50

Fun Facts About WD-40 Company

01. “Water Displacement on the Fortieth Try” is the basis for the name WD-40.
02. The original WD-40 formula was developed to prevent rust and corrosion on the Atlas Missile.
03. WD-40 Company was originally called The Rocket Chemical Company.
04. On Sept. 25, 2003, WDFC’s market capitalization broke $500,000,000.
05. WD-40 started retail distribution in the U.S. in sporting goods stores.
06. The San Onofre failure of 1983, blamed on faulty maintenance, could have been avoided by squirting WD-40 on the breakers of the billion dollar nuclear power plant.
07. Only a handful of people in the world know the WD-40 formula.
08. WD-40’s IPO took place on Jan. 16, 1973, with 300,000 shares.
09. WD-40 has had only 9 price increases in its 50 year history.
10. WD-40 is used in more than 160 countries and the cans are produced in many different languages.

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50. Fifty Fun Facts About WD-40 Company
In 1903, the Wright Brothers ushered in a new century of exploration with their invention of the heavier-than-air flying machine. Aviation inspired travel and transformed warfare. Space was the next frontier, and the research of Konstantin Tsiolkovsky in Russia, Robert Goddard in the United States and Hermann Oberth in Germany, whose efforts were fueled by the rivalries of the Cold War, brought this new frontier within man’s reach. On October 4, 1957 the Soviet Union put the world’s first man-made satellite, Sputnik I, into Earth’s cold and unknown in the eastern space age.

Avoiding the tension between the superpowers, the U.S. Government and American industry worked together to develop technology for commercial and defense purposes. The Rocket Chemical Company was one of many businesses that contributed to this effort during the early 1950s. Based in San Diego, the Company experimented with various chemical compounds that could be used to make rockets more reliable.

At that time, the first major family of launch vehicles, known as Atlas, was being developed by the U.S. Air Force. The first successful flight of an Atlas missile occurred in December of 1957. Part of the success of the Atlas design can be attributed to an amazing product that was developed by the Rocket Chemical Company for the purpose of displacing moisture and preventing rust and corrosion. The compound was so successful that it was designated into specifications for all Atlas missiles, which remained in operation through the 1990s.

The name “WD-40®” stands for “Water Displacement on the Fortieth Try.” That’s the name straight out of the lab book that was used by the chemist who discovered the compound back in 1953. Norm Larsen was attempting to concoct a formula that could prevent rust and corrosion—a task that is accomplished by displacing water. Norm’s persistence paid off when he perfected the formula on his fortieth try.

Norm and the other two employees of the Rocket Chemical Company were working in a line of industrial rust-prevention solvents and degreasers for use in the aerospace industry when they created the secret formula of WD-40. In developing the WD-40 compound, the technicians of the Rocket Chemical Company actually invented the world’s first multi-purpose problem solver. They created a solution that is a cleaner, agent, lubricant, solvent, rust inhibitor and penetrant, a true jack-of-all-trades.

The formula worked so well, in fact, that the employees started sneaking WD-40 out of the plant to use on their own. They had discovered a variety of other applications for the product, including protecting tools, lubricating machines and loosening nuts and bolts.

A few years later, Norm Larsen experimented with putting WD-40 into aerosol cans, reasoning that consumers would want to use the product at home, just as his employees were doing. The product made its first appearance on store shelves in San Diego in 1958.
In no time, the Rocket Chemical Company’s star product became a sensation. By the following year, the Company had nearly doubled in size, growing to seven people, who sold an average of 45 cases per day from the trunks of their cars to hardware and sporting goods stores in the San Diego area.

In 1961, the first full truckload order for WD-40 was filled when employees came in on a Saturday and worked overtime to produce additional concentrate to meet the demands of the victims of hurricane Carla along the U.S. Gulf Coast. Florida residents relied on the product to recondition vehicles and equipment that had been damaged by flood water and rain. The offshore oil industry in Texas also embraced the product to spray onto the motors in their fleets to get them up and running after being waterlogged.

WD-40 made the history books again in 1964, when NASA used the compound as a protective coating on the Friendship 7, the space vehicle in which astronaut John Glenn circled the Earth.

During the Vietnam War, the care packages that were sent to American troops often included cans of WD-40. “WD-40 saved my life,” wrote one G.I. gratefully. “If I hadn’t sprayed it on to lubricate my gun, I’d be dead now.”

In 1969, the Rocket Chemical Company was renamed WD-40 Company after its only product, and product sales broke the $1 million mark. And in 1973, the corporation went public, still with only one brand as the source of its success. But by then the WD-40 brand had already become an American icon. Known as “the can with a thousand uses,” WD-40 actually has at least two thousand documented applications. And new ones are being discovered all the time.

One of the most interesting and exotic testimonials came from a bus driver in Asia who used the product to successfully remove a python snake that had coiled itself around the undercarriage of his bus. Another involved police officers that used WD-40 to remove a burglar trapped in an air conditioning vent.

Given such universal appeal and customer loyalty, it’s not surprising that one million cans a week of the product are produced in the United States alone. What may come as a surprise, however, is that the successful formula that makes the product so versatile remains a closely guarded secret to this day – only a few people in the world know the actual ingredients.

WD-40 concentrate is mixed in the United Kingdom and Australia. Additionally, the product is still mixed at the corporate headquarters in San Diego by a single “brewmaster.” His name is Ken East, and he has been with the Company for 9 years. Ken keeps a watchful eye on the mixing process, overseeing our giant vat and testing each new batch to be sure that the product trusted by users for over 50 years is made to the same absolute standard of quality.

