

FULLER H B CO
Form 10-K/A
January 26, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

(Mark One)

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

For the fiscal year ended November 28, 2009

OR

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

For the transition period from _____ to _____

Commission file number: 001-09225

H.B. FULLER COMPANY

(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction of

41-0268370
(I.R.S. Employer

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incorporation or organization)
1200 Willow Lake Boulevard, St. Paul, Minnesota
(Address of principal executive offices)

Identification No.)
55110-5101
(Zip Code)

Registrant's telephone number, including area code: **(651) 236-5900**

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

| Title of each class | Name of each exchange on which registered |
|--|---|
| Common Stock, par value \$1.00 per share | New York Stock Exchange |
| Common Stock Purchase Rights | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: none

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark 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 the Form 10-K.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the Common Stock, par value \$1.00 per share, held by non-affiliates of the registrant as of May 29, 2009 was approximately \$827,202,228 (based on the closing price of such stock as quoted on the New York Stock Exchange of \$17.02 on such date).

The number of shares outstanding of the Registrant's Common Stock, par value \$1.00 per share, was 48,715,480 as of January 8, 2010.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information by reference to portions of the registrant's Proxy Statement of the Annual Meeting of Shareholders to be held on April 15, 2010.

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EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (this Form 10-K/A) to our Annual Report on Form 10-K for the fiscal year ended November 28, 2009, initially filed with the Securities and Exchange Commission on January 22, 2010 (the Original Filing), is being filed to amend Item 8 in the Original Filing to add the name of our independent registered public accounting firm to the signature line of the Report of Independent Registered Public Accounting Firm contained therein. The accounting firm delivered a signed copy of its report to us prior to our making the Original Filing. Item 9A is being re-filed in this Form 10-K/A because it incorporates by reference the Report of Independent Registered Public Accounting Firm included in Item 8. In addition, Item 15 of the Original Filing has been amended to contain currently dated certifications from our Chief Executive Officer and Chief Financial Officer as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. Such certifications are attached to this Form 10-K/A as Exhibits 31.1, 31.2, 32.1 and 32.2.

Except for the forgoing amended information, this Form 10-K/A does not amend or update any other information contained in the Original Filing.

H.B.FULLER COMPANY

2009 Annual Report on Form 10-K/A

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PART II. OTHER INFORMATION

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

H.B. Fuller Company:

We have audited the accompanying consolidated balance sheets of H.B. Fuller Company as of November 28, 2009 and November 29, 2008, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended November 28, 2009. We also have audited H.B. Fuller Company's internal control over financial reporting as of November 28, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). H.B. Fuller Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of H.B. Fuller Company as of November 28, 2009 and November 29, 2008, and the results of its operations and its cash flows for each of the years in the three-year period ended November 28, 2009, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, H.B. Fuller Company maintained, in all material respects, effective internal control over financial reporting as of November 28, 2009, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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As disclosed in Note 1 and Note 8 to the consolidated financial statements, the Company adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) 740 Income Taxes on December 2, 2007, ASC 815-10-50, Disclosures about Derivative Instruments and Hedging Activities on November 30, 2008, ASC 820-10 Fair Value Measurements on December 2, 2007 and the remaining aspects of ASC 820-10, Fair Value Measurements on November 30, 2008, and the measurement date provisions of ASC 715, Employers Accounting for Defined Benefit Pension and Other Retirement Plans on November 28, 2009.

/s/ KPMG LLP

Minneapolis, Minnesota

January 22, 2010

Table of Contents**CONSOLIDATED STATEMENTS OF INCOME****H.B. Fuller Company and Subsidiaries**

(In thousands, except per share amounts)

| | November 28, 2009 | Fiscal Years November 29, 2008 | December 01, 2007 |
|---|----------------------|--------------------------------------|----------------------|
| Net revenue | \$ 1,234,659 | \$ 1,391,554 | \$ 1,400,258 |
| Cost of sales | (863,357) | (1,027,099) | (981,555) |
| Gross profit | 371,302 | 364,455 | 418,703 |
| Selling, general and administrative expenses | (264,141) | (254,898) | (275,893) |
| Goodwill and other impairment charges | (790) | (87,410) | |
| Other income, net | 15,983 | 2,794 | 6,802 |
| Interest expense | (7,734) | (14,733) | (12,725) |
| Income from continuing operations before income taxes, minority interests and income from equity investments | 114,620 | 10,208 | 136,887 |
| Income taxes | (36,728) | 5,693 | (37,712) |
| Minority interests in (income) loss of subsidiaries | (32) | 159 | 46 |
| Income from equity investments | 5,794 | 2,829 | 1,923 |
| Net income from continuing operations | 83,654 | 18,889 | 101,144 |
| Income from discontinued operations | | | 1,029 |
| Net income | \$ 83,654 | \$ 18,889 | \$ 102,173 |
| Basic income per common share: | | | |
| Continuing operations | 1.73 | 0.37 | 1.69 |
| Discontinued operations | | | 0.02 |
| Net income | \$ 1.73 | \$ 0.37 | \$ 1.71 |
| Diluted income per common share: | | | |
| Continuing operations | 1.70 | 0.36 | 1.66 |
| Discontinued operations | | | 0.02 |
| Net income | \$ 1.70 | \$ 0.36 | \$ 1.68 |
| Weighted-average common shares outstanding: | | | |
| Basic | 48,325 | 51,045 | 59,914 |
| Diluted | 49,117 | 51,836 | 60,991 |
| Dividends declared per common share | \$ 0.2700 | \$ 0.2625 | \$ 0.2560 |

See accompanying notes to consolidated financial statements.

Table of Contents**CONSOLIDATED BALANCE SHEETS****H.B. Fuller Company and Subsidiaries**

(In thousands, except share and per share amounts)

| | November 28, 2009 | November 29, 2008 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 100,154 | \$ 80,370 |
| Trade receivables, net | 203,898 | 205,716 |
| Inventories | 116,907 | 143,158 |
| Other current assets | 52,697 | 49,813 |
| Total current assets | 473,656 | 479,057 |
| Property, plant and equipment, net | 253,300 | 252,758 |
| Goodwill | 103,731 | 88,823 |
| Other intangibles, net | 141,200 | 147,783 |
| Other assets | 128,558 | 112,907 |
| Total assets | \$ 1,100,445 | \$ 1,081,328 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Notes payable | \$ 8,690 | \$ 11,134 |
| Current installments of long-term debt | 42,625 | 25,000 |
| Trade payables | 109,165 | 132,937 |
| Accrued compensation | 43,840 | 23,811 |
| Income taxes payable | 6,261 | 9,113 |
| Other accrued expenses | 25,427 | 27,959 |
| Total current liabilities | 236,008 | 229,954 |
| Long-term debt, excluding current installments | 162,713 | 204,000 |
| Accrued pension liabilities | 50,684 | 68,093 |
| Other liabilities | 56,798 | 40,827 |
| Minority interests in consolidated subsidiaries | 2,888 | 2,843 |
| Total liabilities | 509,091 | 545,717 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock (no shares outstanding) Shares authorized 10,045,900 | | |
| Common stock, par value \$1.00 per share, Shares authorized 160,000,000, Shares outstanding 48,657,618 and 48,447,610, for 2009 and 2008, respectively | 48,658 | 48,448 |
| Additional paid-in capital | 12,309 | 5,280 |
| Retained earnings | 589,451 | 518,937 |
| Accumulated other comprehensive loss | (59,064) | (37,054) |
| Total stockholders' equity | 591,354 | 535,611 |

| | | |
|--|---------------------|---------------------|
| Total liabilities and stockholders equity | \$ 1,100,445 | \$ 1,081,328 |
|--|---------------------|---------------------|

See accompanying notes to consolidated financial statements.

Table of Contents**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY****H.B. Fuller Company and Subsidiaries**

(In thousands)

| | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total |
|---|-----------------|----------------------------------|----------------------|--|-----------------|
| Balance at December 2, 2006 | \$ 59,932 | \$ 95,263 | \$ 597,115 | \$ 25,482 | \$ 777,792 |
| Net income | | | 102,173 | | 102,173 |
| Foreign currency translation | | | | 35,853 | 35,853 |
| Minimum pension liability, net of tax of \$8,904 | | | | 17,330 | 17,330 |
| Comprehensive Income | | | | | 155,356 |
| Adjustment to initially apply FASB ASC 715, net of tax of \$22,444 | | | | (38,163) | (38,163) |
| Dividends | | | (15,590) | | (15,590) |
| Stock option exercises | 1,017 | 12,818 | | | 13,835 |
| Share-based compensation plans other, net | 51 | 3,351 | | | 3,402 |
| Tax benefit on share-based compensation plans | | 2,580 | | | 2,580 |
| Repurchases of common stock | (3,563) | (96,656) | | | (100,219) |
| Balance at December 1, 2007 | 57,437 | 17,356 | 683,698 | 40,502 | 798,993 |
| Net income | | | 18,889 | | 18,889 |
| Foreign currency translation | | | | (70,293) | (70,293) |
| Defined benefit pension plans adjustment, net of tax of \$2,982 | | | | (7,153) | (7,153) |
| Interest rate swap, net of tax | | | | (110) | (110) |
| Comprehensive Income | | | | | (58,667) |
| Dividends | | | (13,566) | | (13,566) |
| Stock option exercises | 94 | 1,297 | | | 1,391 |
| Share-based compensation plans other, net | 79 | 7,698 | | | 7,777 |
| Tax benefit on share-based compensation plans | | 433 | | | 433 |
| Repurchases of common stock | (9,162) | (21,504) | (170,084) | | (200,750) |
| Balance at November 29, 2008 | 48,448 | 5,280 | 518,937 | (37,054) | 535,611 |
| Net income | | | 83,654 | | 83,654 |
| Foreign currency translation | | | | 66,758 | 66,758 |
| Defined benefit pension plans adjustment, net of tax of \$49,605 | | | | (88,629) | (88,629) |
| Interest rate swaps, net of tax | | | | (139) | (139) |
| Comprehensive Income | | | | | 61,644 |
| Effect of eliminating early measurement date for pension plans, net of tax of \$116 | | | 29 | | 29 |
| Dividends | | | (13,169) | | (13,169) |
| Stock option exercises | 59 | 777 | | | 836 |
| Share-based compensation plans other, net | 176 | 6,388 | | | 6,564 |
| Tax benefit on share-based compensation plans | | 201 | | | 201 |
| Repurchases of common stock | (25) | (337) | | | (362) |
| Balance at November 28, 2009 | \$ 48,658 | \$ 12,309 | \$ 589,451 | \$ (59,064) | \$ 591,354 |

See accompanying notes to consolidated financial statements.

