10kWIZARD
SEC POWER SEARCH

FORM 10-K

WD 40 CO - WDFC

Filed: November 28, 1997 (period: August 31, 1997)

Annual report which provides a comprehensive overview of the company for the past year

PART I

PART II

PART III

PART IV

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

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

For the Fiscal Year Ended August 31, 1997	Commission File No. 0-6936-3

WD-40 COMPANY
(Exact Name of Registrant as specified in Charter)

California	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 Class: None

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

Title of Class: Common Stock, no par value

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 X 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:____.

The aggregate market value (closing price) of the voting stock held by non-affiliates of the Registrant as of October 10, 1997 was $372,530,000.

As of October 10, 1997 the Registrant had 15,563,792 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The Proxy Statement for the annual meeting of shareholders on November 25, 1997 is incorporated by reference into PART III, Items 10-13. The Annual Report to Shareholders for the fiscal year ended August 31, 1997 is incorporated by reference into PART I, ITEM 1, PART II, ITEMS 5-8, and PART IV.

Source: WD 40 CO, 10-K, November 28, 1997

PART I

ITEM 1 - Business

(a) General Development of Business.

For more than four decades, WD-40 Company sold only one petroleum-based product, known as "WD-40." WD-40 is a multi-purpose product which acts as a lubricant, rust preventative, penetrant and moisture displacer. In December 1995 the Company acquired the 3-IN-ONE Oil brand from affiliates of Reckitt & Colman, P.L.C. 3-IN-ONE Oil is a lower cost general purpose lubricant. During the fiscal year ended August 31, 1996, the Company developed a third product, T.A.L 5, which was introduced to the market in fiscal year 1997. T.A.L 5 is an extra-strength synthetic lubricant for heavy-duty applications.

The acquisition of the 3-IN-ONE Oil brand was completed on December 8, 1995. WD-40 company acquired all of the worldwide trademarks and other intangible assets relating to the sale of 3-IN-ONE Oil brand lubricating oil products from Reckitt & Colman, Inc., a Delaware corporation, Reckitt & Colman (Overseas) Limited, an English corporation, and other affiliates of Reckitt & Colman P.L.C., an English corporation. The acquisition of assets included inventory and the rights to manufacture, sell and distribute this product line. No other physical property, plant or equipment was acquired. The Company paid cash in the amount of $15,047,000 for the trademarks and other intangible assets and approximately $400,000 for inventory.

The Company's objective is to dominate the entire category of lubrication products by combining the smaller niche markets targeted by 3-IN-ONE Oil and T.A.L 5 with the broad-based market held by the WD-40 brand. The three brands complement each other, providing the Company with a complete line of lubricants that is intended to obviate the need for distributors to stock, and consumers to buy, other brands.

The acquisition of the 3-IN-ONE Oil brand and the introduction of T.A.L 5 will allow the Company to pursue a comprehensive and targeted marketing strategy. The acquisition of the 3-IN-ONE Oil brand provided the Company with an existing network of distribution in 17 countries, including several markets in which the WD-40 brand had not been sold. The Company will be using this distribution network to introduce the WD-40 brand to these markets and to add distribution channels to markets that have been previously established.

At the same time, the 3-IN-ONE Oil brand has been introduced to the Company's existing distribution system on a targeted basis. The 3-IN-ONE Oil brand will offer the greatest potential in developing economies worldwide where it can be sold in small, affordable units that may provide people in these markets with an introduction to lubricants.

In maturing, industrial markets, including North America, the U.K., and Australia, the Company will focus on growth in sales of the WD-40 brand and the introduction of the T.A.L 5 brand to the distribution system. T.A.L 5 will be offered to industrial users and other consumers in need of an extra-strength lubricant.

(b) Financial Information About Industry Segments. Not applicable.

Source: WD 40 CO, 10-K, November 28, 1997

(c) Narrative Description of Business.

WD-40 Company manufactures and markets three multi-purpose lubricant products known as "WD-40," "3-IN-ONE Oil," and "T.A.L 5." WD-40 is sold primarily in aerosol cans through chain stores, hardware and sporting goods stores, automotive parts outlets as well as through industrial distributors and suppliers. It has a wide variety of consumer uses (including household use, the care and protection of sporting goods, and marine and automotive equipment) as well as numerous industrial applications.

3-IN-ONE Oil is a drip oil lubricant, sold primarily through the same distribution channels as the WD-40 brand. It is a low-cost, entry-level lubricant. The unique drip tip allows precise application for small mechanisms and assemblies, tool maintenance, and threads on screws and bolts. 3-IN-ONE Oil is a 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. The product's high quality and the established distribution network that was acquired with the brand trademarks have enabled the product to gain international acceptance.

T.A.L 5 was developed during the Company's 1996 fiscal year as an extra strength synthetic spray lubricant for heavy-duty applications. Marketing for T.A.L 5 is targeted at specialized users in the trades and general industry, especially manufacturing. T.A.L 5, which stands for "Triple Additive Lubricant / 5 functions," resists breakdown due to corrosion, friction, temperature, load, and motion. It provides long-lasting film strength and durability which can ultimately help prolong the life of equipment. There are numerous competing heavy-duty spray lubricant products, none of which are seen as being dominant. T.A.L 5 is designed to be competitive as a high quality multi-application product that can be funneled into the Company's existing distribution network.

WD-40 Company is subject to competition from many similar products which perform some or all of the functions of WD-40, 3-IN-ONE Oil and T.A.L 5. The Company is aware of at least 250 competing products, some of which sell for lower prices. Competition in international markets varies by country. The Company has no way of estimating the total size of the market or the proportion of the market held by the Company.

With the ongoing consolidation in the marketplace, many of the major retailers are aggressively pursuing additional trade allowances. These demands could produce a long-term negative impact on both sales and profits.

Alternate sources of constituent chemicals are readily available and there are no current or anticipated shortages of any raw materials essential to the business. There are no environmental laws or regulations currently affecting capital expenditures. Recent focus on environmental regulations relating to VOC's (Volatile Organic Compounds) have resulted in a change in the formulation of the WD-40 brand product resulting in increases in product cost and product pricing. Such increases could have an adverse affect on the Company's competitive position.

The Company has no patents, but relies upon its established trademarks, brand names, and marketing efforts, including advertising and sales promotion, to compete effectively. The WD-40, 3-IN-ONE Oil and T.A.L 5 trademarks are registered in the United States and in various foreign countries.

Source: WD 40 CO, 10-K, November 28, 1997

Ninety-three (93) persons are employed by the United States parent corporation, ten (10) by the Company's Canadian subsidiary, fifty-two (52) by the United Kingdom subsidiary, and eleven (11) by the Australian subsidiary.

The Company operates in one business segment -- the manufacture and sale of multi-purpose lubricants.

(d) Financial Information About Foreign and Domestic Operations and Export Sales.

The information required by this item is incorporated by reference from Page 12 of the Annual Report to Shareholders for the fiscal year ended August 31, 1997 under Note 4 -- Business Segment and Foreign Operations. There are no material risks attendant to the Registrant's foreign operations.

ITEM 2 - Properties

The Company owns and occupies an office and plant facility at 1061 Cudahy Place, San Diego, California 92110. The building consists of approximately 11,000 square feet of office space and 4,000 square feet of plant and storage area.

The Company owns and occupies an office and plant facility at Kiln Farm, Milton Keynes, England. The building consists of approximately 8,000 square feet of office space and 4,700 square feet of plant and storage area.

The Company leases approximately 1,300 square feet of office space for sales offices in each of the following cities: Atlanta, Georgia; Miami, Florida; Northbrook, Illinois; Thousand Oaks, California, and Trevose, Pennsylvania.

The Company leases approximately 2,000 square feet of office space in Etobicoke, Ontario, Canada.

The Company leases approximately 2,500 square feet of office space in Epping, New South Wales, Australia.

The Company leases approximately 1,800 square feet of office space in Kuala Lumpur, Malaysia.

The Company believes that these properties should be sufficient to meet the Company's needs for office and plant facilities for several years.

ITEM 3 - Legal Proceedings

Not Applicable.

ITEM 4 - Submission of Matters to a Vote of Security Holders

Not applicable.