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# Fifty Products That Changed the World

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<thead>
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<th>01. Semiconductor</th>
<th>26. Tupperware</th>
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<td>33. Radio telescope</td>
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<td>16. Quark soup</td>
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<td>17. Jet engine</td>
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<td>18. Aqualung</td>
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<td>19. Endoscope</td>
<td>44. Floppy disc</td>
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<td>20. Radio telescope</td>
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<td>21. Electric stethoscope</td>
<td>46. Hospital B vaccine</td>
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<td>22. Nuclear reactor</td>
<td>47. MRI scanner</td>
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<td>23. Blood/pressure monitor</td>
<td>48. Credit card</td>
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<tr>
<td>24. Kidney dialysis machine</td>
<td>49. WD-40</td>
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<td>25. Microwave oven</td>
<td>50. Kevlar</td>
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The WD-40 Fan Club began in 2001 as an online venue for WD-40 users and has since grown to include more than 60,000 members. The club, which is free to join at www.wd40.com, serves as a virtual “home base” for WD-40 enthusiasts. The site allows members to share their personal stories about the product and access tips and ideas on how to use it. Users also have the ability to download the 2000 Uses list.

The club even has a Board of Directors, an informal eleven-person advisory board, who lend their opinions on upcoming promotions, serve as product testers and get a sneak preview of future endeavors. The group, which “meets” quarterly via email, includes seven individuals who are elected by fellow fan club members and four well-known celebrities: Daytona 500-winning NASCAR driver Ward Burton, Linda Cobb, the “Queen of Clean®”, and Jim and Tim, the “Duct Tape Guys.” The WD-40 Fan Club shows just how much loyalty customers feel toward the brand. How many other products in the world inspire this kind of devotion?

The WD-40 Job Site debuted in May of 2003. Located at www.wd40jobsite.com, the site offers do-it-yourselfers and professionals access to a searchable database of 150 trade secrets that are guaranteed to save time, money and effort on all kinds of home-repair and maintenance projects.

Whether it’s a helpful hint on routing electrical wires through walls or a tip on fixing a leaky faucet, these pearls of wisdom cannot be found in any trade manual or instruction book. They are the secrets that trade professionals have learned from years of experience on the job and shared with WD-40 Company through the Job Site.

Some of the tips are also accompanied by downloadable videos and diagrams—and pepared with suggestions from the Carey Brothers, the home improvement gurus who host the syndicated radio program “On the House.” WD-40 Company plans to add new tips to the Job Site on a quarterly basis. Professionals can submit their ideas through the WD-40 Job Site or send them in writing to the Company.

More than a handy resource, the WD-40 Job Site demonstrates WD-40 Company’s ongoing commitment to making everyday living a little easier for our customers.
Members of the WD-40 Fan Club include some of the most loyal and passionate users.
REMOVES
01. Crayon marks from walls (and chalkboards)
02. Water spots from mirrors
03. Old cellophane tape
04. Rust from curtain rods
05. Tea stains from countertops
06. Ink from jeans and tomato stains from clothes
07. Stickers from lockers
08. Gum from wallpaper
09. Lipstick from carpets
10. Roller blade marks from floors
11. Rust from cookie sheets and muffin tins
12. Grape juice stains
13. Calcium deposits from humidifiers
14. Stuck Lego blocks
15. Stuck holiday decorations
16. Road debris from license plates

CLEANS
17. Scum from rubber gloves
18. Gunk built up on doorknobs
19. Dust from artificial flowers
20. Tarnished silver serving trays
21. Food stuck in/around refrigerator
22. Furnace nozzles
23. Remote controls
24. Whitewall tires
25. Windshield wiper blades
26. Dirty power cords
27. Cell phone

LUBRICATES
28. Can openers
29. Luggage zippers
30. Flags on mailboxes
31. Toaster slides
32. Oven door hinges
33. Three-ring binders
34. Squeaky doorknobs
35. Baby swings
36. Hamster and gerbil play wheels
37. Squeaky weathervanes
38. Squeaky bathtub knobs
39. Gears on rotisserie barbecues

LOOSENS
40. Stuck light switches
41. Hard-to-separate bunk beds

HIDES
42. Scratches on glass dishes
43. Small scratches on woodwork

PENETRATES
44. Frozen mailbox doors
45. Stuck car hoods

PREVENTS
46. Garbage disposals from rusting
47. Trash compactors from squeaking
48. Cats from invading flower beds

SERVES AS
49. Nifty bookends
50. Paperweights (full cans, of course)

08
Fifty Common (and Not So Common) Uses of WD-40

The People Behind the Product

Listed below are just a few of the many dedicated individuals and organizations without whom we wouldn’t be celebrating our 50th anniversary.

Olga Agnew: The chemist who improved the scent of the WD-40 product. Jack Barry: He took the Company public in the 1970s. Dick Brooks and the Phillips Ramsey advertising agency: They created advertising and marketing campaigns for many years. Submarine One: revolutionized WD-40’s marketing distribution in Canada in the 1990s. Larry DelTurno: Our IT pioneer, he designed some of our original systems and fielded our first computers. Our Company for more than 30 years. Contract packagers: CCL, IQ, Piedmont, IKI, Aerosol Services, Buhmwoo and Pas Austraia: For many years. They have partnered with us on shipping, packaging and other supply chain functions, always “jumping through hoops” to ensure our success.

Bower Brothers: As influential board members of WD-40 Company in the 1970s, his family remains one of the largest inside shareholders. Our smallest board member in the 1980s. Eddie DelTurno: The Company’s sales representative for Puerto Rico and Central America. He developed one of the top WD-40 product consumption markets per square mile in the world.

Dave Gazzola: President and general manager of our Canadian subsidiary. He has been with the Company for 20 years and has been central to developing the Canadian market. Our marketing and advertising partners for many years.

Buhmwoo: Our exclusive WD-40 marketing distributor in Korea for 30 years.

Larry Coffinberry: Our IT pioneer, he designed some of our original systems and has been with the Company for more than 20 years. Contract packagers: CCL (UK), IQ, Piedmont, IKI, Aerosol Services, Shield and Pax Australia. For many years, they have partnered with us on shipping, packaging and other supply chain functions, always “jumping through hoops” to ensure our success.

