill and intangible assets	(23,169)	(21,295)
Investment in low income housing partnerships	(1,032)	(647)
Investment in VML partnership	(491)	(1,140)
Other	(210)	(140)
Total deferred tax liabilities	(25,907)	(24,219)
Net deferred tax liabilities	$ (16,964)	$ (12,667)

As of August 31, 2011, the Company had state net operating loss (“NOL”) carryforwards of approximately $3.5 million which begin to expire in fiscal year 2016. Utilization of the related deferred tax asset is dependent upon the generation of future taxable income in related jurisdictions. At this time, management has concluded that it is not “more likely than not” that this will occur for a portion of the state NOL, and accordingly, has recorded a valuation allowance against this deferred tax asset in the amount of $0.1 million.

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, 2011	2010	2009
Amount computed at U.S. statutory federal tax rate	$ 18,736	$ 18,745	$ 13,413
State income taxes, net of federal tax benefits	734	882	912
Effect of foreign operations	(1,377)	(1,230)	(994)
Benefit from qualified domestic production deduction	(798)	(633)	(444)
Revaluation of deferred tax liabilities due to state law change	18	(5)	(516)
Research and experimentation credits	(117)	—	(143)
Other	(98)	(297)	(191)
	$ 17,098	$ 17,462	$ 12,037

As of August 31, 2011, the Company had not provided for U.S. income taxes and foreign withholding taxes on $65.5 million of undistributed earnings of certain foreign subsidiaries since these earnings are considered indefinitely reinvested outside of the U.S. The amount of unrecognized deferred U.S. income tax liability, net of unrecognized foreign tax credits, was $5.3 million as of August 31, 2011. This net liability is impacted by changes in foreign currency exchange rates and, as a result, will fluctuate with any changes in such rates. Regarding certain foreign subsidiaries not indefinitely reinvested, the Company has provided for U.S. income taxes and foreign withholding taxes on the undistributed earnings.

Reconciliations of the beginning and ending amounts of the Company's gross unrecognized tax benefits are as follows (in thousands):

	Fiscal Year Ended August 31,	
	2011	2010
Unrecognized tax benefits – beginning of fiscal year	$ 3,600	$ 1,987
Gross increases – tax positions in prior periods	90	—
Gross (decreases) increases – current period tax positions	(1,903)	1,823
Expirations of statute of limitations for assessment	(291)	(166)
Settlements	(122)	(44)
Unrecognized tax benefits – end of fiscal year	$ 1,374	$ 3,600

The total amount of unrecognized tax benefits was $1.4 million as of August 31, 2011 and $3.6 million as of August 31, 2010, of which $1.0 million and $1.1 million, respectively, would impact the effective tax rate if recognized. The gross liability for income taxes related to unrecognized tax benefits is included in other long-term liabilities in the Company's consolidated balance sheets.

The total balance of accrued interest and penalties related to uncertain tax positions was $0.4 million and $0.2 million as of August 31, 2011 and 2010, respectively. The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense and the accrued interest and penalties are included in deferred and other long-term liabilities in the Company's consolidated balance sheets. There were no material interest or penalties included in income tax expense for the fiscal years ended August 31, 2011 and 2010.

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 2008 are not subject to examination by the U.S. Internal Revenue Service. Generally, for the majority of state and foreign jurisdictions where the Company does business, periods prior to fiscal year 2007 are no longer subject to examination. The Company is currently under audit in a state jurisdiction for fiscal years 2005 through 2007. The Company has estimated that up to $0.5 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 14. Stock-based Compensation