Table of Contents**H.B. FULLER COMPANY AND SUBSIDIARIES****Consolidated Statements of Cash Flows**

(In thousands)

| | November 28, 2009 | Fiscal Years November 29, 2008 | December 01, 2007 |
|---|----------------------|--------------------------------------|----------------------|
| Cash flows from operating activities: | | | |
| Net income | \$ 83,654 | \$ 18,889 | \$ 102,173 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Income from discontinued operations, net of tax | | | (1,029) |
| Depreciation | 34,709 | 34,369 | 36,349 |
| Amortization | 12,038 | 11,803 | 14,009 |
| Deferred income taxes | 33,994 | (28,506) | 1,720 |
| Share-based compensation | 5,668 | 4,318 | 3,455 |
| Excess tax benefit from share-based compensation | (201) | (433) | (2,580) |
| Change in assets and liabilities, net of effects of acquisitions and discontinued operations: | | | |
| Trade receivables, net | 15,691 | (8,127) | 20,993 |
| Inventories | 35,686 | (12,644) | (12,648) |
| Other assets | 10,154 | (16,203) | 9,391 |
| Goodwill and other impairment charges | 790 | 87,410 | |
| Trade payables | (31,863) | (17,063) | (12,416) |
| Accrued compensation | 17,706 | (11,231) | (8,530) |
| Other accrued expenses | (744) | (4,492) | (13,839) |
| Income taxes payable | (14,455) | 1,173 | 666 |
| Pension and other postretirement benefit plan contributions | (143,913) | (6,957) | (25,515) |
| Pension and other postretirement benefit plan income (expense) | 1,092 | (1,572) | 25,431 |
| Other liabilities | (3,748) | 432 | 4,317 |
| Other | 15,152 | (7,821) | (496) |
| Net cash provided by operating activities | 71,410 | 43,345 | 141,451 |
| Cash flows from investing activities: | | | |
| Purchased property, plant and equipment | (22,738) | (19,959) | (20,890) |
| Purchased businesses, net of cash acquired | (4,175) | (6,436) | (1,155) |
| Purchased investments | | | (12,000) |
| Proceeds from sale of property, plant and equipment | 1,109 | 211 | 910 |
| Net cash used in investing activities | (25,804) | (26,184) | (33,135) |
| Cash flows from financing activities: | | | |
| Proceeds from long-term debt | 365,338 | 200,000 | |
| Repayment of long-term debt | (389,000) | (133,000) | (87,000) |
| Net proceeds from (payments on) notes payable | (2,934) | 642 | 781 |
| Dividends paid | (13,124) | (13,422) | (15,499) |
| Proceeds from stock options exercised | 836 | 1,392 | 13,835 |
| Excess tax benefit from share-based compensation | 201 | 433 | 2,580 |
| Repurchases of common stock | (362) | (200,750) | (100,219) |
| Other financing | | | (168) |
| Net cash used in financing activities | (39,045) | (144,705) | (185,690) |
| Effect of exchange rate changes | 13,223 | (23,244) | 14,312 |
| Net change in cash and cash equivalents | 19,784 | (150,788) | (63,062) |

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| | | | |
|--|-------------------|-----------|------------|
| Cash used in operating activities of discontinued operations | | (15,200) | (16,798) |
| Cash provided by investing activities of discontinued operations-net of proceeds from sale of business | | | 71,089 |
| Net change in cash and cash equivalents | 19,784 | (165,988) | (8,771) |
| Cash and cash equivalents at beginning of year | 80,370 | 246,358 | 255,129 |
| Cash and cash equivalents at end of year | \$ 100,154 | \$ 80,370 | \$ 246,358 |
| Supplemental disclosure of cash flow information: | | | |
| Dividends paid with company stock | \$ 116 | \$ | \$ 91 |
| Cash paid for interest | \$ 9,166 | \$ 16,070 | \$ 15,193 |
| Cash paid for income taxes | \$ 9,259 | \$ 39,352 | \$ 24,889 |

See accompanying notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

H.B. Fuller Company and Subsidiaries

(In thousands, except share and per share amounts)

Note 1: Nature of Business and Summary of Significant Accounting Policies

Nature of Business: H.B. Fuller Company and its subsidiaries formulates, manufactures and markets adhesives, sealants, paints and other specialty chemical products globally, with sales operations in 38 countries in North America, Europe, Latin America, the Asia Pacific region, the Middle East and Africa. Our business is reported in four regional operating segments: North America, EMEA (Europe, Middle East and Africa), Latin America and Asia Pacific. The North America segment accounted for 43 percent of 2009 net revenue. EMEA, Latin America and Asia Pacific accounted for 29 percent, 18 percent and 10 percent, respectively.

The largest business component of each of the operating segments is adhesives. The adhesives business components produce and supply industrial and performance adhesives products for applications in various markets, including assembly (appliances, filters, construction, etc.), packaging (food and beverage containers, consumer goods, durable and non-durable goods, etc.), converting (corrugation, tape and label, paper converting, multi-wall bags and sacks, etc.), nonwoven and hygiene (disposable diapers, feminine care, medical garments, tissue and towel, etc.), performance wood (windows, doors, wood flooring, etc.), textile (footwear, sportswear, etc.), flexible packaging, graphic arts and envelope.

In the North America operating segment, the adhesives reporting unit also includes the insulating glass business activities that were previously reported as a separate reporting unit. The insulating glass activities are now integrated into the adhesives management structure and managed as a product line within the adhesives group. Therefore, the North America operating segment now consists of two components: adhesives and specialty construction.

The EMEA operating segment includes adhesives and products used in insulating glass applications. In 2008, the insulating glass business component was fully integrated with the adhesives component in Europe and therefore, the Europe operating segment consists of a single business component.

The Latin America operating segment includes adhesives and a liquid paints business component that produces and supplies paint through a variety of distribution channels in Central America.

In the Asia Pacific operating segment, the consumer reporting unit has been integrated into the adhesives management structure resulting in the Asia Pacific operating segment having only one reporting unit.

Principles of Consolidation: The consolidated financial statements include the accounts of H.B. Fuller Company and its wholly-owned and majority-owned subsidiaries. All significant intercompany transactions and accounts have been eliminated. Investments in affiliated companies in which we exercise significant influence, but which we do not control, are accounted for in the consolidated financial statements under the equity method of accounting. As such, consolidated net income includes our equity portion in current earnings of such companies, after

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elimination of intercompany profits. Investments in which we do not exercise significant influence (generally less than a 20 percent ownership interest) are accounted for under the cost method.

The fiscal year ends on the Saturday closest to November 30. Fiscal year end dates were November 28, 2009, November 29, 2008 and December 1, 2007 for 2009, 2008 and 2007 respectively.

On November 20, 2007, we sold our automotive business. As a result, we classified these operations as discontinued operations in accordance with accounting standards and, accordingly, segregated the revenue and expenses of these discontinued operations in the Consolidated Statements of Income and notes thereto. Cash flows pertaining to discontinued operations are disclosed separately in the Consolidated Statements of Cash Flows.

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Use of Estimates: Preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition: For shipments made to customers, title generally passes to the customer when all requirements of the sales arrangement have been completed, which is generally at the time of delivery. Revenue from product sales is recorded when title to the product transfers, no remaining performance obligations exist, the terms of the sale are fixed and collection is probable. Shipping terms include both FOB shipping point and FOB destination. Stated terms in sale agreements also include payment terms and freight terms. Net revenues include shipping revenues as appropriate.

Provisions for sales returns are estimated based on historical experience, and adjusted for known returns, if material. Customer incentive programs (primarily volume purchase rebates) and arrangements such as cooperative advertising, slotting fees and buy-downs are recorded as a reduction of net revenue in accordance with FASB Accounting Standard Codification (ASC) 605-50, Customer Payments and Incentives . Rebates recorded in the consolidated statements of income were \$17,377, \$22,116 and \$25,317 in 2009, 2008 and 2007, respectively.

For certain products, consigned inventory is maintained at customer locations. For these products, revenue is recognized in the period that the inventory is consumed. Sales to distributors also require a distribution agreement or purchase order. As a normal practice, distributors do not have a right of return.

Cost of Sales: Cost of sales includes raw materials, container costs, direct labor, manufacturing overhead, shipping and receiving costs, freight costs, depreciation of manufacturing equipment and other less significant indirect costs related to the production of our products.

Selling, General and Administrative (SG&A) Expenses: SG&A expenses include sales and marketing, research and development, technical and customer service, finance, legal, human resources, general management and similar expenses.

Income Taxes: The income tax provision is computed based on the pretax income included in the consolidated statements of income before minority interest and income from equity investments, plus any impact to prior period income taxes. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Enacted statutory tax rates applicable to future years are applied to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances reduce deferred tax assets when it is not more-likely-than-not that a tax benefit will be realized. See also Note 8.

Cash Equivalents: Cash equivalents are highly liquid instruments with an original maturity of three months or less.

Restrictions on Cash: There were no restrictions on cash as of November 28, 2009. There are no contractual or regulatory restrictions on the ability of consolidated and unconsolidated subsidiaries to transfer funds in the form of cash dividends, loans or advances to us, except for typical statutory restrictions, which prohibit distributions in excess of net capital or similar tests. Additionally, the majority of our cash in non U.S. locations is permanently reinvested.

Inventories: Inventories recorded at cost (not in excess of market value) as determined by the last-in, first-out method (LIFO) represent approximately 27 percent of consolidated inventories. During 2009, 2008 and 2007, reductions in inventory quantities, resulted in liquidations of LIFO inventory layers causing an increase in gross

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profit of \$290, \$984 and \$256, respectively. The remaining inventories, which include all non-U.S. operations, are valued at the lower of cost (mainly weighted average actual cost) or market value.

Investments: Investments with a value of \$12,279 represent the cash surrender value of life insurance contracts on November 28, 2009. These assets are held to primarily support supplemental pension plans and are recorded in other assets in the balance sheet. The corresponding gain or loss associated with these contracts is reported in earnings each period as a component of Other income, net .

Investments in Equity Securities Carried at Cost: Fair value of cost method investments is assessed according to accounting standards. We did not have any impairment of our cost method investments for the year ended November 28, 2009. In 2008 we determined that two of our cost method investments had incurred impairments that were considered other than temporary. The non-cash charges associated with these impairments was \$2,410. The impairments were deemed to be other-than-temporary primarily because of the continuing operating losses and negative operating cash flows generated by the investee companies. The adverse economic conditions as of the end of 2008 also negatively impacted the projected cash flows of these companies. The remaining book value of the cost method investments as of November 28, 2009 was \$3,404.

Property, Plant and Equipment: Depreciation of property, plant and equipment is generally computed on a straight-line basis, based on estimated useful lives of the assets, including assets acquired by capital leases. Estimated useful lives range from 20 to 40 years for buildings and improvements and 3 to 15 years for machinery and equipment. Fully depreciated assets are retained in property and accumulated depreciation accounts until removed from service. Upon disposal, assets and related accumulated depreciation are removed. Upon sale of an asset, the difference between the proceeds and remaining net book value is charged or credited to other income, net on the consolidated statements of income.

Property, plant, and equipment amounts are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset (asset group) may not be recoverable. An impairment loss would be recognized when the carrying amount of an asset (asset group) exceeds the estimated undiscounted future cash flows expected to result from the use of the asset (asset group) and its eventual disposition. The impairment loss to be recorded would be the excess of the asset's carrying value over its fair value. Fair value is generally determined using a discounted cash flow analysis or other valuation technique.

Capitalized Interest Costs: Interest costs associated with construction and implementation of property, plant and equipment are capitalized. Capitalized interest costs were \$149, \$314 and \$311 in 2009, 2008 and 2007, respectively.