Crown Cork and Seal and Summit Valve: Our raw material suppliers. For more than 20 years, they have provided tremendous support throughout our growth.

Edwin Del Toro: As the Company’s sales representative for Puerto Rico and Central America, he developed one of the top WD-40 product consumption markets per square mile in the world.

Diane Gazzola: Now president and general manager of our Canadian subsidiary. He has been with the Company for 20 years and has been central to developing the Canadian market, where usage and awareness of the WD-40 brand is comparable to what it is in the U.S.

Cy Irving: One of the Company’s first presidents, he was instrumental in hiring many of the Company’s trailblazers. Our largest inventory of the original WD-40 formula, we founded the Rocket Chemical Company, which later became WD-40 Company. Gary Ridge: Before assuming his current position as CEO, he headed up our international sales efforts and grew our global distribution exponentially during the 1980s. As CEO, he has changed the course of the Company through his “bitches-before-a-banquet” acquisition strategy. Bob Roulette: One of the Company’s original investors during the 1960s, he served as a board member until his death in the 1990s, when his wife Margaret replaced him on the board and served through the 1990s. Al Schaffer: Our sales manager, he was responsible for opening up such key accounts as K-Mart, Target, Woolworth and FoodMart. Gerald Schleif: Founder of the Company, he joined the Company as marketing manager in 1968 and was later promoted to the position of Vice President of Marketing and spearheaded the “slash save” marketing promo- tion that catapulted sales in the U.S. during the 1970s.

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The Power of a Brand

According to research by Harris Interactive/Equitrend, WD-40 ranks among the top five brands in the United States. Not only does it have instant name recognition—and inspire intense loyalty among millions of users—but it is one of the few brands that has assumed the status of an American icon.

What makes a brand powerful and appealing? To be sure, a successful brand has the same qualities as a trusted friend or coworker—qualities like reliability, consistency, originality and integrity—that inspire loyalty and, in some cases, reverence.

In a recent online poll conducted by WD-40 Company, thousands of voters across all fifty states demonstrated their reverence by emailing in their favorite uses for the product. The results of the poll, known as the Great State Debate, revealed just how much this brand has become part of regional culture and its usage specific to weather conditions, local monuments, family traditions and regional folklore.

WD-40 has even inspired works of popular literature. The WD-40 Book (Bad Dog Press), which focuses solely on creative and humorous uses for the product, features many user testimonials and the wacky humor of its authors, the Duct Tape Guys. Since the book was published in 1997, it has sold more than 100,000 copies. The familiar blue and yellow can has also been featured in other books ranging from WD-40 for the Soul (TV Books, 1998) to Polish Your Furniture With Panty Hose (Hyperion, 1996) to college texts.

At WD-40 Company, we like to underscore the ubiquity of our flagship brand in a sentence that has become our unofficial corporate mantra—and an often-quoted saying in the offices and corridors of our San Diego headquarters: "We live under the sink, in the garage, and in the toolboxes of the world." Truly, WD-40 is a product that is at home in every room of the house—and one that has become a household name that customers have come to trust for cleaning, protecting and lubricating just about anything.

With eight out of ten American households owning at least one can of the product (many own at least two) and its popularity having spread to 160 countries, WD-40 holds a market share fourteen times the size of its nearest competitor. The brand has become so successful, in fact, that many companies have attempted to introduce imitation products, going so far as to even copy the distinctive blue, yellow and red colors of the WD-40 can. But nothing in this category has ever come close to the status WD-40 has achieved in households everywhere.

Why this overwhelming popularity and fierce loyalty? Former CEO of WD-40 Company Gerald Schleif explains it aptly. "Unlike very few things in this world, the product actually delivers far beyond the user's expectations. That's where the emotional attachment comes in. People start believing they can't live without their WD-40."
In the past 50 years, WD-40 Company has built a successful distribution network based on direct and marketing distributor models. In the early 1960s, the Company sold WD-40 through exclusive distributors in Australia and Canada, in addition to in-store sales through independent retailers. In the late 1960s and 70s, we did so by establishing licensing agreements. During the 1970s and 80s, we developed markets using the exclusive distributor model in the U.K., U.S., and Australia. Well into the 1990s, we developed markets using the exclusive distributor model in the U.K., U.S., and Australia. We introduced our products to the home maintenance market in the U.K. and U.S., and by the mid-1990s, we began to focus more on the industrial and professional markets. During the 1990s, we expanded our distribution network to include the direct and marketing distributor models. In recent years, we have expanded our distribution network to include online and direct-to-consumer channels. Today, we sell our products through a combination of direct and marketing distributor models, in addition to online and direct-to-consumer channels. We have also expanded our distribution network to include international markets, with sales in over 175 countries worldwide. We continue to invest in the development of new distribution channels and to expand our presence in existing markets. The Company’s success is due in large part to our ability to build strong relationships with our customers and distributors, and to develop innovative and effective marketing strategies.
For 50 years, WD-40 has worked hard to build the WD-40 brand fortress. Registering the WD-40 trademark around the world was one of the very first steps we took to protect this intellectual property, and the brand is now registered in over 160 countries.

As the brand grew in consumer awareness, so did those impostors wanting to profit from WD-40’s brand recognition. Through the years, the protection of the brand has evolved from registration to fighting impostors in different parts of the world, including China, portions of Latin America and the Middle East.

At WD-40 Company, we recognize the importance of the WD-40 brand name and what it means to consumers. That’s why our efforts have evolved from registration to protecting not only the words but also the shape of the shield on the can and the can itself. We even have trademark protection of the blue and yellow colors and the red of the cap, since they have become synonymous with the WD-40 product.