In December 2007, the Company's shareholders approved the WD-40 Company 2007 Stock Incentive Plan ("2007 Plan"), effective as of December 11, 2007 ("Effective Date"), 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 ("RSUs"), performance shares, performance units ("PSUs") and other stock-based awards to employees, directors and consultants. As a result of the adoption of the 2007 Plan, no further awards have been or will be granted from the prior WD-40 Company 1990 Incentive Stock Option Plan ("1990 Incentive Stock Option Plan") or the prior WD-40 Company 1999 Non-Employee Director Restricted Stock Plan ("Director Stock Plan") (collectively, the "Prior Plans") subsequent to the Effective Date. The number of shares initially authorized for issuance pursuant to grants of awards under the 2007 Plan was 2,250,000 shares plus any shares remaining available for issuance pursuant to grants of awards under the Prior Plans, for a total initial pool of shares of common stock available for issuance pursuant to grants of awards under the 2007 Plan of 2,957,830. As of August 31, 2011, 2,123,938 shares of common stock remained available for future issuance pursuant to grants of awards under the 2007 Plan. Awards under the 2007 Plan or the Prior Plans that expire or are cancelled, forfeited, settled in cash or otherwise settled without the delivery of shares return to the pool available for issuance pursuant to grants of awards under the 2007 Plan. Awards of stock options or stock appreciation rights are counted as one share, and awards of restricted stock, restricted stock units, performance shares, performance units and other stock-based awards are counted as three shares, for purposes of computing the number of shares authorized and available for 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 exercise of stock options or the issuance of restricted stock under the Prior Plans and, to date, has continued to issue new authorized but unissued shares upon the settlement of the various stock-based equity awards under the 2007 Plan and the Prior Plans.

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”) and provides that stock options granted under the 2007 Plan will be exercisable at such times and under such conditions as may be determined by the Committee at the time of grant of such stock options, however stock options may not be granted for terms in excess of ten years. The terms of the 2007 Plan provide for the granting of stock options at an exercise price of not less than 100 percent of the fair market value of the stock at the date of grant. All other forms of 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. Stock options outstanding under the 1990 Incentive Stock Option Plan were granted with immediate vesting, vesting after one year and vesting over a period of three years. RSUs outstanding under the 2007 Plan were granted with immediate vesting and vesting over a period of three years. PSUs outstanding under the 2007 Plan were granted with vesting following a two-year performance measurement period.

Vesting of the RSUs granted to directors is immediate, with shares to be issued pursuant to the RSUs upon termination of each director’s service as a director of the Company. Until issuance of the shares pursuant to these directors’ RSUs, the director 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 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. Until issuance of the shares pursuant to these executive officers’ RSUs, the executive officer 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 RSUs granted to 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. These employee RSU holders are not entitled to receive dividend equivalents with respect to their RSUs.

Vesting of the PSUs granted to certain executive officers follows a performance measurement period of two full fiscal years ending as of the Company’s fiscal year end for the first full fiscal year following the date of grant (the “Measurement Year”). Shares will be issued pursuant to the vested PSUs following the conclusion of the Measurement Year after the Committee’s certification of achievement of the performance measures for such PSUs and the vesting of the PSUs and the applicable percentage of the target number of PSU shares to be issued. These executive officer PSU holders are not entitled to receive dividend equivalents with respect to their PSUs.

Stock-based compensation expense related to the Company’s stock-based equity awards totaled $3.0 million, $2.9 million and $2.7 million for the fiscal years ended August 31, 2011, 2010 and 2009, respectively. The Company recognized income tax benefits related to such stock-based compensation of $1.0 million, $0.9 million and $0.8 million for the fiscal years ended August 31, 2011, 2010 and 2009, respectively.

Stock Options

No stock option awards were granted by the Company during the fiscal years ended August 31, 2011, 2010 and 2009. The estimated fair value of each of the Company's stock option awards granted in fiscal year 2008 and prior was determined on the date of grant using the Black-Scholes option pricing model. Fiscal year 2008 was the latest fiscal period in which the Company granted any stock options.