Goodwill: Goodwill is the excess of cost of an acquired entity over the amounts assigned to assets acquired and liabilities assumed in a purchase business combination. Goodwill is assigned to reporting units at the date the goodwill is initially recorded. Once goodwill has been assigned to a reporting unit, it no longer retains its association with a particular acquisition and all the activities within a reporting unit are available to support the value of goodwill. Accounting standards require us to test goodwill for impairment annually or more often if circumstances or events indicate a change in the impairment status.

The goodwill impairment analysis is a two-step process. The first step used to identify potential impairment involves comparing each reporting unit's estimated fair value to its carrying value, including goodwill. We use a discounted cash flow approach to estimate the fair value of our reporting units. Our judgment is required in developing the assumptions for the discounted cash flow model. These assumptions include revenue growth rates, profit margin percentages, discount rates, perpetuity growth rates, future capital expenditures, etc. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill is considered to not be impaired. If the carrying value exceeds estimated fair value, there is an

indication of potential impairment and the second step is performed to measure the amount of impairment.

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The second step of the process involves the calculation of an implied fair value of goodwill for each reporting unit for which step one indicated impairment. The implied fair value of goodwill is determined similar to how goodwill is calculated in a business combination, by measuring the excess of the estimated fair value of the reporting unit as calculated in step one, over the estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. If the implied fair value of goodwill exceeds the carrying value of goodwill assigned to the reporting unit, there is no impairment. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. An impairment loss cannot exceed the carrying value of goodwill assigned to a reporting unit, and the loss establishes a new basis in the goodwill. Subsequent reversal of goodwill impairment losses is not permitted.

Our annual goodwill impairment assessment has been historically completed during the fourth quarter based on balance sheet information as of the end of our fiscal third quarter. Based on our 2009 annual assessment, we determined that none of our goodwill was impaired.

In 2008 after our initial assessment, we determined that none of our goodwill was impaired. In the fourth quarter of 2008 however, as economic conditions worsened and the capital markets became distressed, we determined that circumstances had changed enough to trigger another goodwill impairment assessment as of November 29, 2008. That assessment resulted in the determination that the fair value of our specialty construction reporting unit was less than the carrying value of its net assets, including goodwill. This was due to a decline in the estimated future discounted cash flows expected from the reporting unit. The adverse economic conditions, especially in the U.S. housing and other construction markets, were the primary driver of the reduction in forecasted discounted cash flows. The amount of the pretax impairment charge in the fourth quarter of 2008 was \$85.0 million (\$52.8 million after tax). The \$85.0 million pretax charge was an estimated amount as of November 29, 2008.

The final valuation work was completed in the first quarter of 2009 and resulted in an additional pretax impairment charge of \$0.8 million (\$0.5 million after tax). The amount of goodwill assigned to the specialty construction reporting unit was \$99.1 million prior to any impairment charges. The amount of goodwill after the final valuation and additional impairment charge is \$13.3 million. See Note 6 for further discussion on Goodwill.

Intangible Assets: Intangible assets include patents and other intangible assets acquired from independent parties and are amortized on a straight-line basis with estimated useful lives ranging from 3 to 20 years. The straight-line method of amortization of these assets reflects an appropriate allocation of the costs of the intangible assets to earnings in proportion to the amount of economic benefits obtained in each reporting period. Intangible assets are tested for impairment whenever events or circumstances indicate that a carrying amount of an asset (asset group) may not be recoverable. An impairment loss would be recognized when the carrying amount of an asset (asset group) exceeds the estimated undiscounted future cash flows expected to result from the use of the asset (asset group) and its eventual disposition. The impairment loss to be recorded would be the excess of the asset's carrying value over its fair value. Fair value is generally determined using a discounted cash flow analysis or other valuation technique. Costs related to internally developed intangible assets are expensed as incurred.

Foreign Currency Translation: Assets and liabilities denominated in foreign currencies are translated using the spot rate on the balance sheet date. Revenues and expenses are translated using average exchange rates during the year. The currency translation adjustment from functional currency to U.S. dollars is recorded as a component of accumulated other comprehensive income (loss) in stockholders' equity. The remeasurement adjustment for subsidiaries not using the local currency as the functional currency is included as a component of net income.

We consider a subsidiary's sales price drivers, currency denomination of sales transactions and inventory purchases to be the primary indicators in determining a foreign subsidiary's functional currency. Our subsidiaries

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in Latin America and certain European countries have a functional currency different than their local currency. All other foreign subsidiaries, which are located in North America, Europe and Asia, have the same local and functional currency.

Postemployment Benefits: Postemployment benefits are provided to inactive and former employees, employees' beneficiaries and covered dependents after employment, but prior to retirement. The cost of providing these benefits is accrued during the years the employee renders the necessary service.

Environmental Costs: Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments are made or remedial efforts are probable and the costs can be reasonably estimated. The timing of these accruals is generally no later than the completion of feasibility studies.

Share-based Compensation: We have various share-based compensation programs, which provide for equity awards including stock options and restricted stock. We record compensation expense associated with share-based awards and other forms of equity compensation in accordance with accounting standards as interpreted by SEC Staff Accounting Bulletin No. 107. The accounting standards require all share-based payments to employees and non-employee directors, including grants of employee stock options, to be recognized in the income statement based on their fair values at the date of grant. See Note 3 for additional discussion.

Earnings Per Share: Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the applicable period. Diluted earnings per share is based upon the weighted average number of common and common equivalent shares outstanding during the applicable period. The difference between basic and diluted earnings per share is attributable to share-based compensation awards. We use the treasury stock method to calculate the effect of outstanding shares, which computes total employee proceeds as the sum of (a) the amount the employee must pay upon exercise of the award, (b) the amount of unearned share-based compensation costs attributed to future services and (c) the amount of tax benefits, if any, that would be credited to additional paid-in capital assuming exercise of the award. Share-based compensation awards for which total employee proceeds exceed the average market price over the applicable period have an antidilutive effect on earnings per share, and accordingly, are excluded from the calculation of diluted earnings per share. The computations for basic and diluted earnings per share follows:

| | 2009 | 2008 | 2007 |
|--|------------|------------|------------|
| Net income | \$ 83,654 | \$ 18,889 | \$ 102,173 |
| Weighted-average common shares - basic | 48,325,135 | 51,044,679 | 59,913,560 |
| Equivalent shares from share-based compensation plans | 792,169 | 791,002 | 1,077,692 |
| Weighted-average common and common equivalent shares - diluted | 49,117,304 | 51,835,681 | 60,991,252 |

Share-based compensation awards for 1,284, 685,291 and 356,048 shares for 2009, 2008 and 2007, respectively, were excluded from the diluted earnings per share calculation because they were antidilutive.

Financial Instruments and Derivatives: Our objective is to balance, where possible, local currency denominated assets to local currency denominated liabilities to have a natural hedge and minimize foreign exchange impacts. We minimize risks from foreign currency exchange rate fluctuations through normal operating and financing activities and, when deemed appropriate, through the use of derivative instruments. Derivatives consisted primarily of forward currency contracts used to manage foreign currency denominated assets and liabilities. Because

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derivative instruments outstanding were not designated as hedges for accounting purposes, the gains and losses related to mark-to-market adjustments were recognized as other income or expense in the income statement during the periods the derivative instruments were outstanding. We do not enter into any speculative positions with regard to derivative instruments.

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Effective November 13, 2009, we entered into interest rate swap agreements to convert all of Series A and B and \$25 million of Series C from our December 16, 2009 new Senior Notes agreement from fixed to variable rates. The swaps will convert our Senior Notes from fixed rates ranging from 5.13 percent to 5.61 percent to variable rates ranging from 6-month LIBOR plus 1.47 percent to 6-month LIBOR plus 1.78 percent. We have designated the firm commitment to borrow \$75 million as the hedged item in a fair value hedge. As required by the accounting standards, a fair value calculation was done as of the fiscal year end to record the fair value change of the interest rate swaps and the firm commitment of the Senior Notes. The calculation resulted in \$1,050 being recorded in other assets as the fair value of the swaps and \$1,338 as the increase in the fair value of the firm commitment, which is included in long-term debt on the balance sheet as of November 28, 2009. The \$288 difference between the fair value of the swaps and related firm commitment represents hedge ineffectiveness and is included in other expense in the 2009 consolidated statement of income. See Note 11 for further information.

Effective December 19, 2007 we entered into an interest rate swap agreement to limit exposure to the fluctuations in our LIBOR-based variable interest payments on our \$75,000 term loan. The swap covered the notional amount of \$75,000 at a fixed rate of 4.984 percent and expired on December 19, 2008. The fair value of the swap was a liability of \$180 at November 29, 2008 and was included in other accrued expenses in the consolidated balance sheet. The swap was designated for hedge accounting treatment. Accordingly, we recognized the fair value of the swap in the consolidated balance sheet and any changes in the fair value were recorded as adjustments to accumulated other comprehensive income, net of tax. The fair value of the swap was the estimated amount that we would pay or receive to terminate the agreement at the reporting date.

Purchase of Company Common Stock: Under the Minnesota Business Corporation Act, repurchased stock is included in authorized shares, but is not included in shares outstanding. The excess of the repurchase cost over par value is charged to additional paid-in capital. When additional paid-in capital is exhausted, the excess reduces retained earnings. We repurchased 24,808, 30,383 and 9,464 shares of common stock in 2009, 2008 and 2007, respectively, in connection with the statutory minimum for the tax withholdings related to vesting of restricted shares.

On July 11, 2007 our board of directors authorized a share repurchase program of up to \$100,000. During the third and fourth quarters of 2007 we repurchased a total of 3,554,272 shares for \$99,947 as part of the repurchase program. In the first quarter of 2008, the remaining \$53 was used to purchase 2,086 shares and complete the 2007 repurchase program.

On January 24, 2008, the board of directors authorized a share repurchase program of up to \$200,000 of our outstanding common shares after having completed the \$100,000 stock buyback program. During the first and second quarters of 2008, we repurchased 9,129,915 shares using the full \$200,000, thus completing the repurchase program.

Recently Issued Accounting Pronouncements:

On December 2, 2007, the beginning of our fiscal 2008, we adopted the requirements of Financial Accounting Standards Board Accounting Standards Codification (ASC) 740, *Income Taxes* which clarify the accounting for income taxes by prescribing the minimum threshold a tax position is required to meet before being recognized in the financial statements. Guidance was also provided on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. See Note 8 for further information.

On December 2, 2007, the beginning of our fiscal 2008, we adopted ASC 820-10 *Fair Value Measurements* which provides enhanced guidance for using fair value to measure assets and liabilities, provides a common definition of fair value and establishes a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. On November 30, 2008, the beginning of our fiscal 2009, we adopted the remaining aspects of ASC 820-10 *Fair Value Measurements and Disclosures*, that had been deferred. The adoption did not have a material impact on our financial condition, results of operations or cash flows. See Note 13 for further information.

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On November 30, 2008, the beginning of our fiscal 2009, we adopted ASC 815-10-50, Disclosures about Derivative Instruments and Hedging Activities which required additional quantitative disclosures and qualitative disclosures for derivative instruments. The required disclosures include how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows; relative volume of derivative activity; the objectives and strategies for using derivative instruments; the accounting treatment for those derivative instruments formally designated as the hedging instrument in a hedge relationship; and the existence and nature of credit-related contingent features for derivatives. The adoption of this accounting standard did not have a material impact on our financial condition, results of operations or cash flows. See Note 11 for further information.