Source: WD 40 CO, 10-K, November 28, 1997

Executive Officers of the Registrant

The following table sets forth the names and ages of, and the positions and offices held by, all executive officers within the Company:

Name	Age	Position
Garry O. Ridge	41	President and Chief Executive Officer: Mr. Ridge joined the Company's Australian subsidiary, WD-40 Company (Australia) Pty. Limited, in 1987 as Managing Director and has held several senior management positions prior to his election as CEO in 1997.
Michael L. Freeman	44	Vice President Administration, Chief Information Officer: Mr. Freeman joined the Company in 1990 as Director of marketing and was named Director of Operations in 1994. He was named Vice President Administration and Chief Information Officer in December, 1996.
Geoffrey J. Holdsworth	35	Managing Director, Asia Pacific, WD-40 Company (Australia) Pty. Ltd.: Mr. Holdsworth joined the Company's Australian subsidiary, WD-40 Company (Australia) Pty. Limited, in 1996 as General Manager, Australia. Prior to joining WD-40 Company, Mr. Holdsworth held sales management positions at Columbia Pelikan Pty. Ltd., Australia.
Graham P. Milner	43	Vice President, Sales and Marketing, The Americas: Mr. Milner joined the Company in 1992 as International Director, and was appointed Vice President, Sales and Marketing, The Americas in March, 1997.
William B. Noble	39	Managing Director, Europe, WD-40 Company Ltd. (U.K.): Mr. Noble joined the Company's Australian subsidiary, WD-40 Company (Australia) Pty. Limited, in 1993 as International Marketing Manager for the Asia Region. He was appointed Managing Director, Europe in December, 1996.
Peter E. Williams	54	Vice President Finance, Chief Financial Officer, Treasurer and Assistant Secretary: Mr. Williams joined the Company in 1996 as Controller and was named Vice President Finance and Chief Financial Officer in December, 1996. Prior to joining WD-40 Company, Mr. Williams held financial management positions at Silicon Graphics, Inc.

All officers hold office at the pleasure of the Board of Directors.

Source: WD 40 CO, 10-K, November 28, 1997

PART II

ITEM 5 - Market For Registrant's Common Equity and Related Stockholder Matters

The Company's common stock is traded in the over-the-counter market (Nasdaq National Market System). As of August 31, 1997, the approximate number of holders of record of the Company's common stock was 2,226. Other information required in this item is incorporated by reference from Page 16 of the Annual Report to Shareholders for the year ended August 31, 1997 under the heading, "Stock Information."

ITEM 6 - Selected Financial Data

See ITEM 7.

ITEM 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required in ITEMS 6 and 7 is incorporated by reference from Pages 19 and 20; and Pages 17 and 18, respectively, of the Annual Report to Shareholders for the fiscal year ended August 31, 1997.

ITEM 8 - Financial Statements and Supplementary Data

See the Index to Consolidated Financial Statements and Financial Statement Schedule on Page 7 of this report (ITEM 14(a)). Other information required by this item is incorporated by reference from Page 16 of the Annual Report to Shareholders for the fiscal year ended August 31, 1997.

ITEM 9 - Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

Not applicable.

PART III

ITEM 10 - Directors and Executive Officers of the Registrant

See ITEM 13.

ITEM 11 - Executive Compensation

See ITEM 13.

ITEM 12 - Security Ownership of Certain Beneficial Owners and Management

See ITEM 13.

Source: WD 40 CO, 10-K, November 28, 1997

ITEM 13 - Certain Relationships and Related Transactions

The information required in ITEMS 10, 11, 12 and 13 is incorporated by reference from Pages 4, 5, and 6; Pages 6, 7, 8, 9, 10, 11, and 12; Pages 2 and 4; and Page 5; respectively, of the Proxy Statement for the annual meeting of shareholders, November 25, 1997.

PART IV

ITEM 14 - Exhibits, Financial Statement Schedule, and Reports on Form 8-K

(a) Documents filed as part of this report

WD-40 COMPANY
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULE

The following consolidated financial statements of WD-40 Company and its subsidiaries, included in PART II, ITEM 8, are incorporated by reference from Pages 6-16 of the Annual Report to Shareholders for the fiscal year ended August 31, 1997:

1. Financial Statements

Report of Independent Accountants

Consolidated Statement of Income for the three years ended August 31, 1997

Consolidated Balance Sheet at August 31, 1997 and 1996

Consolidated Statement of Shareholders' Equity for the three years ended August 31, 1997

Consolidated Statement of Cash Flows for the three years ended August 31, 1997

Notes to Consolidated Financial Statements

The following financial statement schedule of WD-40 Company for the three years ended August 31, 1997 is included in PART II, ITEM 8:

2. Financial Statement Schedule

	Page
Report of Independent Accountants on Financial Statement Schedule	11
II - Consolidated Valuation and Qualifying Accounts and Reserves	12

All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

Source: WD 40 CO, 10-K, November 28, 1997

3. Exhibits

Exhibit No.	Description
	Articles of Incorporation and By-Laws.
3(a)	Restated Articles of Incorporation are incorporated by reference from the Form 10-K Annual Report dated November 9, 1995, Exhibit 3(a) thereto.
3(b)	Restated By-Laws are incorporated by reference from the Form 10-K Annual Report dated November 9, 1995, Exhibit 3(b) thereto.
3(c)	Amendment No. 1 to Restated By-Laws.
	Material contracts.
	Executive Compensation Plans and Arrangements (Exhibits 10(a) through 10(d) are management contracts and compensatory plans or arrangements required to be filed as exhibits pursuant to ITEM 14(c)).
10(a)	The Restated WD-40 Company Incentive Stock Option Plan is incorporated by reference from the Form 10-K Annual Report dated November 9, 1995, Exhibit 10(a) thereto.
10(b)	The WD-40 Company Supplemental Death Benefit Plan is incorporated by reference from the Form 10-K Annual Report dated November 9, 1995, Exhibit 10(b) thereto.
10(c)	The WD-40 Company Supplemental Retirement Benefit Plan is incorporated by reference from the Form 10-K Annual Report dated November 9, 1995, Exhibit 10(c) thereto.
10(d)	Second Amendment and Restatement, WD-40 Company 1990 Incentive Stock Option Plan.
13	Annual Report to Shareholders for the fiscal year ended August 31, 1997; incorporated by reference in this report.
21	Subsidiaries of the Registrant.
23	Consent of Independent Accountants.
27	Financial Data Schedule (electronic filing only).

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the last quarter of the Registrant's fiscal year ended August 31, 1997.

Source: WD 40 CO, 10-K, November 28, 1997

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

By /s/ Peter E. Williams

PETER E. WILLIAMS, Vice President Finance
(Principal Financial Officer and
Principal Accounting Officer)
November 25, 1997

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)
November 25, 1997

/s/ John S. Barry

JOHN S. BARRY, Director
November 25, 1997

/s/ Harlan F. Harmsen

HARLAN F. HARMSEN, Director
November 25, 1997

/s/ Mario L. Crivello

MARIO L. CRIVELLO, Director
November 25, 1997

Source: WD 40 CO, 10-K, November 28, 1997

/s/ Margaret L. Roulette

MARGARET L. ROULETTE, Director
November 25, 1997

/s/ C. Fredrick Sehnert

C. FREDRICK SEHNERT, Director
November 25, 1997

/s/ Daniel W. Derbes

DANIEL W. DERBES, Director
November 25, 1997

/s/ Jack L. Heckel

JACK L. HECKEL, Director
November 25, 1997

/s/ Edward J. Walsh

EDWARD J. WALSH, Director
November 25, 1997

/s/ Gerald C. Schleif

GERALD C. SCHLEIF, Director
November 25, 1997

Source: WD 40 CO, 10-K, November 28, 1997

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE

To the Board of Directors of WD-40 Company

Our audits of the consolidated financial statements referred to in our report dated October 2, 1997 appearing on Page 6 of the 1997 Annual Report to Shareholders of WD-40 Company (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedule listed in Item 14(a) of this Form 10-K. In our opinion, this Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ Price Waterhouse LLP

PRICE WATERHOUSE LLP

San Diego, California
October 2, 1997

Source: WD 40 CO, 10-K, November 28, 1997

SCHEDULE II

WD-40 COMPANY

CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	DEDUCTIONS*	BALANCE AT END OF PERIOD
Reserve for bad debts and sales discounts:				
Year ended August 31, 1995	$ 443,000	$ 984,000	$ 951,000	$ 476,000
Year ended August 31, 1996	$ 476,000	$1,085,000	$1,141,000	$ 420,000
Year ended August 31, 1997	$ 420,000	$1,104,000	$1,029,000	$ 495,000

* Write-off of doubtful accounts and sales discounts taken.