A summary of the Company's stock option award activity is as follows (in thousands, except share and per share data):

	Number of Shares		Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term per Share (in years)	Aggregate Intrinsic Value
Options outstanding at August 31, 2008		1,404,713	$ 30.86		
Options granted		—			
Options exercised		(51,422)	$ 25.20		
Options forfeited or expired		(4,287)	$ 36.01		
Options outstanding at August 31, 2009		1,349,004	$ 31.06		
Options exercisable at August 31, 2009	1,044,658		$ 29.62		
Options granted		—			
Options exercised		(139,979)	$ 25.52		
Options forfeited or expired		(19,128)	$ 35.22		
Options outstanding at August 31, 2010		1,189,897	$ 31.65		
Options exercisable at August 31, 2010	1,081,914		$ 31.21		
Options granted		—			
Options exercised		(667,639)	$ 30.28		
Options forfeited or expired		(1,528)	$ 25.31		
Options outstanding at August 31, 2011		520,730	$ 33.43	4.74	$ 4,016
Options exercisable at August 31, 2011	520,730		$ 33.43	4.74	$ 4,016

The total intrinsic value of options exercised was $7.2 million, $1.3 million and $0.5 million for the fiscal years ended August 31, 2011, 2010 and 2009, respectively.

Cash received from stock option exercises for the fiscal years ended August 31, 2011, 2010 and 2009 was $20.2 million, $3.6 million and $1.3 million, respectively. The income tax benefits from stock option exercises totaled $2.2 million, $0.3 million and $0.1 million for the fiscal years ended August 31, 2011, 2010 and 2009, 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 data):

		Number of Shares	Aggregate Intrinsic Value
Restricted stock units outstanding at August 31, 2008		35,641	
RSUs granted		92,515	
RSUs converted to common shares		(742)	
RSUs forfeited		(200)	
Restricted stock units outstanding at August 31, 2009		127,214	
Restricted stock units vested at August 31, 2009	31,173		
RSUs granted		69,229	
RSUs converted to common shares		(26,673)	
RSUs forfeited		(1,034)	
Restricted stock units outstanding at August 31, 2010		168,736	
Restricted stock units vested at August 31, 2010	49,983		
RSUs granted		71,169	
RSUs converted to common shares		(47,707)	
RSUs forfeited		(441)	
Restricted stock units outstanding at August 31, 2011		191,757	$ 7,889
Restricted stock units vested at August 31, 2011	66,978		$ 2,755

The weighted-average fair value of all RSUs granted during the fiscal years ended August 31, 2011, 2010 and 2009 was $37.35, $32.14 and $29.87, respectively. The total intrinsic value of all RSUs converted to common shares was $1.9 million, $0.9 million and $20.8 thousand for the fiscal years ended August 31, 2011, 2010 and 2009, respectively.

As of August 31, 2011, there was $2.3 million of unamortized compensation cost related to non-vested RSUs, which is expected to be recognized over a remaining weighted-average vesting period of 1.8 years.

No cash was received upon the conversion of RSUs to common shares for the fiscal years ended August 31, 2011, 2010 and 2009. The income tax benefits from RSUs converted to common shares totaled $0.5 million, $0.3 million and $7.8 thousand for the fiscal years ended August 31, 2011, 2010 and 2009, respectively.

Performance Share Units

On December 7, 2009, PSUs with respect to a target number of 24,000 shares of the Company's common stock were granted to certain executive officers at an aggregate grant date fair market value of $0.8 million, or $32.08 per share. The PSUs shall vest with respect to the applicable percentage of the target number of PSU shares based on relative achievement of the applicable performance measures specified for such PSUs. Based on the most recent estimated achievement of the performance measures associated with these PSU grants, the Company expects that approximately 50%, of the original target number of shares, will vest. As a result, the associated inception to date stock-based compensation expense was adjusted accordingly as of August 31, 2011 to reflect this relative level of achievement of the applicable performance measures.

On October 12, 2010, PSUs with respect to a target number of 24,000 shares of the Company's common stock were also granted to certain executive officers at an aggregate grant date fair market value of $0.9 million, or $36.88 per share. These PSUs shall vest with respect to the applicable percentage of the target number of PSU shares based on relative achievement of the applicable performance measures specified for such PSUs. Based on the most recent estimated achievement of the performance measures associated with these PSU grants, the Company expects that 24,000 shares, or 100% of the original target number of shares, will vest. As a result, the associated inception to date stock-based compensation expense as of August 31, 2011 reflects this relative level of achievement of the applicable performance measures.