On November 28, 2009, the end of our fiscal 2009, we adopted the measurement provisions of ASC 715, Employers' Accounting for Defined Benefit Pension and Other Retirement Plans. The measurement provisions required us to change the measurement date of our plans' assets and obligations that determine our funded status, to our fiscal year end date. As a result of changing our measurement date, there were adjustments to retained earnings and accumulated other comprehensive income which we elected to make in the fourth quarter of 2009. See Note 10 for further information.

In June 2009, the Financial Accounting Standards Board (FASB) issued a standard that established the FASB Accounting Standards Codification (ASC) and amended the hierarchy of generally accepted accounting principles (GAAP) such that the ASC became the single source of authoritative nongovernmental U.S. GAAP. The ASC did not change current U.S. GAAP, but was intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. All previously existing accounting standard documents were superseded and all other accounting literature not included in the ASC is considered non-authoritative. New accounting standards issued subsequent to June 30, 2009 are communicated by the FASB through Accounting Standards Updates (ASUs). This standard is effective for financial statements issued for interim and annual periods ending after September 15, 2009 and therefore is effective for us in the fourth quarter of fiscal 2009. This standard did not have an impact on our consolidated results of operations or financial condition. However, throughout the notes to the consolidated financial statements references that were previously made to various former authoritative U.S. GAAP pronouncements have been changed to coincide with the appropriate section of the ASC.

In December 2007, the FASB issued and, in April 2009, amended a new business combinations standard codified within ASC 805 which establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. The standard also establishes disclosure requirements that will enable users to evaluate the nature and financial effects of the business combination. The intent of the amendment is to address application issues on initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. This standard is effective as of the beginning of an entity's fiscal year that begins after December 15, 2008, which will be our fiscal year 2010. Our adoption will apply prospectively to business combinations completed on or after that date.

In December 2007, the FASB issued a new standard which requires that accounting and reporting for minority interests will be recharacterized as noncontrolling interests and classified as a component of equity. The standard also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. This standard applies to all entities that prepare consolidated financial statements, except not-for-profit organizations, but will affect only those entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. This standard is effective as of the beginning of an entity's first fiscal year beginning after December 15, 2008, which will be our fiscal year 2010. Based upon the November 28, 2009 balance sheet, the impact of adopting the standard would be to reclassify \$2,888 in minority interests in consolidated subsidiaries from total liabilities to a separate component of stockholders' equity.

In April 2008, the FASB issued a new standard codified in ASC 350 Intangibles - Goodwill and Other which amends the factors that should be considered in developing renewal or extension assumptions used to determine

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the useful life of a recognized intangible asset. The objective is to improve the consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset under accounting standards. This standard applies to all intangible assets, whether acquired in a business combination or otherwise, and shall be effective for financial statements issued for fiscal years beginning after December 15, 2008, which will be our fiscal year 2010. The standard should be applied prospectively to intangible assets acquired after the effective date.

In December 2008, the FASB issued an accounting standard regarding a company's disclosures about postretirement benefit plan assets. This standard provides guidance on disclosures about plan assets of a defined benefit pension or other postretirement plan. These new disclosures will provide users of the financial statements with an understanding of how investment allocation decisions are made, the major categories of plan assets, the input and valuation techniques used to measure the fair value of plan assets, the effects of fair value measurements and the significant concentrations of risk in regard to the plan assets. The requirement for the new disclosures is effective for financial statements issued for fiscal years ending after December 15, 2009 which will be our fiscal year 2010.

In October 2009, the FASB issued ASU Number 2009-13 Revenue Recognition (Topic 605): Multiple-Deliverable Arrangements consensus of the FASB Emerging Issues Task Force. This update amends the revenue recognition guidance for arrangements with multiple deliverables. The amendments allow vendors to account for products and services separately rather than as a combined unit. A selling price hierarchy for determining the selling price of each deliverable is established in this ASU along with eliminating the residual method. The amendments are effective for revenue arrangements that begin or are changed in fiscal years that start June 15, 2010 or later which will be our fiscal year 2011.

Note 2: Acquisitions and Divestitures

Acquisitions

Nordic Adhesive Technology: On April 20, 2009 we acquired the outstanding shares of Nordic Adhesive Technology GmbH, a developer and manufacturer of flexible packaging adhesives, based in Buxtehude, Germany. The acquisition complements our existing product line, enhances our applications knowledge and enables us to expand our presence in the flexible packaging segment of the adhesives industry. The acquisition was a stock purchase and therefore encompasses all Nordic business operations. Intangible assets identified were customer lists, technology, trademarks and non-competition agreements.

The final purchase price of \$4,175, which was net of cash acquired of \$370, was funded through existing cash. We also incurred \$295 of direct external costs for legal and due diligence expenses. The shareholders of Nordic Adhesive are entitled to an earn-out of up to 2,600 over the next three years, based on certain financial performance criteria. Any amount paid under the earn-out would be considered additional purchase price. The acquisition was recorded in our EMEA operating segment.

Based on final valuations, we recorded \$2,277 to current assets, \$98 to property, plant and equipment, \$2,767 to intangibles, \$2,717 to goodwill, \$2,483 to current liabilities and \$831 to long term liabilities.

Egymelt: On August 31, 2008 we acquired the principal assets of Egymelt Limited Partnership Company, a manufacturer and marketer of hot melt and specialty water-based adhesives, headquartered in 6th of October City, Egypt. Egymelt markets its products in the Middle East and North Africa. Under the terms of the deal, the assets acquired included land, building, manufacturing equipment, inventory, accounts receivable,

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customer list and non-competition agreements. No debt or liabilities were assumed. The total cash payment of \$6,305 was funded through existing cash. We also incurred \$326 of direct external costs, partially offset by \$195 of adjustments and sales tax refunds. Based on final valuations, we recorded \$1,665 to current assets, \$1,349 to property, plant and equipment, \$2,025 to intangibles and \$1,397 to goodwill. The acquisition was recorded in our EMEA operating segment.

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Automotive: On November 20, 2007, we sold our automotive business to EMS-TOGO Corp for cash proceeds of \$71,089 which included the \$80,000 sales price net of \$8,911 cash on the balance sheet of the divested business. As part of this transaction, we recorded a gain of \$7,604 (a loss of \$6,184 net of tax), which included direct external costs to sell of \$200.

We do not have any significant continuing involvement in the operations after the divestiture. We continue to produce a small percentage of product for the divested automotive business according to a supply agreement. Terms of the supply agreement are at fair market value rates.

In accordance with accounting standards we have reclassified the results from our automotive business as discontinued operations. The operational results and the loss associated with the sale of this business are presented in the Income from discontinued operations line item on the Consolidated Statements of Income. Prior to the reclassification, these results were reported in the North America operating segment.

Revenue and income from discontinued operations for the year ended December 1, 2007 were as follows:

| | 2007 |
|--|--------------|
| Net revenue | \$ 69,235 |
| Income from operations | 2,546 |
| Gain on sale | 7,604 |
| Other expense, net | (77) |
| Income tax expense | (15,193) |
| Minority interests in income of subsidiaries | (39) |
| Income from equity investments | 6,188 |
| Net income from discontinued operations | \$ 1,029 |

Income from operations excludes certain information technology and shared services charges that could not be directly attributed to the automotive business. In accordance with appropriate accounting standards, we did not allocate general corporate overhead charges to the automotive business and elected not to allocate general corporate interest expense.

Note 3: Accounting for Share-Based Compensation

Overview: We have various share-based compensation programs, which provide for equity awards including stock options, restricted stock and deferred compensation. These equity awards fall under several plans and are described below.

Share-based Compensation Plans: We currently grant stock options, restricted stock and stock-based units under equity compensation and deferred compensation plans.

Non-qualified stock options are granted to officers and key employees at prices not less than fair market value at the date of grant. These non-qualified options are generally exercisable beginning one year from the date of grant in cumulative yearly amounts of 25 percent and generally have a contractual term of 10 years. Options exercised represent newly issued shares.

Restricted stock awards are nonvested stock awards that may include grants of restricted stock shares or restricted stock units. Restricted stock awards are independent of option grants and are generally subject to forfeiture if employment terminates prior to the release of the restrictions. Such awards vest in three, four or ten years from the date of grant; depending on the grant. During the vesting period, ownership of the shares cannot be transferred. Restricted stock shares granted represent newly issued shares and have the same cash dividend and voting rights as other common stock and are considered to be currently issued and outstanding. Restricted stock units have dividend equivalent rights equal to the cash dividend paid on restricted stock shares. However,

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restricted stock units do not have voting rights of common stock and are not considered issued and outstanding upon grant. Restricted stock units become newly issued shares when vested. We expense the cost of the restricted stock awards, which is the grant date fair market value, ratably over the period during which the restrictions lapse. The grant date fair value is our closing stock price on the date of grant.

Directors Deferred Compensation Plan: This plan allows non-employee directors to defer all or a portion of their retainer and meeting fees in a number of investment choices, including units representing shares of our common stock. We provide a 10 percent match on deferred compensation invested in these units. These units are required to be paid out in our common stock.

1998 Directors Stock Incentive Plan: This plan offered non-employee directors incentives to put forth maximum efforts for the success of the business and to afford non-employee directors an opportunity to acquire a proprietary interest in us. This plan permitted granting of (a) restricted stock and (b) shares for amounts non-employee directors deferred under the Directors Deferred Compensation Plan. This plan expired in April 2008 and the shares are no longer available for use.

2009 Directors Stock Incentive Plan: This plan permits granting of (a) shares for amounts non-employee directors defer under the Directors Deferred Compensation Plan and (b) discretionary grants of restricted stock, stock options, stock appreciation rights, performance awards and other stock awards.

Year 2000 Stock Incentive Plan: This plan allows for granting of awards to employees. The plan permits granting of (a) stock options; (b) stock appreciation rights; (c) restricted stock awards; (d) performance awards; (e) dividend equivalents; and (f) other awards based on our common stock, including shares for amounts employees deferred under the Key Employee Deferred Compensation Plan.

Key Employee Deferred Compensation Plan: This plan allows key employees to defer a portion of their eligible compensation in a number of investment choices, including units, representing shares of company common stock. We provide a 10 percent match on deferred compensation invested in these units.

401(k) Plan: All U.S. employees have the option of contributing up to twenty-five percent of their pretax earnings to a 401(k) plan, subject to IRS limitations. We match up to the first four percent of each employee's pretax earnings, based on the employee's contributions. Employees hired after January 1, 2007 are eligible for a separate annual retirement contribution to the 401(k) Plan of three percent of pay that is invested based on the election of the individual participant. The three percent contribution is in addition to our four percent matching contribution described above and is in lieu of participation in our defined benefit pension plan. The total contribution to the 401(k) plan for 2009 was \$3,106 which included the cost of the four percent company match of \$2,616 and the additional three percent contribution of \$490. The costs of our match were \$3,104 and \$2,635 in 2008 and 2007, respectively.