China counterfeiters are an example of some of the intellectual property protection matters WD-40 Company faces on an ongoing basis. We are serious in our efforts to legally fight counterfeiters and those who infringe on our trademark.

WD-40 Company currently has a different intellectual property strategy for each of its brands, depending on its level of brand awareness and reach around the world. For example, our flagship brand, WD-40, is a world famous trademark with instant recognition. Intellectual property journals even distinguish it based on the shape of its can alone.
On Celebrating Going Public Fifty Years

In 1993, WD-40 Company celebrated its 40th anniversary by breaking the $100 million mark. The third one was on July 11, 1997 – a 2 for 1 stock split. The second one was on April 11, 1983 – a 3 for 1 split. And the first one was on October 9, 1978 – a 2 for 1 stock split. The second was on October 9, 1978 – a 2 for 1 stock split. The second was on October 9, 1978 – a 2 for 1 stock split. The second was on October 9, 1978 – a 2 for 1 stock split. WD-40 Company has had three stock splits in its history. The first was on October 9, 1978 – a 2 for 1 stock split. The second was on October 9, 1978 – a 2 for 1 stock split. The second was on October 9, 1978 – a 2 for 1 stock split. The second was on October 9, 1978 – a 2 for 1 stock split. The second was on October 9, 1978 – a 2 for 1 stock split. The second was on October 9, 1978 – a 2 for 1 stock split. The second was on October 9, 1978 – a 2 for 1 stock split. The second was on October 9, 1978 – a 2 for 1 stock split. The second was on October 9, 1978 – a 2 for 1 stock split.

At WD-40, we always strive to remain true to our mission statement in everything that we do as a company.

We are a global consumer products company dedicated to building brand equity that are the first or second choice in their respective categories.

Our mission is to leverage and build the brand fortress of WD-40 Company by developing and acquiring brands that can be distributed across multiple trade channels in one or more areas of the world.

We strive to cultivate a learning culture based on our corporate values. We have a track record of developing several of our brands into market leaders and that are the first or second choice in their respective categories.

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Corporate Mission Statement

14 Going Public

We believe this will lay the groundwork to help us introduce and continue to develop a brand in a market may require several decades to achieve high consumer awareness and multiple channel distribution.

16 On Celebrating Fifty Years

In honor of our 50th anniversary, we also held an online poll, the Great State Debate, to determine consumers’ favorite WD-40 uses in the fifty states. For each vote cast, the company donated fifty cents to Rebuilding Together, a nonprofit organization that is dedicated to rehabilitating homes for low-income families.

We are a global consumer products company dedicated to building brand equities that are the first or second choice in their respective categories.

We realize that not every brand fits into every market, and our diversification now allows us to carefully craft our strategy to grow the brands at a healthy long-term rate. We strongly believe this will lay the groundwork to help us introduce and continue to develop brands around the world. As we learned with the WD-40 brand, introducing and developing a brand in a market may require several decades to achieve high consumer awareness and multiple channel distribution.

In the Americas, we continued our brand evolution to our lubricants and household products. For each vote cast, the company donated fifty cents to Rebuilding Together, a nonprofit organization that is dedicated to rehabilitating homes for low-income families.

In Europe, we refocused our European brand vision to our lubricant segment and have been rewarded for doing so. We encountered some hurdles in growing the household based segment this year, due to “shelf space squeeze” and competition. (The grocery channel experienced an increase in household products, and the trade simply reduced product volume on the shelves to make room for new products.)

Another focus was Carpet Fresh®. No Vac, which maintained its market share in spite of shelf space squeeze in the grocery channel. We will continue to look for ways to keep growing this brand next year.

We delivered on last year’s commitments. We focused on the growth of WD-40 Internationally and particularly in Europe had great results in growing the brand. Earlier this year, we refocused our European brand vision to our lubricant segment and have been rewarded for doing so. We encountered some hurdles in growing the household based segment this year, due to “shelf space squeeze” and competition. (The grocery channel experienced an increase in household products, and the trade simply reduced product volume on the shelves to make room for new products.)

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This year's annual report acknowledges the efforts of people who, throughout the Company's history, made significant contributions to our success. We honor those who came before us by continuing their work of building a great Company and preserving the WD-40 legacy for future generations.

I also want to thank all of the people who performed in many remarkable ways to deliver results this past year. As you know, our success is not just due to amazing products but also to passionate and dedicated people. Thank you, too, to our stakeholders. You come through for us each and every time – our partnerships are indeed strong with commitment. And to our shareholders, those who have been with us for so long and those who have recently joined our family, I say thank you for believing in and supporting us. When I look back at the Company's story, I am reminded of a similar one, The Little Engine that Could. It's truly been a remarkable ride.

Sincerely,

Garry Ridge
President and Chief Executive Officer

Net worldwide sales of $238.1 million, up 9.9 percent over last year's $216.8 million.
Net income for the year was $28.6 million, up 16.1 percent compared to last year's $24.7 million.
Earnings per share were $1.71, compared to $1.53 in 2002.
Sales in the Americas were up 8.1 percent: $178.5 million compared to $165.1 million in 2002.
Sales in Europe increased 16.3 percent: $45.2 million compared to $38.9 million the previous year.
Sales in Asia/Pacific increased 12.7 percent: $16.6 million compared to $14.7 million the previous year.
Global sales of the lubricants WD-40 and 3-IN-ONE Oil were $145.0 million for the year, up 7.9 percent over last year.
Sales of heavy-duty hand cleaners, Lava® and Solvol®, were $7.5 million, down 25.7 percent from 2002.
Sales of household products, 811, Carpet Fresh, 2000 Flushes® and Spot Shot were $85.6 million, up 18.4 percent from last year.