Source: WD 40 CO, 10-K, November 28, 1997

INDEX TO EXHIBITS

No.	Exhibit	Incorporated By Reference Page
3(a)	Restated Articles of Incorporation	8
3(b)	Restated By-Laws	8
3(c)	Amendment No. 1 to Restated By-Laws	
10(a)	Restated WD-40 Company Incentive Stock Option Plan	8
10(b)	WD-40 Company Supplemental Death Benefit Plan	8
10(c)	WD-40 Company Supplemental Retirement Benefit Plan	8
10(d)	Second Amendment and Restatement, WD-40 Company 1990 Incentive Stock Option Plan	
13	Annual Report to Shareholders for the fiscal year ended August 31, 1997	
21	Subsidiaries of the Registrant	
23	Consent of Independent Accountants	
27	Financial Data Schedule (electronic filing only)	

</TEXT>
</DOCUMENT>

EXHIBIT 3(c)

AMENDMENT NO. 1

TO RESTATED BY-LAWS

OF

WD-40 COMPANY

A CALIFORNIA CORPORATION

1. Section 2 of Article III of the Restated By-Laws of WD-40 Company, a California corporation, is amended to read as follows:

"Section 2. NUMBER AND QUALIFICATION OF DIRECTORS. The authorized number of directors shall be not less than nine nor more than twelve until changed by amendment of the Articles or by a By-Law duly adopted by the shareholders. The exact number of directors shall be fixed, within the limits specified, by the Board or the shareholders in the same manner provided in these By-Laws for the amendment hereof. The exact number of directors shall be ten until changed as provided in this Section 2."

2. In all other respects, the Restated By-Laws of the corporation dated December 1, 1988 shall remain in full force and effect.

I hereby certify that I am the duly elected and acting Secretary of WD-40 Company, a California corporation, and that the foregoing Amendment No. 1 to Restated By-Laws was duly adopted at a meeting of the Shareholders of the corporation held on November 25, 1997.

IN WITNESS WHEREOF, I have executed this Amendment No. 1 to Restated By-Laws this 25th day of November, 1997.

/s/ Harlan F. Harmsen

Harlan F. Harmsen, Secretary

</TEXT>
</DOCUMENT>

EXHIBIT 10(d)

SECOND AMENDMENT AND RESTATEMENT

WD-40 COMPANY

1990

INCENTIVE STOCK OPTION PLAN

Pursuant to the authority granted to the Board of Directors of WD-40 COMPANY under Paragraph 8 of the WD-40 COMPANY 1990 INCENTIVE STOCK OPTION PLAN adopted by the Board of Directors on March 28, 1990, restated on September 26, 1994 and approved by the Company's shareholders on November 29, 1994, said Plan is hereby amended and restated in its entirety to increase the number of shares authorized for issuance under the Plan, to authorize the grant of options for outside Directors and to extend the termination date of the Plan. The Restated Plan also includes certain conforming amendments under the Securities Exchange Act of 1934 and applicable regulations thereunder.

This Second Amendment and Restatement shall be effective upon its approval by the shareholders of the Company within twelve (12) months of its adoption by the Company's Board of Directors.

1. ESTABLISHMENT AND PURPOSE

The purpose of the Plan is to provide a means whereby Directors and salaried or key employees of WD-40 COMPANY, a California corporation (the "Company") or of its subsidiaries (the "Subsidiaries") may be given an opportunity to purchase common stock of the Company under options which will be non-qualified or qualify as "incentive stock options" under

Source: WD 40 CO, 10-K, November 28, 1997

Section 422 of the Internal Revenue Code. Subsidiaries, for this purpose, shall include corporations defined as a subsidiary corporation under Section 424 of the Internal Revenue Code.

2. AMOUNT OF STOCK

(a) Options designated as "non-qualified stock options" or "incentive stock options" may be granted from time to time to directors and employees of the Company or Subsidiaries to purchase an aggregate of not more than 1,480,000 shares of the Company's authorized but unissued no par value common stock. If an option is surrendered or for any other reason ceases to be exercisable in whole or in part, the shares which were subject to such option but as to which the option had not been exercised shall continue to be available under the Plan.

(b) The number of shares available under the Plan shall be increased to the extent of any shares tendered in lieu of cash upon exercise of an option granted under the Plan, whether such shares are actually canceled or are retained upon issuance of an appropriate net number of new shares, the effect on the issuance of additional shares being the same.

(c) The aggregate fair market value (determined at the time an option is granted) of the stock for which incentive stock options first become exercisable by any person in any calendar year (under all such plans of the Company or of its parent or Subsidiaries) shall not exceed $100,000.

(d) Except as provided in Paragraph 4 of this Plan, no incentive stock option shall be granted to any person who, immediately before such option is granted, owns (as defined in Section 424 of the Internal Revenue Code) stock possessing more than 10% of the total combined voting power or value of all classes of stock of the Company or of its parent or Subsidiaries.

3. ADMINISTRATION

(a) The Plan shall be administered by the Board of Directors or a Stock Option Committee (the "Committee") of the Board of Directors of the Company. The Committee shall consist of two or more directors who are "Non-Employee Directors" as defined in regulation Section 240.16b-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934. Subject to the express terms and conditions of the Plan, the Board of Directors or the Committee shall have full power to construe and interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, and to make all other determinations necessary or advisable, in the sole discretion of the Board of Directors or the Committee, for its administration.

(b) The Board of Directors or the Committee may from time to time determine which Directors and employees of the Company or Subsidiaries shall be granted non-qualified or incentive stock options under this Plan, and the number of shares for which an option or options shall be granted to each of them. Options granted to outside directors shall be approved by a vote of the full Board of Directors.

4. TERMS AND CONDITIONS OF OPTIONS

Each option shall be evidenced by a Stock Option Agreement executed by the Company and the person to whom such option is granted. Each Agreement shall specify whether the option is a non-qualified or incentive stock option. The Agreements shall be subject to the following terms and conditions:

(a) Option Price. Except as provided in subparagraph (c), the option price shall be fixed by the Board of Directors or the Committee and shall be a price at least equal to

Source: WD 40 CO, 10-K, November 28, 1997

100% of the fair market value of the stock on the day the option is granted; fair market value may be taken as the previous day's closing price or the mean between the opening bid and asked price of the stock in the over-the-counter market, as may be appropriate.

(b) Option Period. Except as provided in subparagraph (c), each option granted under the Plan shall expire on a date determined by the Board of Directors or the Committee, but, for incentive stock options, not later than ten years from the date the option is granted. No option shall be exercisable until one year from the initial grant date.

(c) Incentive Stock Options Granted to 10% Shareholders. An incentive stock option may be granted to a shareholder who, immediately before such option is granted, owns more than 10% of the total combined voting power or value of all classes of stock of the Company or of its parent or Subsidiaries, provided that the price of such option is at least 110% of the fair market value of the stock, and provided further that the option is not exercisable after five years from the date the option is granted.

(d) Adjustments.

(i) In the event of an increase or decrease in the number of outstanding shares of common stock of the Company through stock dividends, split-ups, changes in par value and the like, an appropriate adjustment shall be made in the number of shares and option price per share of the shares as to which the right to purchase has not been exercised or has not matured. Such adjustment may be made either by increase in the number of shares and decrease in the option price per share, or by decrease in the number of shares and increase in the option price per share, as may be required to enable the holder of the option to acquire the same proportionate stockholdings at the same aggregate purchase price. In making such adjustments,

Source: WD 40 CO, 10-K, November 28, 1997

no fractional shares, or scrip certificates in lieu thereof, shall be issued by the Company, and the holder of the option shall receive only the number of full shares to which he may be entitled by reason of such adjustment at the adjusted option price per share.

(ii) Whenever during the term of an option and prior to the exercise thereof as to all shares at that time subject thereto, the Company (1) shall offer for sale to holders of its common stock, shares of common stock or other classes of stock or of other securities of the Company, or (2) in connection with any transaction shall acquire or shall cause to be issued rights to acquire shares of stock or other securities of any corporation to or for the benefit of the holders of common stock of the Company, it will give written notice to the holder of an option of the rights which are thus to be acquired or issued to or for the benefit of the holders of its common stock in sufficient time to permit such option holder to exercise the option to the full extent then possible.

(iii) In the event the Company proposes to merge or consolidate with another corporation or to sell or dispose of its assets and business or to dissolve, the Company will give written notice thereof to the holder of each option in sufficient time to permit him to exercise the option in full as to any matured options, if such holder should elect to do so, and to participate in such transaction as a stockholder of the Company. In the event of a merger or consolidation or sale under which the Company or its holders of common stock will not acquire stock or other securities of the continuing, resulting or another corporation in exchange for their shares of common stock of the Company but shall receive cash in whole or in part, then any unmatured options shall likewise be deemed to have matured at the date of the notice of the meeting of stockholders of the Company at which such consolidation, merger, sale or other

Source: WD 40 CO, 10-K, November 28, 1997

transaction is to be considered so that the option holder will have an opportunity to exercise such option before such consolidation, merger, sale or other transaction is effective. In either event, if such options are not exercised, they shall terminate and expire.