Grant-Date Fair Value: We use the Black-Scholes option-pricing model to calculate the grant-date fair value of an award. The fair value of options granted during 2009, 2008 and 2007 were calculated using the following assumptions:

| | 2009 | 2008 | 2007 |
|--------------------------------------|----------------|-----------------|-----------------|
| Expected life (in years) | 5.0 | 5.0 | 5.8 |
| Weighted-average expected volatility | 45.36% | 36.07% | 36.13% |
| Expected volatility | 44.73% - 50.5% | 35.63% - 38.98% | 34.42% - 37.35% |

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| | | | |
|---------------------------------------|---------------|--------|---------|
| Risk-free interest rate | 1.58% | 3.25% | 4.66% |
| Expected dividend yield | 1.82% | 1.13% | 0.94% |
| Weighted-average fair value of grants | \$5.20 | \$8.25 | \$10.44 |

Expected life We use historical employee exercise and option expiration data to estimate the expected life assumption for the Black-Scholes grant-date valuation. We believe that this historical data is currently the best estimate of the expected term of a new option. We use a weighted-average expected life for all awards.

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Expected volatility Volatility is calculated using our stock's historical volatility for the same period of time as the expected life. We have no reason to believe that its future volatility will differ from the past.

Risk-free interest rate The rate is based on the U.S. Treasury yield curve in effect at the time of the grant for the same period of time as the expected life.

Expected dividend yield The calculation is based on the total expected annual dividend payout divided by the average stock price.

Expense

We use the straight-line attribution method to recognize expense for all option awards with graded vesting and restricted stock awards with cliff vesting. Expense is recognized over the requisite service period, which for us is the period between the grant date and the earlier of the award's stated vesting term or the date the employee is eligible for early vesting based on the terms of the plans.

The amount of share-based compensation recognized during a period is based on the value of the portion of the awards that are ultimately expected to vest. We currently expect, based on an analysis of our historical forfeitures and known forfeitures on existing awards, that approximately 78 percent and 82 percent of our unvested outstanding options and restricted stock awards will vest, respectively.

Total share-based compensation expense was \$5,668, \$4,318 and \$3,455 for 2009, 2008 and 2007, respectively. Included in these amounts was stock option expense of \$3,129, \$2,261 and \$2,068, respectively. No share-based compensation was capitalized. All share-based compensation was recorded as selling, general and administrative expense.

The benefits of tax deductions in excess of recognized compensation costs (excess tax benefits) are recorded as a financing cash inflow rather than a deduction of taxes paid. For 2009, 2008 and 2007, there was \$201, \$433 and \$2,580 of excess tax benefit recognized resulting from share-based compensation cost. Our additional paid in capital pool (APIC Pool) of excess tax benefits available to absorb tax deficiencies was \$10,248 at November 28, 2009 due to exercises of stock options, restricted stock lapsings and deferred compensation payouts in the year.

As of November 28, 2009, \$4,896 of unrecognized compensation costs related to unvested stock option awards is expected to be recognized over a weighted-average period of 2.0 years. Unrecognized compensation costs related to unvested restricted stock awards is \$1,854 as of November 28, 2009 and is expected to be recognized over a weighted-average period of 1.7 years.

Share-based Activity

A summary of option activity as of November 28, 2009, and changes during the year then ended is presented below:

| | Options | Weighted- Average Exercise Price |
|----------------------------------|----------------|---|
| Outstanding at November 29, 2008 | 1,923,041 | \$ 18.04 |
| Granted | 969,687 | 14.71 |
| Exercised | (58,915) | 14.18 |
| Forfeited or Cancelled | (90,590) | 19.07 |
| Outstanding at November 28, 2009 | 2,743,223 | \$ 15.68 |

The fair value of options granted during 2009, 2008 and 2007 was \$5,038, \$3,705 and \$4,646, respectively. Total intrinsic value of options exercised during 2009, 2008 and 2007 was \$315, \$713 and \$14,081, respectively. Intrinsic value is the difference between our closing stock price on the respective trading day and the exercise price, multiplied by the number of options exercised. Proceeds received from option exercises during the year ended November 28, 2009 were \$836.

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The following table summarizes information concerning outstanding and exercisable options as of November 28, 2009:

| Range of Exercises Prices | Options Outstanding | | | | Options Exercisable | | | |
|---------------------------|---------------------|-------------------|--------------------|--------------------|---------------------|-------------------|--------------------|--------------------|
| | Options | Life ¹ | Price ² | Value ³ | Options | Life ¹ | Price ² | Value ³ |
| \$5.01-\$10.00 | 242,428 | 1.0 | \$ 9.31 | \$ 2,637 | 242,428 | 1.0 | \$ 9.31 | \$ 2,637 |
| \$10.01-\$15.00 | 1,443,426 | 6.9 | 13.92 | 9,044 | 590,959 | 3.7 | 13.70 | 3,838 |
| \$15.01-\$20.00 | 435,180 | 6.9 | 17.17 | 1,315 | 239,304 | 6.0 | 16.36 | 916 |
| \$20.01-\$25.00 | 23,971 | 8.4 | 20.93 | | 5,992 | 8.4 | 20.93 | |
| \$25.01-\$30.00 | 598,218 | 7.6 | 26.84 | | 225,297 | 7.4 | 26.89 | |
| | 2,743,223 | 6.5 | \$ 16.91 | \$ 12,996 | 1,303,980 | 4.3 | \$ 15.68 | \$ 7,391 |

¹ Represents the weighted-average remaining contractual life in years.

² Represents the weighted-average exercise price.

³ Represents the aggregate intrinsic value, in thousands, based on our closing stock price on the last trading day of the quarter for in-the-money options.

A summary of nonvested restricted stock activity as of November 28, 2009, and changes during the year then ended is presented below:

| | Units | Shares | Total | Weighted-Average Grant Date Fair Value | Weighted-Average Remaining Contractual Life (in Years) |
|--------------------------------|----------|----------|----------|--|--|
| Nonvested at November 29, 2008 | 52,762 | 214,583 | 267,345 | \$ 22.35 | 1.9 |
| Granted | 48,610 | 147,258 | 195,868 | 14.21 | 3.0 |
| Vested | (13,182) | (73,380) | (86,562) | 16.77 | |
| Forfeited | (4,924) | (15,357) | (20,281) | 19.53 | 2.1 |
| Nonvested at November 28, 2009 | 83,266 | 273,104 | 356,370 | \$ 19.32 | 1.7 |

Total fair value of restricted stock vested during 2009, 2008, and 2007 was \$1,245, \$2,474 and \$1,552, respectively. The total fair value of nonvested restricted stock at November 28, 2009 was \$7,195.

We repurchased 24,808, 30,383 and 9,464 restricted stock shares during 2009, 2008 and 2007, respectively, in conjunction with restricted stock share vestings. The repurchases relate to statutory minimum tax withholding. We anticipate that approximately 19,000 restricted shares will be repurchased in fiscal 2010 to satisfy minimum tax withholdings.

Deferred compensation units are fully vested at the date of contribution. Deferred compensation units outstanding as of November 28, 2009 and changes during the year then ended were as follows:

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| | Non-employee Directors | Employees | Total |
|--|-----------------------------------|------------------|----------------|
| Units outstanding November 29, 2008 | 238,095 | 107,401 | 345,496 |
| Participant contributions | 23,123 | 3,837 | 26,960 |
| Company match contributions ¹ | 29,169 | 910 | 30,079 |
| Payouts | (21,524) | (14,507) | (36,031) |
| Units outstanding November 28, 2009 | 268,863 | 97,641 | 366,504 |

1 The non-employee directors' company match includes 25,336 deferred compensation units paid as discretionary awards to all non-employee directors.

The fair value of non-employee directors' company matches for 2009, 2008 and 2007 was \$63, \$61 and \$60, respectively. The fair value of the non-employee directors' discretionary award for 2009, 2008 and 2007 was \$490, \$420 and \$392, respectively. The fair value of employee company matches for 2009, 2008 and 2007 was \$15, \$34 and \$64, respectively.

Table of Contents**Note 4: Supplemental Financial Statement Information****Statement of Income Information**

Additional details of income statement amounts for 2009, 2008 and 2007 follow.

| Other income, net | 2009 | 2008 | 2007 |
|--|------------------|------------------|------------------|
| Foreign currency transaction losses, net | \$ (3,600) | \$ (2,021) | \$ (1,218) |
| Gains on investments and company owned life insurance | 147 | 7 | 563 |
| Amortization of investments in partnerships accounted for under the cost method that generate low-income housing tax credits | (33) | (195) | (831) |
| Interest income | 1,099 | 6,159 | 6,615 |
| Roanoke litigation settlement | 18,750 | | |
| Other, net | (380) | (1,156) | 1,673 |
| Total other income, net | \$ 15,983 | \$ 2,794 | \$ 6,802 |
| Research and development expenses (included in selling, general and administrative expenses) | \$ 16,992 | \$ 16,514 | \$ 16,877 |

Balance Sheet Information

Additional details of balance sheet amounts as of November 28, 2009 and November 29, 2008 follow.

| <u>Inventories:</u> | 2009 | 2008 |
|-------------------------------------|-------------------|-------------------|
| Raw materials | \$ 61,849 | \$ 74,800 |
| Finished goods | 72,513 | 90,517 |
| LIFO reserve | (17,455) | (22,159) |
| Total inventories | \$ 116,907 | \$ 143,158 |
| <u>Other current assets:</u> | | |
| Other receivables | \$ 10,502 | \$ 9,554 |
| Prepaid income taxes | 12,054 | 10,966 |
| Deferred income tax asset | 10,906 | 7,553 |
| Prepaid expenses | 17,930 | 21,040 |
| Other current assets | 1,305 | 700 |
| Total other current assets | \$ 52,697 | \$ 49,813 |

Property, plant and equipment:

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| | | |
|--|-------------------|-------------------|
| Land | \$ 42,612 | \$ 41,330 |
| Buildings and improvements | 232,910 | 221,771 |
| Machinery and equipment | 529,138 | 491,962 |
| Construction in progress | 10,861 | 7,561 |
| Total, at cost | 815,521 | 762,624 |
| Accumulated depreciation | (562,221) | (509,866) |
| Net property, plant and equipment | \$ 253,300 | \$ 252,758 |
| Other assets: | | |
| Investments and company owned life insurance | \$ 18,088 | \$ 22,806 |
| Equity basis investments | 30,772 | 26,126 |
| Cost method investments | 3,404 | 3,404 |
| Long-term deferred tax asset | 61,948 | 52,653 |
| Prepaid pension costs | 1,707 | |
| Other long-term assets | 12,639 | 7,918 |
| Total other assets | \$ 128,558 | \$ 112,907 |

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| | | |
|---------------------------------------|------------------|------------------|
| Other accrued expenses: | 2009 | 2008 |
| Taxes other than income taxes | \$ 6,472 | \$ 4,695 |
| Interest | 1,534 | 2,705 |
| Product liability | 2,562 | 2,646 |
| Accrued expenses | 14,859 | 17,913 |
| Total other accrued expenses | \$ 25,427 | \$ 27,959 |
| Income taxes payable: | | |
| Current income taxes payable | \$ 5,131 | \$ 7,673 |
| Current deferred income tax liability | 1,130 | 1,440 |
| Total income taxes payable | \$ 6,261 | \$ 9,113 |
| Other liabilities: | | |
| Asset retirement obligation | \$ 1,395 | \$ 1,759 |
| Long-term deferred tax liability | 5,334 | 6,653 |
| Long-term deferred compensation | 4,229 | 3,817 |
| Product Liability | 1,554 | 2,311 |
| Post retirement other than pension | 31,252 | 8,173 |
| Other long-term liabilities | 13,034 | 18,114 |
| Total other liabilities | \$ 56,798 | \$ 40,827 |