The estimated fair value of each of the Company's PSU award grants 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 PSUs, which are not entitled to receive dividend equivalents with respect to the PSUs.

No PSUs were converted to common shares during the fiscal years ended August 31, 2011 and 2010. The aggregate intrinsic value of PSUs outstanding as of August 31, 2011 was $2.0 million.

As of August 31, 2011, there was $0.4 million of unamortized compensation cost related to non-vested PSUs, which is expected to be recognized over a remaining weighted-average vesting period of 1.0 year.

Restricted Stock Awards

Pursuant to the Director Stock Plan and the director compensation policy in effect prior to fiscal year 2008, restricted shares were issued to non-employee directors of the Company in lieu of cash compensation according to elections made by each director prior to his or her re-election at the following annual meeting of stockholders. A director who held shares of the Company having a value of at least $50,000 was permitted to elect to receive his or her base annual director's fee entirely in cash. Otherwise, directors elected to receive restricted stock in lieu of cash in an amount up to the entire base annual fee in increments of $5,500. The restricted shares were issued in accordance with a director's election as soon as practicable after the first day of March. The number of shares issued was equal to the amount of compensation to be paid in shares divided by 90% of the closing price of the Company's shares as of the first business day of March or other date of issuance of such shares. Restricted shares issued to a director do not become vested for resale for a period of five years from the date of issuance or until the director's retirement from the Board following the director's 65th birthday. Unless a director has reached age 65, the shares are subject to forfeiture if, during the five-year vesting period, the director resigns from service as a director.

The fair value of restricted stock awards was estimated based on the closing market price of the Company's common stock on the date of issuance. As of August 31, 2011, there was $4 thousand of unamortized compensation cost related to non-vested restricted stock awards, which is expected to be recognized over a remaining weighted-average vesting period of 0.5 year; such unamortized compensation cost is included as a component of additional paid-in capital in the Company's consolidated financial statements.

A summary of the Company's restricted stock award activity is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value per Share
Restricted stock awards outstanding at August 31, 2008	13,069	$ 31.83
Shares issued	—	
Shares vested	—	
Shares forfeited	—	
Restricted stock awards outstanding at August 31, 2009	13,069	$ 31.83
Shares issued	—	
Shares vested	(6,457)	$ 32.78
Shares forfeited	—	
Restricted stock awards outstanding at August 31, 2010	6,612	$ 30.91
Shares issued	—	
Shares vested	(5,504)	$ 30.67
Shares forfeited	—	
Restricted stock awards outstanding at August 31, 2011	1,108	$ 32.08

Note 15. 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 $2.3 million, $2.3 million and $2.4 million for the fiscal years ended August 31, 2011, 2010 and 2009, 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 for the fiscal years ended August 31, 2011, 2010 and 2009 was $1.0 million, $0.9 million and $1.0 million, respectively.

The Company provides fixed retirement benefits to certain of its retired key executives under supplemental employee retirement plan agreements. The projected benefit obligation under these agreements, which is based on the calculated present value of all future benefit payments using discount rates ranging from 6% to 6.5%, was $0.7 million as of August 31, 2011 and 2010. This projected benefit obligation is recorded as a component of deferred and other long-term liabilities in the Company's consolidated balance sheets. The interest costs associated with this retirement plan totaled to $0.1 million, $19.6 thousand and $18.4 thousand for the fiscal years ended August 31, 2011, 2010 and 2009, respectively. The plan paid benefits of $0.1 million for each of the fiscal years ended August 31, 2011, 2010 and 2009.

Note 16. Business Segments and Foreign Operations

The Company evaluates the performance of its segments and allocates resources to them based on sales, operating income and expected return. The Company is organized based on geographic location. Segment data does not include inter-segment revenues and incorporates corporate expenses into the Americas segment, with the exception of certain research and development expenses which the Europe segment started to incur during fiscal year 2011. All such corporate expenses are not allocated to other segments because the Company's segments are run independently. As a result, there are few costs that could be considered only corporate expenses that would qualify for allocation to other segments. The most significant portion of corporate expenses relates to the Americas segment both as a percentage of time and sales. Therefore, any allocation to other segments would be arbitrary.