On this, the Company's golden anniversary, we are already looking ahead to our success over the next fifty years. We are firmly committed to sustained long-term growth, to launching new extensions of our brands when those make sense and to continually innovating our brands. Between now and the end of fiscal year 2008, our goal is to grow sales between 6 and 8 percent and grow net income between 8 and 11 percent (compound annual growth rate). In addition, we will be inquisitive about opportunities to acquire new brands that meet our stringent criteria. And we remain committed to maintaining a corporate environment in which people feel passionate about our Company's values, mission and culture.
The WD-40 distribution network includes 62 channels and extends all over the world. The Company is organized around three distinct trading blocs – the Americas, Europe and Asia/Pacific – allowing us the depth of resources and the specific market knowledge to think globally while acting locally, ensuring on the best market channels with which to launch and market a particular brand in a particular country. For example, while WD-40 was first marketed in sporting good stores in the U.S., the brand was launched in hardware stores in Germany and in industrial supply stores in China.

The Corporate Brand Support Centre and manufacturing site have expanded beyond our two strategic account offices in the United States and now include wholly-owned subsidiaries in Canada, the United Kingdom and Australia, as well as offices in Europe and Asia. The Company has become a global company in every sense of the term.

The Americas saw record sales and profits in 2003 despite challenges on many fronts. Economic uncertainty, the war in Iraq, shelf space pressures from new products and a host of other factors impacted sales across our various channels and brands. But we were successful in increasing net sales by 8.1 percent over 2002, and our grocery brands, except X-14, maintained or grew their market share.

We have upgraded our North America IT (Information Technology) network and made it more secure. We have shortened the order cycle time of our growing EDI (Electronic Data Interchange) customer base and are now taking orders over the Internet to better meet customer needs.

Retail consolidation and service demands continue to put pressure on our margins. Pricing pressures are also increasing, especially in areas related to the price of oil and steel aerosol cans. New volatile organic compound (VOC) regulations and product fees have increased our costs in California and other parts of the U.S.

Canada saw record sales and profits as we experienced excellent growth due to recent acquisitions, hard work, customer specific promotions and our new 3-IN-ONE Professional line extension. We continue to develop and deploy systems that provide our teammates with a view of the business that enables them to make good proactive business decisions. We continue to refine our supply chain, seeking to remove costs and increase our customer service levels.

Latin America sales met expectations, even with WD-40 moving to local production in Argentina. Our team delivered a standout performance and will continue to nurture our brands in this region.

In the U.S., we are beginning to see results from our innovative efforts with Carpet Fresh No Vac Auto, 3-IN-ONE Professional line extensions and other new SKU sizes and configurations. We are also using our expanded brand portfolio to actively develop opportunities in new trade channels.
It was another record year. Overall, sales grew by 16.3 percent, with the WD-40 brand growing by 17.1 percent. Many countries contributed to this growth, including France (30.2 percent growth), Spain (26.1 percent), Germany (23.1 percent) and Italy (10.5 percent).

The Distributor Team brought in record results in Russia, Bulgaria, Hungary and the Baltic States. The Middle Eastern markets of Bahrain, Ocean, UAE, Turkey, Egypt and Pakistan have all grown well despite the unrest in that region.

We still have work to do in the United Kingdom. We were affected by poor sales leadership, which led to an under-performing team and other staffing issues. This has since been addressed with the appointment of the current sales director for continental Europe to head up the UK operation. We were also affected by Lava results. While distribution was established in all major retail and wholesale accounts, the complete lack of brand awareness did nothing to move the product. So we have decided to discontinue our efforts with Lava throughout the UK.

On the positive side, we have been strengthening WD-40’s brand perception in the UK, by sponsoring a well-known hardware/toy store and television personality, “Handy Andy," and recent results show that this strategy is paying off.

The greatest sales opportunities moving forward still lie with the organic growth of the WD-40 brand. We also recently launched the 3-IN-ONE Professional line in the UK, and will roll it out in France early in 2004 and in Spain in the fourth quarter. Our Distributor Team has been very successful at growing the Dutch market – soon we will take the market direct and establish our own sales presence.

We continue to have the efficiencies of our logistics, customer service, finance and IT function. And we have relocated our European office to focus solely on the general-purpose maintenance lubrication market. As a result, 2004 looks to be a promising year, in which we will set new records.

Asia sales grew $1 million to $10.6 million – 10.7 percent over 2002. Australian sales reached $3.4 million, growing 18.8 percent. China sales were up over 2002, despite the continued proliferation of counterfeiters throughout the market. This growth reflected the efforts of our people and our Chinese distributor to maintain our distribution and grow the WD-40 brand. We continued an aggressive program to combat the activities of counterfeiters.

Japanese sales continued to climb, increasing over the prior year. India and Korea also saw increased sales and distribution.

The Solvol brand in Australia increased 29.4 percent for the year, reflecting the continued expansion of our distribution and consumer awareness of this iconic brand. The year also saw the introduction of new brands in Australia and Asia. In Australia, we launched 3-IN-ONE Professional automotive No Vac Auto scent, with good initial success. The No Vac Auto product line elicited immediate response from consumers, and 3-IN-ONE Professional has had strong support from the industrial and automotive channels. In Asia, we added Spot Shot and Carpet Fresh No Vacuum to the automotive market, and both brands have been well received.
The WD-40 Company mindset is not limited to one or two distribution channels — it never has been. Over the course of fifty years, the Company has learned how to compete in multiple distribution channels in more than 160 countries throughout the world.

The ubiquity of some of the WD-40 brands is a logical extension of the products themselves. Their wide variety of applications is universal — they transcend national borders. Precisely because of their versatility, these brands are not restricted to a few trade or distribution channels like other products.

Unlike competitors who have opted for a “one trade channel/one brand” strategy, WD-40 Company provides a variety of ways for customers to interact with its products by making them available in a broad range of shopping environments. These include hardware/home improvement, automotive, mass merchant, farm supply, sporting goods, industrial and janitorial supply, grocery, discount, office supply, military and others.