Additional details on the trade receivables allowance for 2009, 2008 and 2007 follow.

| | | | |
|-------------------------------|-----------------|-----------------|-----------------|
| | 2009 | 2008 | 2007 |
| Balance at beginning of year | \$ 5,563 | \$ 6,297 | \$ 5,938 |
| Charged to expenses | 5,139 | 1,860 | 1,854 |
| Write-offs/adjustments | (3,931) | (2,183) | (1,969) |
| Effect of exchange rates | 348 | (411) | 474 |
| Balance at end of year | \$ 7,119 | \$ 5,563 | \$ 6,297 |

Statement of Stockholders Equity Information

Components of accumulated other comprehensive income for 2009, 2008 and 2007 follow.

| | | | |
|--|-------------|-------------|-------------|
| Accumulated Other Comprehensive Income (Loss) | 2009 | 2008 | 2007 |
| Foreign currency translation adjustment | \$ 79,023 | \$ 12,265 | \$ 82,558 |
| Interest rate swap | (249) | (110) | |
| Defined benefit pension plans adjustment net of taxes of \$(76,990), \$(27,385) and \$1,960 in 2009, 2008 and 2007, respectively | (137,838) | (49,209) | (3,893) |

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Adjustment for initial adoption of FASB ASC 715, net of taxes of \$22,444 (38,163)

| | | | |
|--|-------------|-------------|-----------|
| Total accumulated other comprehensive income | \$ (59,064) | \$ (37,054) | \$ 40,502 |
|--|-------------|-------------|-----------|

Note 5: Asset Retirement Obligations

In accordance with Accounting Standards Codification (ASC), 410-20 Asset Retirement Obligations , we have recognized a liability for conditional asset retirement obligations related to special handling of asbestos

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related materials in certain facilities. An asset retirement obligation refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement.

We have identified certain facilities for which we have plans or expectations of plans to undertake a major renovation or demolition project that would require the removal of asbestos or have plans or expectation of plans to exit a facility. In addition, we have determined that all facilities have some level of asbestos that will require abatement action in the future. Once the probability and timeframe of an action are determined, we apply certain assumptions to determine the related liability and asset. These assumptions include the use of inflation rates, the use of credit adjusted risk-free discount rates and the use of costs to handle asbestos related materials. The recorded liability is required to be adjusted for changes resulting from the passage of time and/or revisions to the timing or the amount of the original estimate.

The asset retirement obligation liability was \$ 1,395 and \$ 1,759 at November 28, 2009 and November 29, 2008, respectively.

Note 6: Goodwill and Other Intangible Assets

The operating segment goodwill balances as of November 28, 2009 and November 29, 2008, follows. Changes in the goodwill balances relate to changes in foreign currency exchange rates and activity from acquisitions (see Note 2). We assign goodwill to our adhesives reporting units using a relative fair value approach in accordance with U.S. GAAP.

| | 2009 | 2008 |
|---------------|-------------------|------------------|
| North America | \$ 40,256 | \$ 35,960 |
| EMEA | 49,057 | 41,536 |
| Latin America | 5,370 | 4,355 |
| Asia Pacific | 9,048 | 6,972 |
| Total | \$ 103,731 | \$ 88,823 |

Additional details on the goodwill balance for 2009 and 2008 follow.

| | 2009 | 2008 |
|--------------------------------------|-------------------|------------------|
| Balance at beginning of year | \$ 88,823 | \$ 184,660 |
| Nordic Adhesive acquisition (Note 2) | 2,717 | |
| Egymelt acquisition (Note 2) | | 1,397 |
| Specialty Construction impairment | (790) | (85,000) |
| Currency effect | 12,981 | (12,234) |
| Balance at end of year | \$ 103,731 | \$ 88,823 |

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In accordance with accounting standards, we test each of our reporting units for goodwill impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. Our analysis as of November 28, 2009 indicated that there was no goodwill impairment.

Of the goodwill balance of \$103,731 as of November 28, 2009, \$26,919 resides in the North America adhesives reporting unit and \$49,057 resides in EMEA. In both of these reporting units, the calculated fair value exceeded the carrying value of the net assets by a significant margin. No other reporting units, with the exception of specialty construction reporting unit, had a material amount of goodwill as of November 28, 2009.

In the fourth quarter of 2008, we determined that the fair value of our specialty construction reporting unit, within the North America operating segment, was less than the carrying value of its assets, including goodwill. As a result a pretax impairment charge of \$85,000 (\$52,838 after tax), was recorded in the fourth quarter of 2008.

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The \$85,000 pretax charge was an estimated amount as of our fiscal 2008 year-end. The final valuation work was completed in the first quarter of 2009 and resulted in an additional pretax impairment charge of \$790 (\$496 after tax). The amount of goodwill assigned to the specialty construction reporting unit was \$99,127 prior to any impairment charges. After the final valuation and additional impairment charge the goodwill balance for specialty construction is \$13,337.

See Note 1 for further information of our impairment analysis.

Balances of amortizable identifiable intangible assets, excluding goodwill and other non-amortizable intangible assets, follow:

| Amortizable Intangible Assets | Purchased Technology & Patents | Customer Relationships | All Other | Total |
|--|---|-----------------------------------|----------------------|--------------|
| As of November 28, 2009 | | | | |
| Original cost | \$ 31,929 | \$ 151,100 | \$ 16,846 | \$ 199,875 |
| Accumulated amortization | (25,108) | (28,931) | (5,653) | (59,692) |
| Net identifiable intangibles | \$ 6,821 | \$ 122,169 | \$ 11,193 | \$ 140,183 |
| Weighted average useful lives (in years) | 10 | 19 | 15 | 17 |
| As of November 29, 2008 | | | | |
| Original cost | \$ 30,750 | \$ 147,350 | \$ 16,204 | \$ 194,304 |
| Accumulated amortization | (22,421) | (20,327) | (4,637) | (47,385) |
| Net identifiable intangibles | \$ 8,329 | \$ 127,023 | \$ 11,567 | \$ 146,919 |
| Weighted average useful lives (in years) | 11 | 19 | 15 | 18 |

Amortization expense with respect to amortizable intangible assets was \$12,038, \$11,803 and \$14,009 in 2009, 2008 and 2007, respectively.

Estimated aggregate amortization expense based on the current carrying value of amortizable intangible assets for the next five fiscal years follows:

| Fiscal Year | 2010 | 2011 | 2012 | 2013 | 2014 | Thereafter |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------------|
| Amortization Expense | \$ 11,005 | \$ 10,260 | \$ 10,172 | \$ 10,172 | \$ 10,078 | \$ 88,496 |

The above amortization expense forecast is an estimate. Actual amounts may change from such estimated amounts due to fluctuations in foreign currency exchange rates, additional intangible asset acquisitions, potential impairment, accelerated amortization, or other events.

Non-amortizable intangible assets at November 28, 2009 and November 29, 2008 totaling \$1,017 and \$864, respectively, relate to the trademarks / trade names.

Note 7: Notes Payable, Long-Term Debt and Lines of Credit

Notes Payable: Notes payable were \$8,690 at November 28, 2009. This amount represents various other short-term borrowings that were not part of committed lines. The borrowings are primarily in our Latin America region and are used to fund daily operations. The weighted-average interest rates on short-term borrowings were 9.0 percent, 11.1 percent and 9.5 percent in 2009, 2008 and 2007, respectively. Fair values of these short-term obligations approximate their carrying values due to their short maturity. There were no funds drawn from the short-term committed lines at November 28, 2009.

Table of Contents**Long-Term Debt**

| Long-Term Debt, including Capital Lease | Weighted- Average Interest Rate at November 28, 2009 | Maturity Date | 2009 | 2008 |
|---|--|---------------|-------------------|------------|
| Obligations | | | | |
| U.S. dollar obligations: | | | | |
| Senior notes | 7.29% | 2010 | \$ 37,000 | \$ 62,000 |
| Revolving credit line | 0.78% | 2010 | 92,000 | 92,000 |
| Term Loan | 0.86% | 2013 | 75,000 | 75,000 |
| Senior notes ¹ | 5.13% | 2016 | 277 | |
| Senior notes ² | 5.13% | 2017 | 547 | |
| Senior notes ³ | 5.61% | 2019 | 514 | |
| Total long-term debt | | | 205,338 | 229,000 |
| Less: current installments | | | (42,625) | (25,000) |
| Total | | | \$ 162,713 | \$ 204,000 |

1 Interest rate swap on our December 16, 2009 Senior Notes, Series A

2 Interest rate swap on our February 24, 2010 Senior Notes, Series B

3 Interest rate swap on \$25 million of our December 16, 2009 Senior Notes, Series C

On November 13, 2009, we entered into a note purchase agreement under which we agreed to issue \$150 million in aggregate principal amount of senior unsecured notes to a group of private investors. The \$150 million was split into four non-amortizing tranches:

\$17 million 5.13% Senior Notes, Series A, due December 16, 2016 (7-year)

\$33 million 5.13% Senior Notes, Series B, due February 24, 2017 (7-year)

\$35 million 5.61% Senior Notes, Series C, due December 16, 2019 (10-year)

\$65 million 5.61% Senior Notes, Series D, due February 24, 2020 (10-year)

Funding of the \$150 million will occur in two waves. The first funding of Senior Notes, Series A and C, in the amount of \$52 million, occurred on December 16, 2009. The second funding of Senior Notes, Series B and D, in the amount of \$98 million, will occur on February 24, 2010.

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The new private placement debt was actually priced on November 13, 2009. At that time, the agreements became legally binding and commitment to borrow the prescribed funds at the fixed rate constituted a firm commitment. Also on November 13, 2009 we entered into interest rate swap agreements for the purpose of obtaining a floating rate of interest on \$75,000 of the private placement debt. The specific swaps convert Series A Senior Notes from a fixed rate of 5.13 percent to a variable rate of 6-month London Interbank Offered Rate (LIBOR) (in arrears) plus 1.59 percent, our Series B Senior Notes from a fixed rate of 5.13 percent to a variable rate of 6-month LIBOR (in arrears) plus 1.47 percent, and the \$25 million of Series C Senior Notes from a fixed rate of 5.61 percent to a variable rate of 6-month LIBOR (in arrears) plus 1.78 percent. See Note 11 for additional information.

Effective December 19, 2007, we entered into a one year, interest rate swap agreement, whereby the interest rate on the term loan was fixed at 4.984%. The swap agreement expired on December 19, 2008. See Note 11 for additional information.

Long-term debt had an estimated fair value of \$202,870 and \$189,338 as of November 28, 2009 and November 29, 2008, respectively. The fair value of long-term debt is based on quoted market prices for the same

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or similar issues or on the current rates offered for debt of similar maturities. The estimated fair value of these long-term obligations is not necessarily indicative of the amount that would be realized in a current market exchange.