(e) Nontransferability of Options. An option shall not be transferable otherwise than by Will or the laws of descent and distribution, and an option may be exercised during the lifetime of the employee only by him.

(f) Other Provisions and Amendments. The option may contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Board of Directors or the Committee and incentive stock options shall include such provisions and conditions as may be necessary to qualify the option as an "incentive stock option" under Section 422 of the Internal Revenue Code. The Board of Directors or the Committee shall have authority to amend any outstanding option to include such terms, provisions and conditions not inconsistent with the Plan as may be agreed to by the optionee.

5. EXERCISE OF OPTIONS

(a) An option may be exercised with respect to all or any part of the shares then subject to exercise only by delivering to the Company written notice of exercise, specifying the number of such shares as to which the option is so exercised and accompanied by cash or a certified or cashier's check, payable to the order of the Company for an amount in lawful money of the United States equal to the option price of such shares.

(b) In lieu of cash, an optionee may exercise his or her option by tendering to the Company shares of the common stock of the Company, owned by him or her for not less than six (6) months, and having a fair market value equal to the cash exercise price

Source: WD 40 CO, 10-K, November 28, 1997

applicable to the option(s) being exercised, with the fair market value of such stock to be determined in such appropriate manner as may be provided for by the Board of Directors or the Committee.

(c) The Stock Option Agreement shall require certain representations, warranties or assurances, or an undertaking by an optionee in the event issuance of the shares might require filing or registration under the Securities Act of 1933 or the Blue Sky laws of any state or any other law regulating the issuance of securities.

6. TAX REPORTING AND WITHHOLDING

The Company shall comply with all reporting and withholding requirements applicable to the exercise of options under the Internal Revenue Code and regulations thereunder.

7. PROCEEDS FROM SALE OF STOCK

Proceeds from the sale of stock pursuant to the options granted under the Plan shall be added to the general funds of the Company.

8. SUSPENSION, AMENDMENT OR TERMINATION OF THE PLAN

The Board of Directors may at any time amend, suspend or terminate the Plan. Unless the Plan shall theretofore have been terminated by the Board of Directors, the Plan shall terminate on December 31, 2005. No option may be granted during such suspension or after such termination. The termination of the Plan shall not, without the consent of the optionee, alter or impair any rights or obligations under any option theretofore granted under the Plan.

9. DELIVERY OF SHARES SUBJECT TO DELAYS

The issuance of each option under the plan and the issuance and delivery of shares of stock pursuant to the exercise of any option under the Plan shall be subject to and in

Source: WD 40 CO, 10-K, November 28, 1997

compliance with the laws of any state or other governmental authority applicable thereto, the Board of Directors being hereby authorized to cause to be prepared, filed and presented on the Company's behalf to any governmental official, agency or tribunal all such applications or other instruments or papers and to maintain any and all proceedings as shall be required to cause the issuance to the Company of a permit or other authorization to issue or deliver any such option of shares. Neither the Company nor any officer, director or employee shall be liable for any delay in issuance or delivery of any option or shares pending the filing of any such application, instrument or papers or the grant of a permit or other authorization to enable such issuance or delivery to be made.

IN WITNESS WHEREOF, the Plan is amended and restated this 22nd day of September, 1997.

WD-40 COMPANY

By /s/ Gerald C. Schleif

Gerald C. Schleif, President

Attest:

/s/ Harlan F. Harmsen
- - ----------------------------
Harlan F. Harmsen, Secretary

</TEXT>
</DOCUMENT>

Source: WD 40 CO, 10-K, November 28, 1997

REPORT OF INDEPENDENT ACCOUNTANTS

Price Waterhouse LLP

To the Board of Directors and
Shareholders of WD-40 Company

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of WD-40 Company and its subsidiaries at August 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended August 31, 1997, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ Price Waterhouse LLP

San Diego, California
October 2, 1997

WD-40 COMPANY CONSOLIDATED STATEMENT OF INCOME

	YEAR ENDED AUGUST 31,		
	1997	1996	1995
Net sales	$137,893,000	$130,912,000	$116,776,000
Cost of product sold	59,286,000	57,925,000	50,229,000
Gross profit	78,607,000	72,987,000	66,547,000
Operating expenses:			
Selling, general and administrative	28,770,000	27,027,000	23,759,000
Advertising and sales promotion	13,846,000	12,219,000	10,973,000
Amortization expense	1,343,000	1,065,000	333,000
	43,959,000	40,311,000	35,065,000
Income from operations	36,648,000	32,676,000	31,482,000
Interest income, net	54,000	398,000	1,118,000
Other income (expense), net	(1,342,000)	338,000	53,000
Income before income taxes	33,360,000	33,412,000	32,653,000
Provision for income taxes	11,997,000	12,115,000	12,200,000
Net income	$ 21,363,000	$ 21,297,000	$ 20,453,000
Earnings per share	$ 1.38	$ 1.38	$ 1.33
Average number of shares outstanding	15,512,140	15,423,728	15,400,478

See accompanying notes to consolidated financial statements.

Source: WD 40 CO, 10-K, November 28, 1997

WD-40 COMPANY CONSOLIDATED BALANCE SHEET

ASSETS	YEAR ENDED AUGUST 31, 1997	1996
Current assets:		
Cash and cash equivalents	$ 10,868,000	$ 6,748,000
Short-term investments		104,000
Trade accounts receivable, less allowance for cash discounts and doubtful accounts of $495,000 and $420,000	22,608,000	21,440,000
Product held at contract packagers	2,132,000	2,304,000
Inventories	3,341,000	3,867,000
Other current assets	3,407,000	3,170,000
Total current assets	42,356,000	37,633,000
Property, plant and equipment, net	4,160,000	3,938,000
Long-term investments	3,711,000	4,044,000
Goodwill, net	13,435,000	14,392,000
Other assets	1,756,000	1,651,000
	$ 65,418,000	$ 61,658,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 6,683,000	$ 5,784,000
Accrued payroll and related expenses	2,383,000	2,737,000
Income taxes payable	1,546,000	1,879,000
Current portion of long-term debt	756,000	706,000
Total current liabilities	11,368,000	11,106,000
Long-term debt	1,671,000	2,427,000
Deferred employee benefits	1,039,000	954,000
Total long-term liabilities	2,710,000	3,381,000
Commitments and contingencies (Note 10)		
Shareholders' equity:		
Common stock, no par value, 18,000,000 shares authorized-- 15,561,942 and 15,441,906 shares issued and outstanding	8,459,000	6,603,000
Paid-in capital	321,000	321,000
Retained earnings	42,403,000	40,425,000
Cumulative translation adjustment	157,000	(178,000)
Total shareholders' equity	51,340,000	47,171,000
	$ 65,418,000	$ 61,658,000

See accompanying notes to consolidated financial statements.

WD-40 COMPANY CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	COMMON STOCK				
	SHARES	AMOUNT	PAID-IN CAPITAL	RETAINED EARNINGS	CUMULATIVE TRANSLATION ADJUSTMENT
Balance at August 31, 1994	15,385,950	$ 5,720,000	$ 292,000	$ 36,433,000	$ (350,000)
Issuance of common stock upon exercise of options	20,360	363,000			
Cash dividends				(18,635,000)	
Compensatory stock options			29,000		
Change in cumulative translation adjustment					200,000
Net income				20,453,000	
Balance at August 31, 1995	15,406,310	6,083,000	321,000	38,251,000	(150,000)
Issuance of common stock upon exercise of options	45,392	747,000			
Repurchase of common stock upon exercise of options	(9,796)	(227,000)			
Cash dividends				(19,123,000)	
Change in cumulative translation adjustment					(28,000)
Net income				21,297,000	
Balance at August 31, 1996	15,441,906	6,603,000	321,000	40,425,000	(178,000)
Issuance of common stock upon exercise of options	177,400	3,509,000			
Repurchase of common stock upon exercise of options	(57,364)	(1,653,000)			
Cash dividends				(19,385,000)	
Change in cumulative translation adjustment					335,000
Net income				21,363,000	
Balance at August 31, 1997	15,561,942	$ 8,459,000	$ 321,000	$ 42,403,000	$ 157,000

See accompanying notes to consolidated financial statements.