Every distribution channel presents its own unique set of challenges. The Company continues to build on the knowledge we have gained from years of experience in the various distribution channels and to apply this knowledge in a variety of ways, most notably in cross-channel distribution efforts, which remain pivotal for long-term growth.

The WD-40 Fortress of Brands strategy is guided by a set of acquisition criteria, which ensure a portfolio of brands that build on each other’s strengths.

Target acquisitions are branded products where we can identify a “value gap” between the brand’s performance and the Company’s core competencies. A value gap might exist geographically, such that we can enhance the acquired brand with our global presence and infrastructure. Or there might be a gap in distribution, whereby a potential acquisition brand could benefit from our strength and presence in multiple distribution channels and apply the business expertise in a variety of ways, most notably in cross-channel distribution efforts, which remain pivotal for long-term growth.
In 1995, WD-40 Company achieved another important milestone: the acquisition of the 100-year-old brand 3-IN-ONE Oil from Reckitt & Colman. This marked the beginning of an acquisition strategy that continues to this day and has successfully transformed the Company into a global powerhouse, with a multitude of leading brands in the household maintenance and cleaning categories.

In 1999, we added Lava, the most famous heavy-duty hand cleaner in the U.S. In the following year, we entered the heavy-duty hand cleaner category in Australia and New Zealand, with the acquisition of Solvol. In 2001, we made our largest acquisition ever, from Block Drug Company, Inc. In 2002, we acquired Spot Shot, another leading brand in the cleaning industry.

Each of these acquisitions has resulted in significant strategic benefits for the Company, and our success at incorporating each of these brands into the WD-40 family – and the distribution channels in which the Company has traditionally had dominance – underscores just how adept we have become at integration. By taking full advantage of our learning curve, we have developed the talent and the infrastructure to absorb newly acquired brands and make them an integral part of the WD-40 brand portfolio.

All of the brands the Company has acquired since we initiated our acquisition strategy in 1995 have had at least one or two of these important characteristics in common. These include:

- Strong positions in their respective markets have given our Company immediate sales results once they were integrated into our brand portfolio. The products’ front-end features have all been designed to deliver instant results to the user – one of the most important acquisition criteria of all.
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The Spot Shot line of products was developed by Heartland Corporation, a privately held company that owned the Spot Shot brand. The Spot Shot line includes two products: Spot Shot, the carpet stain remover designed for even the toughest carpet stains, and Spot Shot Large Area Multi-Purpose Foam Cleaner. The latter product is especially designed for cleaning carpets in entire rooms and high-traffic areas, but it can work on any hard surface, such as countertops, bathrooms, and other areas.

The acquisition of the Spot Shot brand has allowed the Company to enter the carpet stain remover market. The Spot Shot line includes two products: Spot Shot, the carpet stain remover designed for even the toughest carpet stains, and Spot Shot Large Area Multi-Purpose Foam Cleaner. The latter product is especially designed for cleaning carpets in entire rooms and high-traffic areas, but it can work on any hard surface, such as countertops, bathrooms, and other areas.

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The purchase of Global Household Brands in 2001 has been our largest acquisition to date. In 2005, we acquired three powerhouse brands, 2000 Flushes automatic toilet bowl cleaner and Carpet Fresh rug and room deodorizer, which had widespread distribution and clout in the grocery channel. We believed these brands had excellent potential in traditional WD-40 distribution channels as well, and this is already proving to be the case, as a result of our successful integration efforts over the past two years.

With the Global Household Brands acquisition, we achieved true diversification. The Company now serves three distinct product categories: household products (2000 Flushes, X-14, Carpet Fresh, and the brand we acquired in 2002, Spot Shot), heavy-duty hand cleaners (Lava and Solvol), and lubricants (WD-40 and 3-IN-ONE). We now univer-
sally live under the sinks, in the garages, and in the toolboxes of the world.

X-14 Hard Surface Cleaners are specifically formulated to clean the toughest stains on shower doors, tubs, sinks and countertops. There are currently three products in the X-14 line:

X-14 Soap Scum Plus Bathroom Cleaner does away with the toughest soap scum, dirt, hard water stains and other bathroom stains without scrubbing. It also deodorizes while leaving a fresh herbal scent.

X-14 Instant Mildew Stain Remover works on bathroom tile, grout, fiberglass shower doors, sinks, fixtures, vinyl showers and shower curtains in seconds without scrubbing. It is also ideal for removing mildew stains before painting and eliminates mildew from vinyl awnings, siding, boat tops, garbage cans and patio furniture.

Our new X-14 Professional Instant Mildew Stain Remover is designed for trade professionals and do-it-yourselfers who require a maximum-strength product. With a powerful cleaning formula that is 66% stronger than most regular-strength mildew stain removers, X-14 Professional is effective on virtually any kind of work surface.

The 2000 Flushes line includes a variety of automatic toilet bowl cleaners, which are popular sellers in grocery stores and the other channels where they are sold.

2000 Flushes Blue Plus Bleach combines chlorine cleaning power to bleach away stains and yellowish blue detergents that blend with every flush. The product will keep a toilet clean and deodorized — and the water sparkling blue — for up to four months.

2000 Flushes Bleach cleans with powerful chlorine to bleach away stains with every flush. The product will keep a toilet clean and deodorized — and the water crystal clear — for up to four months.

2000 Flushes Blue Plus Detergents cleans with powerful detergents that will keep the water in a toilet sparkling blue for up to five months.
Carpet Fresh

The Carpet Fresh line includes the original Carpet Fresh Powder Rug and Room Deodorizer, Carpet Fresh No Vacuum and Carpet Fresh No Vac Auto.

Carpet Fresh Powder Rug and Room Deodorizer contains baking soda to help eliminate the odors trapped in carpets. It offers a choice of seven long-lasting scents, all of which leave a home smelling fresh and clean.