Lines of Credit

As of November 28, 2009, lines of credit were as follows:

| Term | Committed | Drawn | Unused |
|-------------|------------------|--------------|---------------|
| Long-term | \$ 250,000 | \$ 92,000 | \$ 158,000 |

A revolving credit agreement with a consortium of financial institutions accounted for the entire committed lines of credit. The credit agreement creates an unsecured multi-currency revolving credit facility that can be drawn upon for general corporate purposes. The credit agreement also contains an accordion feature, which allows us to increase the aggregate credit facility size to up to \$375,000. Exercise of the accordion feature requires the approval of the consortium of financial institutions. Interest is payable at the LIBOR plus 0.525 percent. A facility fee of 0.10 percent is payable quarterly. Both the interest rate and the facility fee are based on a rating grid. The credit facility expires on December 14, 2010.

The most restrictive debt covenants place limitations on secured and unsecured borrowings, operating leases, and contain minimum interest coverage, current assets and net worth requirements. In addition, we cannot be a member of any consolidated group for income tax purposes other than with our subsidiaries. At November 28, 2009 all financial covenants were met.

Maturities of long-term debt for the next five fiscal years follow.

| Fiscal Year | 2010 | 2011 | 2012 | 2013 | Thereafter |
|----------------------------|-------------|-------------|-------------|-------------|-------------------|
| Long-term debt obligations | \$ 42,625 | \$ 114,500 | \$ 24,375 | \$ 22,500 | \$ 1,338 |

Note 8: Income Taxes**Income from continuing operations before income taxes, minority**

| interests and income from equity investments | 2009 | 2008 | 2007 |
|---|-------------------|------------------|-------------------|
| United States | \$ 78,226 | \$ (42,969) | \$ 59,057 |
| Non-U.S. | 36,394 | 53,177 | 77,830 |
| Total | \$ 114,620 | \$ 10,208 | \$ 136,887 |

| Components of the provision for income tax expense (benefit) | 2009 | 2008 | 2007 |
|---|-------------|-------------|-------------|
|---|-------------|-------------|-------------|

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| | | | |
|--------------|------------------|------------|-----------|
| Current: | | | |
| U.S. Federal | \$ (7,377) | \$ 6,943 | \$ 12,758 |
| State | (574) | 1,334 | 1,947 |
| Non-U.S. | 10,685 | 14,536 | 21,287 |
| | 2,734 | 22,813 | 35,992 |
| Deferred: | | | |
| U.S. Federal | 31,370 | (23,638) | 88 |
| State | 3,074 | (3,314) | (140) |
| Non-U.S. | (450) | (1,554) | 1,772 |
| | 33,994 | (28,506) | 1,720 |
| Total | \$ 36,728 | \$ (5,693) | \$ 37,712 |

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| Reconciliation of effective income tax rate | 2009 | 2008 | 2007 |
|--|------------------|-------------------|------------------|
| Statutory U.S. federal income tax rate | \$ 40,117 | \$ 3,572 | \$ 47,910 |
| State income taxes, net of federal benefit | 2,470 | (99) | 1,132 |
| U.S. federal income taxes on dividends received from non-U.S. subsidiaries, before foreign tax credits | 2,199 | 3,323 | 4,518 |
| Foreign tax credits | (839) | (3,139) | (5,277) |
| Non-U.S. taxes | (3,062) | (1,398) | (7,305) |
| Interest income not taxable in the U.S. | (2,629) | (2,451) | (2,395) |
| Change in valuation allowance | (123) | (5,420) | |
| Other | (1,405) | (81) | (871) |
| Total | \$ 36,728 | \$ (5,693) | \$ 37,712 |

| Deferred income tax balances at each year-end related to | 2009 | 2008 |
|---|-------------|-------------|
| Depreciation and amortization | \$ (971) | \$ 8,530 |
| Employee benefit costs | 43,155 | 29,889 |
| Foreign tax credit | 5,233 | |
| Tax loss carryforwards | 11,082 | 7,291 |
| Other | 10,779 | 9,315 |
| | 69,278 | 55,025 |
| Valuation allowance | (2,888) | (2,912) |
| Net deferred tax assets | \$ 66,390 | \$ 52,113 |

The difference between the change in the deferred tax assets in the balance sheet and the deferred tax provision is primarily due to the defined benefit pension adjustments.

| Net deferred taxes as presented on the Consolidated Balance Sheets | 2009 | 2008 |
|---|-------------|-------------|
| Deferred tax assets: | | |
| Current | \$ 10,906 | \$ 7,553 |
| Non-current | 61,948 | 52,653 |
| Deferred tax liabilities: | | |
| Current | (1,130) | (1,440) |
| Non-current | (5,334) | (6,653) |
| Net deferred tax assets | \$ 66,390 | \$ 52,113 |

Valuation allowances relate to foreign tax loss carryforwards and U.S. state tax loss carryforwards where the future potential benefits do not meet the more-likely-than-not realization test. The net change in the valuation allowance during the year ended November 28, 2009, is primarily due to the removal of the valuation allowance for U.S. state and non-U.S. tax loss carry forwards, offset by a valuation allowance for certain current period non-U.S. tax losses.

Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those deferred tax assets and liabilities are expected to be realized or settled. We record a valuation allowance to reduce deferred tax assets to the amount that is believed more-likely-than-not to be realized. We believe it is more-likely-than-not that forecasted income, together with the tax

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effects of the deferred tax liabilities, will be sufficient to fully recover the remaining net realizable value of our deferred tax assets. In the event that all or part of the net deferred tax assets are determined not to be realizable in the future, an adjustment to the valuation allowance would be charged to earnings in the period such determination is made.

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U.S. income taxes have not been provided on approximately \$410,428 undistributed earnings of non-U.S. subsidiaries. We intend to indefinitely reinvest these undistributed earnings. If any portion of these earnings were to be distributed, the related U.S. tax liability may be reduced by foreign income taxes paid on those earnings plus available foreign tax credit carryovers, if any. Determination of the unrecognized deferred tax liability related to these undistributed earnings is not practicable because of the complexities with its hypothetical calculation.

While non-U.S. operations have been profitable overall, there are cumulative tax losses of \$24,984 in twelve different countries. These tax losses can be carried forward to offset the income tax liabilities on future income in these countries. Cumulative tax losses of \$19,480 can be carried forward indefinitely, while the remaining \$5,504 of tax losses must be utilized during 2010-2018.

We adopted the provisions of FASB ASC 740 *Income Taxes* as of December 2, 2007. This standard clarified the accounting for uncertainties in income taxes. The standard prescribes criteria for recognition and measurement of tax positions. It also provides guidance on derecognition, classification, interest and penalties, and disclosures related to income taxes associated with uncertain tax positions.

We recognized no cumulative impact to the reserve for uncertain tax positions as a result of the adoption of ASC 740. Consistent with the provisions of the standard, the reserve for uncertain tax positions was reclassified from other current liabilities to non-current liabilities except for \$2,093 of the reserve expected to be settled within one year.

The table below sets forth the changes to our gross unrecognized tax benefit as a result of uncertain tax positions, excluding accrued interest, for fiscal year ended November 28, 2009. We do not anticipate that the total unrecognized tax benefits will change significantly within the next twelve months except for decreases related to the above amount identified as a current liability and for \$123 related to lapses in applicable statutes of limitation.

| | 2009 |
|---|-------------|
| Balance as of November 29, 2008 | \$ 11,835 |
| Tax positions related to the current year: | |
| Additions | 274 |
| Tax positions related to prior years: | |
| Additions | 1,391 |
| Reductions | (1,048) |
| Settlements | (377) |
| Lapses in applicable statutes of limitation | (1,295) |
| Balance as of November 28, 2009 | \$ 10,780 |

Included in the balance of unrecognized tax benefits as of November 28, 2009, are potential benefits of \$8,135 that, if recognized, would affect the effective tax rate from continuing operations.

We report accrued interest and penalties related to unrecognized tax benefits in income tax expense. For the fiscal year ended November 28, 2009, we recognized net interest and penalties of \$299 relating to unrecognized tax benefits and had net accumulated accrued interest and penalties of \$2,457 as of November 28, 2009.

We are subject to U.S. federal income tax as well as income tax in numerous state and foreign jurisdictions. We are no longer subject to U.S. federal or Swiss income tax examination for years prior to 2006. We have been notified of U.S. federal audit covering 2007 and 2008, that will begin in January 2010. There has been no Swiss income tax examination for 2006 and subsequent years. During 2009, the Swiss company completed a

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withholding tax audit covering 2003-2008 without adjustment. We are in various stages of examination and appeal in several state and other foreign jurisdictions. Although the final outcomes of these examinations cannot currently be determined, we believe that we have adequate reserves with respect to these examinations.

Note 9: Stockholders Equity

Preferred Stock: The board of directors is authorized to issue up to 10,045,900 shares of preferred stock that may be issued in one or more series and with such stated value and terms as the board of directors may determine.

Common Stock: There were 160,000,000 shares of common stock with a par value of \$1.00 authorized and 48,657,618 and 48,447,610 shares issued and outstanding at November 28, 2009 and November 29, 2008, respectively. Dividends of \$0.2700, \$0.26250 and \$0.2560 per share were declared and paid in 2009, 2008 and 2007, respectively.

On January 24, 2008, the board of directors authorized a share repurchase program of up to \$200 million of our outstanding common shares after having completed a \$100 million stock buyback program authorized on July 11, 2007. Under both programs, at our discretion, we were authorized to repurchase shares for cash on the open market, from time to time, in privately negotiated transactions or block transactions, or through an accelerated repurchase agreement. The primary source of funding for the programs was cash held in the United States and debt financing. The timing of such repurchases was dependent on price, market conditions and applicable regulatory requirements. Upon repurchase of the shares, we reduced our common stock for the par value of the shares with the excess being applied against additional paid in capital. When additional paid in capital was exhausted, the excess reduced retained earnings.

Under the January 24, 2008 share repurchase program, 9,129,915 shares were repurchased in 2008 and this completed the \$200 million share repurchase program.

Under the July 11, 2007 share repurchase program, 3,554,272 shares were repurchased in 2007 and another 2,086 shares were repurchased in the first quarter of 2008 to complete the July 11, 2007 share repurchase program.

| Common Shares Outstanding | 2009 | 2008 | 2007 |
|--|-------------------|-------------------|-------------------|
| Beginning balance | 48,447,610 | 57,436,515 | 59,931,766 |
| Stock options exercised | 58,915 | 94,689 | 1,017,041 |
| Deferred compensation paid | 31,777 | 24,327 | 60,642 |
| Restricted units vested | 12,413 | 18,851 | 25,704 |
| Restricted shares granted | 147,258 | 84,206 | 91,257 |
| Restricted shares forfeited | (24,808) | (30,385) | (9,464) |
| Shares withheld for taxes | (15,547) | (48,592) | (126,159) |
| Shares repurchased under repurchase plan | | (9,132,001) | (3,554,272) |
| Ending balance | 48,657,618 | 48,447,610 | 57,436,515 |

Shareholder Rights Plan: The shareholder rights plan provides each holder of a share of common stock a right to purchase one one-hundredth of a share of preferred stock for \$95, subject to adjustment. No fraction of a preferred share (other than fractions in integral multiples of one one-hundredth of a share) will be issued. Preferred shares purchased upon exercise of the rights will not be redeemable. Each preferred share will be entitled to a preferential quarterly dividend payment, a preferential liquidation payment, voting rights, and participation in any merger, consolidation or other transaction in which common shares are exchanged. These rights are not currently exercisable. In the event any person becomes an Acquiring Person (as defined in the rights plan), each holder of a right will thereafter have a right to receive, upon exercise thereof at the then current aggregate exercise price, in lieu of preferred shares, such number of common shares of ours having a current

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aggregate market price equal to twice the current aggregate exercise price. In the event that at any time after there is an Acquiring Person we are acquired in certain mergers or other business combination transactions or 50% or more of the assets or earning power of us and our subsidiaries (taken as a whole) are sold, holders of the rights will thereafter have the right to receive, upon exercise thereof at the then current aggregate exercise price, such number of common shares of the acquiring company (or, in certain cases, one of its affiliates) having a current aggregate market price equal to twice the current aggregate exercise price. Rights held by an acquiring person are void. We may redeem or exchange the rights in certain instances. Unless extended or redeemed, the rights expire on July 31, 2016.