Source: WD 40 CO, 10-K, November 28, 1997

WD-40 COMPANY CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR ENDED AUGUST 31,		
	1997	1996	1995
Cash flows from operating activities:			
Net income	$ 21,363,000	$ 21,297,000	$ 20,453,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,216,000	1,760,000	996,000
Loss on sale of equipment	108,000	32,000	124,000
Non-cash compensation			29,000
Decrease (increase) in deferred income taxes	18,000	619,000	(787,000)
Changes in assets and liabilities:			
Trade accounts receivable	(998,000)	(4,276,000)	(2,205,000)
Product held at contract packagers	172,000	3,000	1,460,000
Inventories	624,000	(1,270,000)	(78,000)
Other assets	(331,000)	(342,000)	(1,437,000)
Accounts payable and accrued expenses	435,000	1,109,000	650,000
Income taxes payable	(383,000)	(832,000)	2,166,000
Long-term deferred employee benefits	85,000	92,000	63,000
Net cash provided by operating activities	23,309,000	18,192,000	21,434,000
Cash flows from investing activities:			
Decrease (increase) in short-term investments	104,000	13,123,000	(4,077,000)
Non-cash intangible assets of business acquired		(15,047,000)	
Proceeds from sale of equipment	291,000	163,000	307,000
Capital expenditures	(1,478,000)	(1,353,000)	(1,371,000)
Net cash used in investing activities	(1,083,000)	(3,114,000)	(5,141,000)
Cash flows from financing activities:			
Proceeds from issuance of common stock	1,856,000	520,000	363,000
Repayment of long-term debt	(706,000)	(658,000)	(615,000)
Dividends paid	(19,385,000)	(19,123,000)	(18,635,000)
Net cash used in financing activities	(18,235,000)	(19,261,000)	(18,887,000)
Effect of exchange rate changes on cash	129,000	(159,000)	169,000
Increase (decrease) in cash and cash equivalents	4,120,000	(4,342,000)	(2,425,000)
Cash and cash equivalents at beginning of year	6,748,000	11,090,000	13,515,000
Cash and cash equivalents at end of year	$ 10,868,000	$ 6,748,000	$ 11,090,000
Non-cash investing and financing activities:			
Repurchase of common stock upon exercise of options	$ 1,653,000	$ 227,000	$ -0-

See accompanying notes to consolidated financial statements.

Source: WD 40 CO, 10-K, November 28, 1997

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation
The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, WD-40 Products (Canada) Ltd, WD-40 Company Ltd. (U.K.), and WD-40 Company (Australia) Pty. Ltd. All significant intercompany transactions and balances have been eliminated.

Cash and Cash Equivalents
Cash equivalents are highly liquid investments purchased with an original maturity of three months or less.

Diversification of Credit Risk
The Company's policy is to place its cash, cash equivalents and investments in high credit quality financial institutions, government agencies and corporate entities, and to limit the amount of credit exposure.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition
Revenues are recognized upon the shipment of product to third party wholesalers.

Product Held at Contract Packagers
Product held at contract packagers represents the inventory held at United States, Australian, and Canadian contract packagers underlying their obligation to pay the Company for the inventory acquired.

These contract packagers will continue to package WD-40 products to rigid specifications, and upon order from WD-40 Company, ship ready- to- sell inventory to the Company's customers. The United States contract packagers, rather than the Company, are responsible for inventory control. The Company does not record a sale of the inventory until such inventory is shipped to third party wholesalers.

Inventories
Inventories are stated at the lower of average cost or market. The inventory balance primarily represents inventory owned by WD-40 Company Ltd. (U.K.) and concentrate owned by WD-40 Company (U.S.).

Property, Plant and Equipment
Property, plant and equipment are stated at cost. Depreciation has been computed principally using the straight-line method based upon estimated useful lives of thirty to forty years for buildings and improvements, three to fifteen years for machinery and equipment, five years for vehicles and five to seven years for furniture and fixtures.

Goodwill
Goodwill represents the excess of the purchase cost over the fair value of identifiable assets at the date of acquisition (Note 2) and is amortized on a straight-line basis over its estimated useful life of fifteen years. The Company evaluates the carrying value of goodwill at each balance sheet date as well as the amortization period to determine whether adjustments are required. No such adjustments have been recorded by the Company.

Long-Lived Assets
In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" which the Company adopted prospectively as required in fiscal 1997. Pursuant to this Statement, companies are required to investigate potential impairments of long-lived assets, certain identifiable intangibles, and associated goodwill, on an exception basis, when there is evidence that events or changes in circumstances have made recovery of an asset's carrying value unlikely. An impairment loss would be recognized when the sum of the undiscounted expected future net cash flows is less than the carrying amount of the asset. The adoption of SFAS No. 121 did not have a significant impact on the Company's financial position or results of operations.

Advertising Costs
The Company expenses advertising costs when the liabilities arise.

Fair Value of Financial Instruments
At August 31, 1997, the carrying amounts of the Company's financial instruments, including cash equivalents, trade receivables and accounts payable, approximated their fair values due to their short-term maturities. Management believes that the estimated fair value of the Company's long-term investments and debt

approximated their carrying values at August 31, 1997.

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. Deferred income tax expense is the change during the year in the deferred income tax liability or asset.

Source: WD 40 CO, 10-K, November 28, 1997

Foreign Currency
The accounts of the Company's foreign subsidiaries have been translated into United States dollars at appropriate rates of exchange. Cumulative translation gains or losses are recorded as a separate component of shareholders' equity. Gains or losses resulting from foreign currency transactions (transactions denominated in a currency other than the entity's local currency) are included in the consolidated statement of income as other income (expense). Aggregate foreign currency transaction gains and (losses) were ($1,274,000) and $135,000 for the years ended August 31, 1997 and 1996, respectively.

Earnings Per Share
Earnings per share are based upon the weighted average number of shares outstanding during each year increased by the effect of dilutive stock options, when applicable, using the treasury stock method.

In March 1997, the Financial Accounting Standards Board issued SFAS No. 128 "Earnings per Share." SFAS No. 128 will be adopted by the Company as required in the second quarter of fiscal 1998. Upon adoption of SFAS No. 128, the Company will present basic earnings per share and diluted earnings per share. Basic earnings per share will be computed based on the weighted average number of shares outstanding during the period. Diluted earnings per share will be computed based on the weighted average number of shares outstanding during the period increased by the effect of dilutive stock options using the treasury stock method. Pro forma basic earnings per share for the years ended August 31, 1997 and 1996 are $1.38 and $1.38, respectively. Pro forma diluted earnings per share for the same periods are $1.37 and $1.38, respectively.

Stock-Based Compensation
As permitted by SFAS No. 123 "Accounting for Stock-Based Compensation" the Company has elected to continue to account for stock options and other stock-based awards to employees in accordance with APB Opinion No. 25 ("Accounting for Stock Issued to Employees"). See Note 6 for pro forma disclosures of net income and earnings per share as if the fair value based method prescribed by SFAS No. 123 had been applied in measuring compensation expenses.

Recapitalization
On July 11, 1997, the Company filed a Certificate of Amendment of Restated Articles of Incorporation to effect a two-for-one stock split of all outstanding shares of common stock and stock options. All shares and per share data in the accompanying financial statements have been adjusted retroactively to give effect to the stock split. The Certificate of Amendment increased the authorized stock of the Company such that the Company is authorized to issue 18,000,000 shares of no par value common stock.

Reclassifications
Certain 1996 and 1995 balances have been reclassified to conform to the 1997 presentation.

NOTE 2 - ACQUISITION

On December 8, 1995, the Company acquired all of the worldwide trademarks and other intangible assets relating to the sale of 3-IN-ONE brand lubricating oil products from Reckitt & Colman, Inc., a Delaware corporation, Reckitt & Colman (Overseas) Limited, an English corporation, and other affiliates of Reckitt & Colman P.L.C., and English corporation (collectively Reckitt & Colman), under an asset purchase and sale agreement. The acquisition of assets included inventory and the rights to manufacture, sell, and distribute this product line. No other physical property, plant or equipment was acquired. The Company paid cash in the amount of $15,047,000 for the trademarks and other intangible assets and approximately $400,000 for inventory. None of the funds required for the acquisition were borrowed. Accumulated amortization of goodwill at August 31, 1997 and 1996 was $1,746,000 and $732,000 and the related amortization expense for the years then ended was $1,014,000 and $732,000, respectively.

NOTE 3 - SELECTED FINANCIAL STATEMENT INFORMATION

	AUGUST 31, 1997	AUGUST 31, 1996
Inventories:		
Raw materials	$ 459,000	$ 333,000
Finished goods	2,882,000	3,534,000
	$ 3,341,000	$ 3,867,000

Property, plant and equipment

Land	$ 254,000	$ 254,000
Building and improvements	1,919,000	1,746,000
Furniture and fixtures	2,832,000	2,612,000
Machinery, equipment and vehicles	2,840,000	2,529,000
	7,845,000	7,141,000
Accumulated depreciation	(3,685,000)	(3,203,000)
	$ 4,160,000	$ 3,938,000

Source: WD 40 CO, 10-K, November 28, 1997

NOTE 4 - BUSINESS SEGMENT AND FOREIGN OPERATIONS

The Company operates in one business segment - the manufacture and sale of multi-purpose lubricants principally through retail chain stores, automotive parts outlets, and industrial distributors and suppliers.