The tables below present information about reportable segments and net sales by product line (in thousands):

	Americas	Europe	Asia-Pacific	Total
Fiscal Year Ended August 31, 2011				
Net sales	$ 169,881	$ 125,400	$ 41,128	$ 336,409
Income from operations [(1)]	$ 19,777	$ 27,846	$ 6,509	$ 54,132
Depreciation and amortization expense	$ 2,822	$ 1,377	$ 187	$ 4,386
Interest income	$ 8	$ 108	$ 112	$ 228
Interest expense	$ 1,066	$ —	$ 10	$ 1,076
Total assets	$ 171,813	$ 96,332	$ 11,632	$ 279,777
Fiscal Year Ended August 31, 2010				
Net sales	$ 179,867	$ 110,367	$ 31,282	$ 321,516
Income from operations [(1)]	$ 25,095	$ 25,075	$ 5,028	$ 55,198
Depreciation and amortization expense	$ 2,856	$ 1,236	$ 156	$ 4,248
Interest income	$ —	$ 108	$ 66	$ 174
Interest expense	$ 1,717	$ —	$ 9	$ 1,726
Total assets	$ 195,991	$ 83,683	$ 9,434	$ 289,108
Fiscal Year Ended August 31, 2009				
Net sales	$ 168,381	$ 97,518	$ 26,103	$ 292,002
Income from operations [(1)]	$ 15,282	$ 20,899	$ 3,664	$ 39,845
Depreciation and amortization expense	$ 2,383	$ 1,197	$ 147	$ 3,727
Interest income	$ 73	$ 319	$ 36	$ 428
Interest expense	$ 2,484	$ —	$ 8	$ 2,492
Total assets	$ 184,448	$ 70,010	$ 8,159	$ 262,617

(1) For the fiscal years ended August 31, 2011, 2010 and 2009, income from operations for the Americas segment included corporate expenses of $19.3 million, $17.5 million and $17.6 million, respectively. Income from operations for the Europe segment included research and development expenses of $0.8 million for the fiscal year ended August 31, 2011.

	Fiscal Year Ended August 31,		
	2011	2010	2009
Net Sales by Product Line:			
Multi-purpose maintenance products	$ 278,763	$ 258,095	$ 225,098
Homecare and cleaning products	57,646	63,421	66,904
Total	$ 336,409	$ 321,516	$ 292,002
Net Sales by Geography:			
United States	$ 135,025	$ 149,127	$ 140,917
United Kingdom	26,188	22,367	24,791
Germany [(2)]	26,865	23,464	19,579
Latin America	18,720	16,609	15,359
Other international	129,611	109,949	91,356
Total	$ 336,409	$ 321,516	$ 292,002

(2) Represents net sales from the Germanics sales region which includes Germany, Austria, Denmark, Holland, Switzerland and Belgium.

	August 31,		
	2011	2010	2009
Long-lived Assets by Geography [(3)]:			
United States	$ 5,232	$ 6,379	$ 7,774
International	3,250	2,943	3,156
Total	$ 8,482	$ 9,322	$ 10,930

(3) Includes tangible assets or property and equipment, net, attributed to the geographic location in which such assets are located.

Note 17. Subsequent Events

In connection with an existing $60.0 million share buy-back plan, the Company repurchased an additional 406,671 shares at a total cost of $16.0 million during the period from September 1, 2011 through the filing date of this report on Form 10-K. As a result, the Company has repurchased 1,424,128 shares at a total cost of $57.4 million to date under this share buy-back plan.

On October 17, 2011, the Company paid off the remaining balance under the Prudential Loan of $10.7 million and the associated interest of $0.2 million with cash on hand. The term loan was scheduled to mature in October 2011.