The No Vacuum product represents an exciting breakthrough in the category. Just spraying it on eliminates odors. The foam breaks up in minutes, leaving the carpet dry and trapped-in odors eliminated — without any vacuuming.

Carpet Fresh No Vacuum comes in four fragrances, including one that is designed especially for fenders with pets and contains a patented pet odor neutralizer and a fragrance designed especially for automobiles.

Lava and Solvol

In May 1999, WD-40 Company added Lava to its line of brands when it acquired the brand from Block Drug Company. Not only is Lava the most famous brand of heavy-duty hand cleaners in the country, but, more importantly, the people who use Lava are many of the same consumer and industrial customers who use our other multi-purpose products.

When we first acquired the Lava brand, it was available in bar soap form and in an underdeveloped liquid form. The Company subsequently developed the Lava liquid hand soap into larger sizes for introduction into the hardware channel.

Later, we introduced the same liquid brand extension for Solvol (Lava’s counterpart in Australia, New Zealand and the Pacific Islands), which we acquired in the year 2000. The Solvol brand had been in existence in those countries since 1936 and already had 85 percent brand awareness and 90 percent market share in the heavy-duty hand cleaner category there. It remains a very strong performer for us. We recently introduced a Solvol Liquid with moisturizers that, while tough on dirt, is gentle on the skin.

3-IN-ONE

When WD-40 Company acquired 3-IN-ONE Oil in 1981 from Bickley & Collver, the product already had a 100-year history and a trusted name among consumers, just like our flagship brand. With its precision application spout, 3-IN-ONE made a wonderful match for WD-40 — together they formed a powerful duo that could address virtually every lubrication need.

In 1989, the Company added to the 3-IN-ONE product line a new delivery system, the Telescoping Spout. reminiscent of an old-time oil can, the plastic bottle comes with a functional extendable spout that is designed to get at hard-to-reach places. The 3-IN-ONE Telescoping Spout has since received numerous awards since its launch.

This past year, the Company introduced a new 3-IN-ONE Oil Professional line in the U.S. and Australia, and gained distribution for it in a major retailer in the United Kingdom. The products available in this line include a silicone spray lubricant, white lithium grease and fast-acting penetrant.
**Commitment to the Environment**

At WD-40 Company, we have long been committed to protecting the environment. Our products, for example, do not contain chlorofluorocarbons (CFCs) or HFCs, the refrigerants that harm our atmosphere. And through the sale of many of our brand products, we have contributed to the reduction of carbon emissions equivalent to trees planting programs.

Our products are also responsibly manufactured, with recycled materials used in many packaging components. As technology allows, we continue to explore additional practices that allow our long-standing commitment to the environment.

Over the years, we have consistently made changes to address environmental issues as they arise. It is in our nature and very necessary. We consider the environment itself to be one of our stakeholders, and increasing the value we return to our stakeholders has always been WD-40 Company's primary corporate mission.

In addition, we are committed to recycling initiatives and have signed up to partner with Rebuilding Together, an organization dedicated to improving homes for the elderly, low income, and handicapped. A group of 70 employees painted and worked to provide a home to a grandmother caring for her grandchildren. It was a great way to give back to the community while celebrating the Company's birthday.

For more than twenty years, the Company has maintained a Community Involvement Program to benefit the San Diego area. Our commitment to local schools has provided an opportunity to develop bonds with local students and families. We have also supported local and regional organizations of all kinds.

Our employees throughout the world dedicate countless hours to improving their communities. In the United States, our employees have volunteered their time and effort to support causes such as the Avon 3-Day Breast Cancer Walk, Big Brothers League, Challenger Athletes Trottin, Lesamis Society, Ronald McDonald House, St. Vincent DePaul Triathlon and the United Way Company Match Program, to name just a few.

As we have grown internationally, our Community Involvement Program has expanded to the communities where we do business. In fact, each region and office has a committee that reviews initiatives from local and region stakeholders.

We are proud of our contributions to the communities we serve, and are committed to continuing these efforts in the future.

**Community Involvement**
**Earnings Per Share**

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
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</thead>
<tbody>
<tr>
<td>EPS (diluted)</td>
<td>1.02</td>
<td>1.53</td>
<td>1.71</td>
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<tr>
<td>Dividends per Share</td>
<td>.24</td>
<td>.35</td>
<td>.32</td>
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<tr>
<td>Total Assets</td>
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<tr>
<td>Number of Employees</td>
<td>16,538</td>
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<td>21,683</td>
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**Five-year Summary**

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<tr>
<th>Year</th>
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<th>2001</th>
<th>2002</th>
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<tbody>
<tr>
<td>Sales (in millions)</td>
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<td>$225,060</td>
<td>$238,140</td>
<td>$216,764</td>
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<td>Gross Profit</td>
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<td>59,947</td>
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<td>Selling, General &amp; Admin Expense</td>
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<td>24,389</td>
<td>31,173</td>
<td>35,988</td>
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<td>Operating Income</td>
<td>22,625</td>
<td>23,826</td>
<td>28,775</td>
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<td>16,657</td>
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<td>Interest &amp; Other Income, Net</td>
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<td>-2,504</td>
<td>-2,508</td>
<td>-6,555</td>
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<td>Income Before Income Taxes</td>
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<td>21,322</td>
<td>26,267</td>
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<td>Earnings Before Income Taxes</td>
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<td>Average Shares Outstanding</td>
<td>10,200</td>
<td>10,228</td>
<td>10,200</td>
<td>10,876</td>
<td>10,842</td>
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<tr>
<td>Net Income</td>
<td>18,705</td>
<td>19,193</td>
<td>24,700</td>
<td>7,202</td>
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<td>Earnings per Share (diluted)</td>
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<tr>
<td>Dividends per Share</td>
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<td>Gross Profit %</td>
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<td>46%</td>
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<td>Income Before Income Taxes %</td>
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<td>59%</td>
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<td>Earnings Before Income Taxes %</td>
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<td>Income tax rate</td>
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<td>8%</td>
<td>7%</td>
<td>5%</td>
<td>7%</td>
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<td>Income tax rate (effective)</td>
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<td>12%</td>
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**Return on Share**