Information regarding the Company's operations in different geographic area is summarized below. WD-40 Company (U.S.) includes all domestic and intercompany sales, as well as sales to the Caribbean, Mexico, South America, and the Pacific Rim, except for Australia and New Zealand. WD-40 Company (U.S.) export sales were $19,141,000, $18,163,000, and $13,413,000 in fiscal 1997, 1996, and 1995, respectively. WD-40 Company Ltd. (U.K) includes sales to Europe, the Middle East, and Africa. WD-40 Products (Canada) Ltd. and WD-40 Company (Australia) Pty. Ltd. are included in other foreign subsidiaries. Substantially all sales by these entities are to customers within Canada, Australia, and New Zealand.

	YEAR ENDED AUGUST 31,		
	1997	1996	1995
Net sales:			
WD-40 Company (U.S.)	$ 98,275,000	$ 93,487,000	$ 86,547,000
WD-40 Company Ltd. (U.K.)	32,244,000	29,949,000	24,116,000
Other foreign subsidiaries	9,174,000	8,751,000	6,978,000
Intercompany	(1,800,000)	(1,275,000)	(865,000)
	$137,893,000	$130,912,000	$116,776,000

	YEAR ENDED AUGUST 31,		
	1997	1996	1995
Operating profit:			
WD-40 Company (U.S.)	$ 25,146,000	$ 27,352,000	$ 23,391,000
WD-40 Company Ltd. (U.K.)	7,078,000	8,124,000	6,693,000
Other foreign subsidiaries	2,424,000	2,190,000	1,398,000
Income from operations	34,648,000	32,676,000	31,482,000
Interest income, net	54,000	398,000	1,118,000
Other income (expenses), net	(1,342,000)	338,000	53,000
Income before income taxes	$ 33,360,000	$ 33,412,000	$ 32,653,000

	AUGUST 31,		
	1997	1996	1995
Identifiable assets:			
WD-40 Company (U.S.)	$ 46,811,000	$ 44,876,000	$ 45,587,000
WD-40 Company Ltd. (U.K.)	16,526,000	14,949,000	12,443,000
Other foreign subsidiaries	2,081,000	1,833,000	1,549,000
	$ 65,418,000	$ 61,658,000	$ 59,579,000

Source: WD 40 CO, 10-K, November 28, 1997

NOTE 5-INCOME TAXES

The provision for income taxes includes the following:

	AUGUST 31, 1997	AUGUST 31, 1996	AUGUST 31, 1995
Current tax provision:			
United States	$ 8,359,000	$ 6,812,000	$ 8,021,000
State	1,687,000	1,818,000	1,971,000
Foreign	1,933,000	2,866,000	2,995,000
Total current	11,979,000	11,496,000	12,987,000
Deferred tax provision (benefit):			
United States	8,000	563,000	(792,000)
Foreign	10,000	56,000	5,000
Total deferred	18,000	619,000	(787,000)
	$11,997,000	$12,115,000	$12,200,000

Deferred tax assets included in other current assets are comprised of the following:

	AUGUST 31, 1997	AUGUST 31,1996
Accrued employee benefits	$ 363,000	$ 375,000
State income taxes	232,000	273,000
Reserves and allowances	118,000	104,000
	$ 713,000	$ 752,000

Long-term deferred tax assets and (liabilities) included in other assets are comprised of the following:

	AUGUST 31, 1997	AUGUST 31, 1996
Depreciation	$ (281,000)	$ (283,000)
Deferred compensation	439,000	395,000
Other	93,000	118,000
	$ 251,000	$ 230,000

A reconciliation of the provision for income taxes to the amount computed by applying the statutory federal income tax rate to income before taxes follows:

	YEAR ENDED AUGUST 31, 1997	1996	1995
Amount computed at U.S. statutory federal tax rate	$ 11,676,000	$ 11,694,000	$ 11,429,000
State income taxes, net of federal benefit	1,409,000	1,182,000	1,235,000
Affordable housing credits	(654,000)	(499,000)	(111,000)
Other	(434,000)	(262,000)	(353,000)
	$ 11,997,000	$ 12,115,000	$ 12,200,000

Income taxes paid in fiscal 1997, 1996, and 1995 amounted to $11,850,000, $12,329,000, and $11,643,000, respectively.

NOTE 6 - STOCK OPTIONS

The Company has an incentive stock option plan whereby the Board of Directors may grant officers and key employees options to purchase an aggregate of not more than 880,000 shares of the Company's common stock at a price not less than 100 percent of the fair market value of the stock at the date of grant. Options are generally exercisable one year after grant and may not be granted for terms in excess of ten years. At August 31, 1997 options for 239,252 shares were exercisable and options for 228,046 shares were available for future grants.

A summary of the changes in options outstanding under the Company's stock option plan during the three years ended August 31, 1997 is as follows:

	NUMBER OF SHARES	OPTION PRICE PER SHARE
Outstanding at August 31, 1994...	298,640	$12.25 - $23.75
Options granted................	117,800	$21.25
Options exercised..............	(20,360)	$15.34 - $20.00
Options canceled...............	(10,762)	$20.00 - $23.75
Outstanding at August 31, 1995...	385,318	$12.25 - $23.75
Options granted................	124,800	$21.19
Options exercised..............	(45,392)	$12.25 - $21.25
Options canceled...............	(22,994)	$21.19 - $23.75
Outstanding at August 31, 1996...	441,732	$12.25 - $23.75
Options granted................	126,800	$23.00
Options exercised..............	(177,400)	$15.34 - $23.75
Options canceled...............	(16,082)	$21.19 - $23.75
Outstanding at August 31, 1997...	375,050	$15.34 - $23.75

The following table summarizes information concerning and exercisable options as of August 31, 1997:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGES OF EXERCISE PRICES	NUMBER OUTSTANDING AS OF AUGUST 31,1997	WEIGHTED AVERAGE REMAINING LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AS OF AUGUST 31, 1997	WEIGHTED AVERAGE EXERCISE PRICE
$15.34 - $19.00	27,448	3.66	$ 15.81	27,448	$ 15.81
$19.00 - $23.75	347,602	8.48	$ 22.25	211,804	$ 21.71
	375,050	8.13	$ 21.78	239,252	$21.03

Source: WD 40 CO, 10-K, November 28, 1997

The Company applies APB Opinion No. 25 and related Interpretations in accounting for its stock option plan. If the Company had elected to recognize compensation expense based upon the fair value at the grant date for awards under the stock option plan consistent with the methodology prescribed by SFAS No. 123, the Company's net income and earnings per share would be reduced to the pro forma amounts indicated below.

	YEAR ENDED AUGUST 31,	
	1997	1996
Net income		
As reported	$ 21,363,000	$ 21,297,000
Pro forma	$ 21,055,000	$ 21,098,000
Earnings per share		
As reported	$ 1.38	$ 1.38
Pro forma	$ 1.36	$ 1.37

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for 1997 and 1996 expected volatility of 16.99%, risk-free interest rate of 6.21%, an average expected life of three years and a dividend yield of 5.60%. The weighted average fair value of stock options granted in 1997 and 1996 was $2.58 and $2.11 per share, respectively.

NOTE 7 - EMPLOYEE BENEFIT PLANS

The Company has a combined Money Purchase Pension Plan and Profit Sharing Plan for the benefit of its regular full-time employees who meet certain minimum criteria. The Plans provide for annual contributions into a trust to the extent of 10% of covered employee compensation for the Money Purchase Pension Plan and as approved by the Board of Directors for the Profit Sharing Plan, but which may exceed the amount deductible for income tax purposes. The Plans may be amended or discontinued at any time by the Company. Contributions charged to income under the plans for fiscal 1997, 1996, and 1995 approximated $1,094,000, $1,029,000, and $1,029,000, respectively.

The Company has a Salary Deferral Employee Stock Ownership Plan whereby regular full-time employees who have completed at least one year of service can defer a portion of their income through contributions to a trust. The Plan provides for Company contributions to the trust, as approved by the Board of Directors, equal to fifty percent or more of the compensation deferred by employees, but not in excess of the amount deductible for income tax purposes. Company contributions to the trust are invested in the Company's common stock. The Plan may be amended or discontinued at any time by the Company. Company contribution expense for fiscal 1997, 1996, and 1995 was approximately $129,000, $118,000, and $104,000, respectively.