On October 12, 2011 and September 9, 2011, the Company drew $27.6 million and $10.0 million U.S. dollars, respectively, under the revolving credit facility with Bank of America.

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 President and Chief Merchandising Officer of Tractor Supply Company, which is a customer of the Company. As a result, this will be a related party to the Company in future reporting periods.

On October 7, 2011, the Company's Board of Directors declared a cash dividend of $0.27 per share payable on October 31, 2011 to shareholders of record on October 18, 2011.

Corporate Information

Board of Directors

John C. Adams Jr.
Finance Committee Chairman
Former Chairman and CEO
AutoZone, Inc.

Giles H. Bateman
Audit Committee Chairman
Former CFO and Director
Price Club

Peter D. Bewley
Corporate Governance
Committee Chairman
Former Sr. Vice President,
General Counsel and Corporate
Secretary
The Clorox Company

Richard A. Collato
Compensation Committee
Chairman
Former President and CEO
YMCA of San Diego County

Mario L. Crivello
Investor

Linda Lang
Chairman & CEO
Jack in the Box, Inc.

Garry O. Ridge
President
Chief Executive Officer
WD-40 Company

Gregory A. Sandfort
President
Chief Merchandising Officer
Tractor Supply Company

Neal E. Schmale
Chairman of the Board
Former President and COO
Sempra Energy

Executive Officers

Michael L. Freeman
Division President
The Americas

Geoffrey J. Holdsworth
Managing Director, Asia Pacific
WD-40 Company (Australia)
Pty. Ltd.
Shanghai Wu Di Trading
Co. Ltd.

Michael J. Irwin
Executive Vice President
Strategic Development

Graham P. Milner
Executive Vice President
Global Innovation
Chief Branding Officer

William B. Noble
Managing Director, Europe
WD-40 Company (UK) Ltd.

Jay Rembolt
Chief Financial Officer
Treasurer and Vice President,
Finance

Garry O. Ridge
President
Chief Executive Officer

Officers

Frank Berezo
Vice President, USA Sales

Ernest Bernarducci, Ph.D
Vice President, Research and
Technology

Steven Brass
Commercial Director - Europe

Robert Busacca
Vice President, Global Quality
Assurance

Peter Dumiak
Sr. Vice President,
North American Sales

Nancy L. Ely
Vice President, Human
Resources, Assistant Secretary

Robert Hoagland
Vice President, Information
Technology

Timothy Lesmeister
Vice President, Marketing - USA

Maria M. Mitchell
Vice President, Corporate and
Investor Relations, Corporate
Secretary

Kevin Nohelty
Vice President,
USA Supply Chain

Rick Soares
Vice President, USA Sales

Julian Spencer
Finance and Operations
Director - Europe

Patrick Wade
Vice President Global Innovation,
Sourcing Management

General Counsel

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Independent Accountants

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San Diego, California 92101

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Annual Meeting

December 13, 2011, 2:00 PM
Joan B. Kroc Institute for Peace
& Justice
University of San Diego
5998 Alcala Park
San Diego, California 92110
Phone: 619-260-7808

Investor Relations Contact

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**Corporate Brand
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Phone: 619-275-1400

Operating Subsidiaries

WD-40 Company (UK) Ltd.

WD-40 Company (Canada) Ltd.

WD-40 Company (Australia)
Pty. Ltd.

Shanghai Wu Di Trading Co. Ltd.

**Americas Brand
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**European Brand
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Canada Brand Support Centre

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**Asia Pacific Brand
Support Centre**

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Pty. Ltd.
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Epping, N.S.W. 2121
Australia

Listed

NASDAQ - GS
Symbol: WDFC
Sector: Consumer Staples
Sub-Industry: Household
Products

Copy of Form 10-K

Beneficial owners may obtain without charge a copy of WD-40 Company's annual report on Form 10-K filed with the Securities and Exchange Commission (SEC) for 2010 by writing to the Corporate Secretary, WD-40 Company, P.O. Box 80607, San Diego, California 92138-0607

Corporate information as of November 2, 2011

WD-40 Company
1061 Cudahy Place
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