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**Return on Sales**

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**Proftability Ratio**

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<tr>
<td>Sales Per Employee</td>
<td>1,027</td>
<td>1,043</td>
<td>1,057</td>
<td>1,085</td>
<td>1,091</td>
</tr>
<tr>
<td>Earnings Per Share</td>
<td>1.53</td>
<td>1.71</td>
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<td>9%</td>
</tr>
<tr>
<td>Return on Share</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>9%</td>
<td>9%</td>
</tr>
</tbody>
</table>

**Proftability Ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Sales</td>
<td>12%</td>
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**Sales Per Employee**

<table>
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<tr>
<th>Year</th>
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<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Per Employee</td>
<td>1,027</td>
<td>1,043</td>
<td>1,057</td>
<td>1,085</td>
<td>1,091</td>
</tr>
<tr>
<td>Earnings Per Share</td>
<td>1.53</td>
<td>1.71</td>
<td>1.95</td>
<td>2.37</td>
<td>2.32</td>
</tr>
<tr>
<td>Shares Outstanding</td>
<td>10,200</td>
<td>10,228</td>
<td>10,200</td>
<td>10,876</td>
<td>10,842</td>
</tr>
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</table>
Fun Facts About WD-40 Company

11. Components of the WD-40 can are made individually and then assembled all in the same warehouse.
12. Once mixed (in the vat pictured), the WD-40 concentrate is held in silos until it is shipped.
13. WD-40 Company only mixes the product and then outsources packing to aerosol packagers around the world.
14. The original WD-40 formula is stored in a bank vault in California. It has been taken out only once for our 50th anniversary celebration.
15. The size of the can and country of sale determines where it is made.
16. In the 1970s, the Hurricane Carla disaster generated WD-40’s first truckload shipments, helping to put WD-40 on the map.
17. Vietnam was the first war where WD-40 was used to clean and lubricate weapons.
18. WD-40 cans use recycled metal.
19. The metal used to manufacture WD-40 cans is shipped in coils weighing over 25,000 pounds each.
20. WD-40 first became famous in the U.K. as a damp engine starter for the famous Morris Mini automobile.
21. WD-40 was the first multi-purpose lubricant spray to be sold in Hong Kong.
22. In 1965, more than 500,000 cans of WD-40 were sold in China.
23. In Korea, WD-40 was first used in naval production facilities.
24. WD-40 entered the Russian market, setting the bar for its export industry.
25. The inspiration for the 40 came about when a student saw something in a popular coaster that reminded him of the can.
27. The “Maniac Pledge” is a parody with our employees because it is a bit tongue-in-cheek.
29. WD-40 Company did not move to Cudahy Place (San Diego) until 1974.
30. The “Maniac Pledge” is popular with our employees because it is about taking responsibility.
31. The WD-40 corporate headquarters in San Diego was built in 1973.
32. On February 14, 1994, the Company was featured in a segment on Lou Dobbs Moneyline on CNN.
33. President and CEO Garry Ridge was also featured in the same Moneyline segment as “CEO of the Week.”
34. The Canadian subsidiary of WD-40 was established in 1977.
35. The Australian subsidiary of WD-40 was established in 1987.
36. The Solvol brand is 88 years old.
37. In Australia, an unusual use of WD-40 is to clean chicken legs.
38. 3-IN-ONE Oil was invented in 1894 by George W. Cole of New Jersey.
39. Cole was looking for a way to lubricate, rust-proof and clean a bicycle.
40. In 1899, he formed a company, G.W. Cole, which became a 3-IN-ONE Oil Company in the early 1900s.
41. 3-IN-ONE Oil was originally sold in glass bottles.
42. Lava was first developed in 1909 by St. Louis, Missouri.
43. The name “Lava” was chosen because of the volcanic pomice contained in the soap.
44. According to the American Lung Association, 3-IN-ONE is a “…better alternative to harsh cleaning products.”
45. Soft water will not reduce the effectiveness of 2000 Flushes and X-14 automatic toilet bowl cleaners – it may enhance it.
46. Carpet Fresh can be used instead of dryer sheets in the laundry.
47. A United States District Court judge, J. Lawrence Irving, served as a Director of WD-40 Company in the early 1980s and also worked part-time manufacturing WD-40 concentrator while waiting to take the California bar examination in the 1960s.
48. WD-40 employees who contribute a certain percentage of their salaries to the United Way earn a day off.
49. WD-40 Company now has more than 200 employees worldwide.
50. On Sep. 24, 2003, the Company formally began its 51st year.
50
Fun Facts About WD-40 Company

01. “Water Displacement on the Fortieth Try” is the basis for the name WD-40.
02. The original WD-40 formula was developed to prevent rust and corrosion on the Atlas Missile.
03. WD-40 Company was originally called The Rocket Chemical Company.
04. On Sept. 25, 2003, WDFC’s market capitalization broke $500,000,000.
05. WD-40 started retail distribution in the U.S. in sporting goods stores.
06. The San Onofre failure of 1983, blamed on faulty maintenance, could have been avoided by squirting WD-40 on the breakers of the billion dollar nuclear power plant.
07. Only a handful of people in the world know the WD-40 formula.
08. WD-40’s IPO took place on Jan. 16, 1973, with 300,000 shares.
09. WD-40 has had only 9 price increases in its 50 year history.
10. WD-40 is used in more than 160 countries and the cans are produced in many different languages.

(list continued on inside back cover)

WD-40 Company 2003 Annual Report