The Company has agreed to provide fixed retirement benefits to certain of its key executives. The Company's gross liability related to these agreements approximates $3,243,000 of which $1,039,000, representing the present value of these obligations to employees for service through August 31, 1997, has been accrued.

The Company has life insurance policies on certain of its key executives. As of August 31, 1997 the aggregate cash surrender value of these policies is $1,505,000, which is included in other assets. Keyman life insurance premiums paid by the Company in fiscal 1997, 1996, and 1995 were $56,000, $46,000, and $91,000, respectively.

NOTE 8 - LONG-TERM INVESTMENT AND RELATED DEBT

On August 31, 1993 and December 13, 1994, the Company purchased partnership units in an affordable housing tax credit fund for $3,000,000 and $2,000,000, respectively. The Company's decision to invest in the fund was due to the favorable tax credits that are available over the investment period of 15 years, subject to certain tax restrictions. The investment is accounted for at historical cost, amortized on a straight-line basis over 15 years. Amortization expense was $333,000 in each of the last three fiscal years.

The Company entered into seven-year promissory notes to fund its investments in the affordable housing tax credit fund. Each note is secured by the corresponding investment and bears interest at 7.0%. Combined interest and principal payments on each note are $559,000 and $370,000, respectively, due annually each January through 2000. Interest paid in fiscal 1997, 1996, and 1995 was $223,000, $270,000 and $314,000, respectively.

NOTE 9 - BANK LINE OF CREDIT

In July 1997, the Company obtained an unsecured line of credit with a commercial bank which expires on November 30, 1999. Under the terms of the credit agreement, the Company may borrow up to $10,000,000 at the bank's prime rate (8.50% at August 31, 1997), or LIBOR plus 1.5% if a minimum of $100,000 is borrowed. The credit agreement requires the Company to maintain certain minimum income levels and meet certain other restrictive covenants. There were no borrowings outstanding on this line at August 31, 1997.

Source: WD 40 CO, 10-K, November 28, 1997

NOTE 10--COMMITMENTS AND CONTINGENCIES

The Company is party to various claims, legal actions and complaints, including product liability litigation, arising in the ordinary course of business. In the opinion of management, all such matters are adequately covered by insurance or will not have a material adverse effect on the Company's financial position or results of operations.

The Company was committed under certain noncancelable operating leases at August 31, 1997 which provide for the following future minimum lease payments: 1998, $143,000; 1999, $117,000; 2000, $86,000; 2001, $87,000; and 2002, $15,000. Rent expense for the years ended August 31, 1997, 1996, and 1995 was $257,000, $273,000, and $192,000, respectively.

NOTE 11--SUBSEQUENT EVENT

On Saturday 22, 1997, the Company declared a cash dividend of $.32 per share payable on October 30, 1997 to shareholders of record on October 10, 1997.

QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table sets forth certain unaudited quarterly financial information for each of the two years in the period ended August 31, 1997.

QUARTER ENDED:	NET SALES	GROSS PROFIT	NET INCOME	EARNINGS PER SHARE*
November 30, 1995	$ 27,612,000	$15,926,000	$5,266,000	$ .34
February 28, 1996	35,080,000	19,980,000	5,883,000	.38
May 31, 1996	34,228,000	18,744,000	5,036,000	.33
August 31, 1996	33,992,000	18,337,000	5,112,000	.33
	$130,912,000	$72,987,000	$21,297,000	$1.38
November 30, 1996	$ 28,265,000	$16,846,000	$ 4,240,000	$ .28
February 28, 1997	39,808,000	22,334,000	6,565,000	.42
May 31, 1997	34,525,000	19,641,000	5,134,000	.33
August 31, 1997	35,297,000	19,788,000	5,424,000	.35
	$137,893,000	$78,607,000	$21,363,000	$1.38

STOCK INFORMATION*

PERIOD:	FISCAL 1997 HIGH	FISCAL 1997 LOW	FISCAL 1997 DIVIDEND	FISCAL 1996 HIGH	FISCAL 1996 LOW	FISCAL 1996 DIVIDEND
First Quarter	26 5/8	22 1/2	$.31	21 3/8	19 3/8	$.31
Second Quarter	26 5/8	24 3/4	$.31	24 1/2	20 1/4	$.31
Third Quarter	29 7/8	24 3/8	$.31	24 3/4	22 7/8	$.31
Fourth Quarter	31 1/4	26	$.32	24 1/4	20 7/8	$.31

The high and low closing prices are as quoted in the Wall Street Journal.

* Amounts have been retroactively restated to reflect the two-for-one stock split effective July 11, 1997.

Source: WD 40 CO, 10-K, November 28, 1997

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

WD-40 COMPANY (US)

1997 vs 1996

Net sales reached yet another record high of $98.3 million, an increase of $4.8 million or 5.1% over the previous year. Domestic net sales increased $3.8 million or 5.1% primarily due to the flow-through effect of a price increase implemented in June, 1996.

Export sales to Latin America increased $2.0 million, or 26.9% while sales to the Pacific Rim declined $1.0 million,or 9.1%. The decline in the Pacific Rim was due to the heavy buy-in of products in 1996 in anticipation of the September 1996 price increase. Combined export sales to these areas totaled $19.1 million, up 5.4% from last year and now account for approximately 20% of the U.S. total. 3-IN-ONE sales accounted for $2.2 million of the export total.

Cost of product sold returned to fiscal 1995 levels as a percentage of sales and was 43.9% versus 46.1% in fiscal 1996. A combination of product mix, customer mix, and the flow-through of the price increases contributed to the lower cost percentages. Selling, general, and administrative expenses as a percentage of net sales decreased to 19.5% versus 20.2% in fiscal year 1996 primarily due to reduced professional expenses and a reduction in other general overhead expenses.

Advertising and sales promotion expenses as a percentage of net sales increased to 9.8% versus 8.8% last year, but overall remain within our historical range of approximately 9-10% of sales.

1996 vs 1995

Net sales reached a record high of $92.2 million, an increase of $6.5 million or 7.6% over the previous year. Domestic net sales increased a modest $2.5 million or 3.4% due to the ebb and flow of business in our retail environment. Export sales to Latin America and the Pacific Rim continued to grow at a very rapid rate. Sales to these areas were $18.2 million, up 36% from the prior year. Export sales accounted for approximately 20% of the U.S. total. 3-IN-ONE sales accounted for $2.5 million of this gain.

Cost of product sold continued to escalate as a percentage of sales and was 46.1% versus 43.9% in fiscal 1995. Increases in raw material and component costs and higher costs for promotional packaging, combined with an increase in export sales which carry a lower gross margin accounts for the increase.

Selling, general, and administrative expenses as a percentage of net sales were 20.2% versus 19.7% in fiscal year 1995. A general increase in overhead, higher legal costs, and the establishment of the national computer network and disaster recovery plans were the reasons for the higher expenses.

Advertising and sales promotion expenses as a percentage of net sales were stable at 8.8% versus 9.1% in FY 1995.

WD-40 COMPANY LTD. (UK)

1997 vs 1996

Net sales increased across most of the European subsidiary's territories, and in total by $2.3 million, or 7.7%. Prime European sales were unchanged at $21.4 million, or 66.5% of total European sales. Eastern European sales increased $1.2 million, or 47.8% due to stepped-up sales activity in the region, and sales in the Middle East increased 15.4%. 3-IN-ONE sales contributed $3.7 million to the total.

Cost of sales increased to 42.3% of net sales versus 39.8% in fiscal 1996 primarily due to sales to marketing distributors and increased sales of the 3-IN-ONE brand, both of which yield a somewhat lower margin.

Selling, general, and administrative expenses as a percentage of net sales increased to 24.9% versus 22.5% in fiscal year 1996 due primarily to staffing increases and associated costs to support the infrastructure necessary for the anticipated future growth in Europe.

Advertising and sales promotion expenses increased slightly to 10.5% of sales versus 10.1% a year ago.

Operating income decreased $1.1 million or 13.0% primarily due to the lower margins and higher overhead expenses described above.

1996 vs 1995

Net sales increased across all of the subsidiary's territories by $5.8 million, or 24.2%, even though the currency exchange rate was a negative 3% for the year.

Prime European salesincreased 53%, Eastern Eurpean Sales were up 43%, and sales in the Middle East increased 10%. 3-IN-ONE sales were $2.5 million of this gain.

Cost of sales increased to 39.8% of net sales versus 38.3% in fiscal 1995 due to a shift in the product range.

Selling, general, and administrative expenses as a percentage of net sales decreased to 22.5% versus 23.9% in fiscal year 1995 due to the increased sales.

Advertising and sales promotion expense was on budget at 10.1% of net sales versus 10.1% a year ago.

Operating income increased $1.4 million or 21.5% primarily due to increased sales and controlled overhead.

OTHER SUBSIDIARIES

1997 vs 1996

Net sales increased $422 thousand or 4.8%. Sales to Australia were unchanged from FY 1996, with Canadian sales growth being primarily responsible for the overall increase. Cost of product sold as a percentage of sales decreased slightly to 47.5% versus 48.4% last year.

Selling, general, and administrative expenses along with advertising and sales promotion as a percentage of sales were almost flat at 26.0% versus 26.5% in fiscal 1996.

1996 vs 1995

Net sales increased $1.8 million or 25% due mainly to the rebound of the retail economy in Canada. Cost of product sold as a percentage of sales was down slightly to 48.4% versus 49.1% in FY 1995.

Selling, general, and administrative expenses along with advertising and sales promotion as a percentage of sales was down significantly to 26.5% versus 30.8% in fiscal 1995 due to the strong rebound in the Canadian sales.

INTEREST AND OTHER INCOME (EXPENSE), NET

1997 vs 1996

Net interest income decreased $344 thousand due to unavailability of funds for short-term investment. Other income (expense), net, decreased $1.7 million primarily due to foreign currency translation losses recognized in the U.K. operation.

1996 vs 1995

Net interest income declined $720 thousand due to less funds being available for short-term investment. Other income (expense), net, increased $285 thousand primarily due to increase in international commission income.

PRICE INCREASES

The Company converted to CO\2\ propellant in the fourth quarter of FY 1996 which increased the cost of product sold. As a result, pricing to customers in North America, Europe, and Canada was adjusted accordingly. During the first and second quarters of FY 1997, prices to Asia, Latin America, and Middle East distributors were similarly increased to compensate for the additional costs incurred due to the conversion to CO\2\ propellent. The overall price increases were in the range of 7-9% and, as noted above, have had some impact on the Company's margins.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents increased $4.1 million during fiscal 1997 versus a decrease of $4.3 million in the prior year. Cash provided by operations was $23.3 million in fiscal 1997. The increase of $5.1 million from fiscal 1996 was primarily due to the decrease in inventories and the effect of a full year's amortization of goodwill resulting from the acquisition of the 3-IN-ONE brand.

Cash used for investing activities was nil at the end of fiscal 1997, compared with short-term investments of $104 thousand in fiscal 1996.

LIQUIDITY AND CAPITAL RESOURCES

The current ratio of 3.7-to-one on August 31, 1997, was greater than the current ratio of 3.4-to-one on August 31, 1996, due mainly to the increase in cash and cash equivalents. The Company has notes outstanding on August 31, 1997 amounting to $2.4 million. The proceeds from these notes were used to purchase partnership units in a Low Income Housing Tax Credit Fund in fiscal 1993 and fiscal 1994 (See Note 8). The Company's cash flows from operations are expected to provide sufficient funds to meet both short- and long-term operating needs, as well as future dividends. Capital expenditures for fiscal 1998 are expected to total approximately $1.0 million principally for improving management information systems and facility upgrades in Europe and the United States.

Source: WD 40 CO, 10-K, November 28, 1997

TEN YEAR SUMMARY

FISCAL YEAR ENDED AUGUST 31	1988	1989
Net sales	$80,005,000	$83,932,000
Cost of product sold	33,931,000	36,347,000
Gross profit	46,074,000	47,585,000
Operating expenses	21,891,000	23,744,000
Interest and other income (expense), net	1,235,000	2,084,000
Income before income taxes	25,418,000	25,925,000
Provision for income taxes	9,870,000	10,170,000
Net income	$15,548,000	$15,755,000
Earnings per share	$ 1.03	$ 1.04
Average number of shares outstanding	15,055,014	15,104,228
Dividends per share	$ 0.82	$ 0.95
Total assets	$43,312,000	$44,640,000
Number of employees	79	133

NET SALES

Thousands of Dollars

[BAR CHART APPEARS HERE]

1988	80,005
1989	83,932
1990	90,990
1991	89,833
1992	99,964
1993	108,964
1994	112,166
1995	116,776
1996	130,912
1997	137,893

Source: WD 40 CO, 10-K, November 28, 1997

1990	1991	1992	1993	1994	1995	1996	1997
$90,990,000	$89,833,000	$99,964,000	$108,964,000	$112,166,000	$116,776,000	$130,912,000	$137,893,000
40,446,000	39,828,000	42,217,000	44,686,000	47,028,000	50,229,000	57,925,000	59,286,000
50,544,000	50,005,000	57,747,000	64,278,000	65,138,000	66,547,000	72,987,000	78,607,000
27,274,000	26,305,000	29,537,000	31,242,000	32,755,000	35,065,000	40,311,000	43,959,000
1,910,000	1,406,000	1,263,000	(1,306,000)	(11,900,000)	1,171,000	736,000	(1,288,000)
25,180,000	25,106,000	29,473,000	31,730,000	20,483,000	32,653,000	33,412,000	33,360,000
9,690,000	9,800,000	11,400,000	12,400,000	7,800,000	12,200,000	12,115,000	11,997,000
$15,490,000	$15,306,000	$18,073,000	$ 19,330,000	$ 12,683,000	$ 20,453,000	$ 21,297,000	$ 21,363,000
$ 1.03	$ 1.01	$ 1.19	$ 1.26	$ 0.83	$ 1.33	$ 1.38	$ 1.38
15,108,308	15,111,898	15,188,486	15,320,924	15,372,248	15,400,478	15,423,728	15,512,140
$ 1.01	$ 0.86	$ 1.08	$ 1.15	$ 1.15	$ 1.21	$ 1.24	$ 1.25
$46,785,000	$47,752,000	$53,596,000	$ 58,784,000	$ 54,872,000	$ 59,579,000	$ 61,658,000	$ 65,418,000
136	134	136	143	144	148	149	165

EARNINGS

. Net Income: Thousands of Dollars
. Earnings per Share: Dollars

[BAR GRAPH APPEARS HERE]

1988	15,548	1.03
1989	15,755	1.04
1990	15,490	1.03
1991	15,306	1.01
1992	18,073	1.19
1993	19,330	1.26
1994	12,683	.83
1995	20,453	1.33
1996	21,297	1.38
1997	21,363	1.38

</TEXT>
</DOCUMENT>

EXHIBIT 21

Subsidiaries of the Registrant

The Registrant has the following wholly owned subsidiaries which do business under their respective legal names:

Name	Place of Incorporation
WD-40 Products (Canada) Ltd.	Ontario, Canada
WD-40 Company Limited	London, England
WD-40 Company (Australia) Pty. Limited	New South Wales, Australia

</TEXT>
</DOCUMENT>

EXHIBIT 23

Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-90972) of WD-40 Company of our report dated October 2, 1997 appearing on page 6 of the Annual Report to Shareholders which is incorporated by reference in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedule, which appears on page 11 of this Form 10-K.

/s/ Price Waterhouse LLP

PRICE WATERHOUSE LLP

San Diego, California
November 24, 1997
</TEXT>
</DOCUMENT>

<ARTICLE> 5

<PERIOD-TYPE> 12-MOS
<FISCAL-YEAR-END> AUG-31-1997
<PERIOD-START> SEP-01-1996
<PERIOD-END> AUG-31-1997
<CASH> 10,868,000
<SECURITIES> 0
<RECEIVABLES> 22,608,000
<ALLOWANCES> 495,000
<INVENTORY> 3,341,000
<CURRENT-ASSETS> 42,356,000
<PP 7,845,000
<DEPRECIATION> 3,685,000
<TOTAL-ASSETS> 65,418,000
<CURRENT-LIABILITIES> 11,368,000
<BONDS> 0
<PREFERRED-MANDATORY> 0
<PREFERRED> 0
<COMMON> 8,459,000
<OTHER-SE> 42,881,000
<TOTAL-LIABILITY-AND-EQUITY> 65,418,000
<SALES> 137,893,000
<TOTAL-REVENUES> 137,893,000
<CGS> 59,286,000
<TOTAL-COSTS> 43,959,000
<OTHER-EXPENSES> 1,342,000
<LOSS-PROVISION> 0
<INTEREST-EXPENSE> (54,000)
<INCOME-PRETAX> 33,360,000
<INCOME-TAX> 11,997,000
<INCOME-CONTINUING> 21,363,000
<DISCONTINUED> 0
<EXTRAORDINARY> 0
<CHANGES> 0
<NET-INCOME> 21,363,000
<EPS-PRIMARY> 1.38
<EPS-DILUTED> 1.38

</TEXT>
</DOCUMENT>

Created by 10KWizard www.10KWizard.com

Source: WD 40 CO, 10-K, November 28, 1997