Note 10: Pension and Postretirement Benefits

Noncontributory defined benefit pension plans cover all U.S. employees employed prior to January 1, 2007. Benefits for these plans are based primarily on years of service and employees' average compensation during their five highest out of the last ten years of service. The funding policy is consistent with the funding requirements of federal law and regulations. Plan assets consist principally of listed equity securities. Other U.S. postretirement benefits are funded through a Voluntary Employees' Beneficiaries Association Trust.

Health care and life insurance benefits are provided for eligible retired employees and their eligible dependents. These benefits are provided through various insurance companies and health care providers. Costs are accrued during the years the employee renders the necessary service.

Certain non-U.S. subsidiaries provide pension benefits for their employees consistent with local practices and regulations. These plans are primarily defined benefit plans covering substantially all employees upon completion of a specified period of service. Benefits for these plans are generally based on years of service and annual compensation.

Included in accrued pension costs shown on the Consolidated Balance Sheets are defined contribution pension liabilities of \$ 6,599 and \$ 6,120 in 2009 and 2008, respectively.

Effective December 1, 2007, we adopted the new requirements under ASC 715 Compensation - Retirement Benefits. Employers are now required to recognize the underfunded or overfunded status of defined benefit pension and postretirement plans as an asset or liability in its statement of financial position, and recognize changes in the funded status in the year in which the changes occur through accumulated other comprehensive income, which is a component of stockholders' equity. This standard also eliminates the requirement for Additional Minimum Pension Liability (AML). As a result of the application of the new standards as of December 1, 2007, the company reversed assets of \$2,651 and increased liabilities by \$35,512. These liabilities were offset to accumulated other comprehensive income and deferred taxes. We also recognized an after-tax decrease in accumulated other comprehensive income of \$5,333 and \$8,385 for the U.S. and non-U.S. pension benefit plans, respectively, and \$24,445 for the postretirement health care and life insurance benefit plan.

The following illustrates the adjustments to the balance sheet to record the funded status as of December 1, 2007:

| Before | | Total | | |
|-----------------|------------------|------------------|--------------------|-----------------|
| Adopting | | | Adjustments | After |
| ASC | Eliminate | Adjust to | to adopt | Adopting |
| 715 | AML | ASC 715 | ASC 715 | ASC 715 |

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| | | | | | |
|--|-----------|---------|-------------|-------------|-----------|
| Noncurrent benefit asset | \$ 39,102 | \$ | \$ (24,558) | \$ (24,558) | \$ 14,544 |
| Intangible asset | 537 | (537) | | (537) | |
| Deferred tax asset | 2,662 | (1,960) | 24,404 | 22,444 | 25,106 |
| Current benefit liability | 5,990 | | (3,815) | (3,815) | 2,175 |
| Noncurrent benefit liability | 49,102 | (6,391) | 45,718 | 39,327 | 88,429 |
| Accumulated other comprehensive income, net of tax | (5,332) | 3,894 | (42,057) | (38,163) | (43,495) |
| Accumulated other comprehensive income, pre-tax | (7,994) | 5,853 | (66,460) | (60,607) | (68,601) |

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In accordance with accounting standards we have changed our measurement date from August 31 to our fiscal year-end for our pension and other postretirement benefit plans. The adjustments to retained earnings and accumulated other comprehensive income due to the measurement date change as of November 29, 2009 were as follows:

| | U.S. Plans | Non-U.S. Plans | Other Postretirement Plans |
|--|------------|----------------|----------------------------|
| Retained earnings, net of tax | \$ 167 | \$ (178) | \$ 40 |
| Retained earnings, pre-tax | 274 | (426) | 65 |
| Accumulated other comprehensive income, net of tax | 32 | 180 | (71) |
| Accumulated other comprehensive income, pre-tax | 53 | 254 | (116) |

Following is a reconciliation of the beginning and ending balances of the benefit obligation and the fair value of plan assets as of November 28, 2009 and November 29, 2008:

| | Pension Benefits | | | | Other Postretirement Benefits | |
|--|--------------------|--------------------|--------------------|--------------------|-------------------------------|-------------------|
| | U.S. Plans | | Non-U.S. Plans | | 2009 | 2008 |
| | 2009 | 2008 | 2009 | 2008 | | |
| Change in projected benefit obligation: | | | | | | |
| Benefit obligation at beginning of year | \$ 248,306 | \$ 266,412 | \$ 117,373 | \$ 144,418 | \$ 48,089 | \$ 78,284 |
| Service cost | 5,527 | 5,396 | 1,147 | 1,130 | 519 | 1,455 |
| Interest cost | 21,298 | 16,460 | 8,674 | 7,671 | 3,937 | 4,816 |
| Participant contributions | | | | 63 | 1,187 | 997 |
| Plan amendments | | (1,603) | | | | (25,663) |
| Actuarial (gain)/loss | 45,266 | (23,023) | 12,231 | (3,106) | 10,720 | (6,642) |
| Other | | | | | 380 | 382 |
| Curtailments | | | (438) | (931) | | |
| Settlement | | (1,305) | | | | |
| Benefits paid | (18,297) | (14,031) | (7,076) | (6,205) | (7,968) | (5,540) |
| Currency change effect | | | 17,581 | (25,667) | | |
| Benefit obligation at end of year | 302,100 | 248,306 | 149,492 | 117,373 | 56,864 | 48,089 |
| Change in plan assets: | | | | | | |
| Fair value of plan assets at beginning of year | 221,974 | 253,851 | 77,604 | 111,463 | 38,412 | 45,003 |
| Actual return on plan assets | (11,572) | (19,311) | (10,763) | (13,589) | (6,004) | (6,288) |
| Employer contributions | 86,931 | 1,465 | 54,508 | 1,251 | 2,475 | 4,241 |
| Participant contributions | | | | 63 | 1,186 | 996 |
| Benefits paid ¹ | (18,297) | (14,031) | (2,028) | (1,674) | (7,968) | (5,540) |
| Currency change effect | | | 8,571 | (19,910) | | |
| Fair value of plan assets at end of year | 279,036 | 221,974 | 127,892 | 77,604 | 28,101 | 38,412 |
| Fourth quarter contributions | | 368 | | 910 | | 1,247 |
| Plan assets less than benefit obligation as of year end | \$ (23,064) | \$ (25,964) | \$ (21,600) | \$ (38,859) | \$ (28,763) | \$ (8,430) |

1 Amount excludes benefit payments made from sources other than plan assets.

Amounts in accumulated other comprehensive income that have not been recognized as components of net

Pension Benefits

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| periodic benefit cost: | U.S. Plans | | Non-U.S. Plans | | Other Postretirement Benefits | |
|---|-----------------------------|------------|----------------|-----------|-------------------------------------|-----------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | Unrecognized actuarial loss | \$ 116,051 | \$ 30,888 | \$ 57,633 | \$ 32,502 | \$ 60,977 |
| Unrecognized prior service cost (benefit) | 134 | 263 | (39) | (47) | (24,149) | (29,944) |
| Unrecognized net transition obligation | | | | 21 | | |
| Ending balance | \$ 116,185 | \$ 31,151 | \$ 57,594 | \$ 32,476 | \$ 36,829 | \$ 15,135 |

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| Statement of financial position as of fiscal year-end: | Pension Benefits | | | | Other Postretirement Benefits | |
|--|------------------|-------------|----------------|-------------|-------------------------------|------------|
| | U.S. Plans | | Non-U.S. Plans | | 2009 | 2008 |
| | 2009 | 2008 | 2009 | 2008 | | |
| Non-current assets | \$ | \$ | \$ 1,707 | \$ | \$ | \$ |
| Accrued benefit cost | | | | | | |
| Current liabilities | (1,519) | (1,483) | (787) | (644) | (273) | (257) |
| Non-current liabilities | (21,545) | (24,480) | (22,520) | (38,214) | (28,490) | (8,173) |
| Ending balance | \$ (23,064) | \$ (25,964) | \$ (21,600) | \$ (38,859) | \$ (28,763) | \$ (8,430) |

The accumulated benefit obligation of the U.S. pension and other postretirement plans was \$ 335,431 at November 28, 2009 and \$ 276,898 at November 29, 2008. The accumulated benefit obligation of the non-U.S. pension plans was \$ 143,745 at November 28, 2009 and \$ 112,889 at November 29, 2008.

The following amounts relate to pension plans with accumulated benefit obligations in excess of plan assets as of November 28, 2009 and November 29, 2008:

| | Pension Benefits and Other Postretirement Benefits | | | |
|--------------------------------|--|-----------|----------------|------------|
| | U.S. Plans | | Non-U.S. Plans | |
| | 2009 | 2008 | 2009 | 2008 |
| Accumulated benefit obligation | \$ 75,644 | \$ 64,378 | \$ 136,449 | \$ 112,889 |
| Fair value of plan assets | 28,102 | 38,412 | 117,632 | 77,604 |

The following amounts relate to pension plans with projected benefit obligations in excess of plan assets as of November 28, 2009 and November 29, 2008:

| | Pension Benefits and Other Postretirement Benefits | | | |
|------------------------------|--|------------|----------------|------------|
| | U.S. Plans | | Non-U.S. Plans | |
| | 2009 | 2008 | 2009 | 2008 |
| Projected benefit obligation | \$ 358,965 | \$ 296,395 | \$ 140,938 | \$ 117,373 |
| Fair value of plan assets | 307,138 | 260,386 | 117,632 | 77,604 |

Information about the expected cash flows follows:

| | Pension Benefits | | Other Postretirement Benefits |
|----------------------------------|------------------|----------------|-------------------------------|
| | U.S. Plans | Non-U.S. Plans | |
| Employer contributions | | | |
| 2010 | \$ 5,319 | \$ 4,069 | \$ 8,721 |
| Expected benefit payments | | | |
| 2010 | \$ 14,859 | \$ 6,165 | \$ 4,521 |
| 2011 | 15,135 | 6,398 | 4,558 |
| 2012 | 15,493 | 6,584 | 4,479 |
| 2013 | 16,013 | 6,837 | 4,409 |

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| | | | |
|-----------|--------|--------|--------|
| 2014 | 16,680 | 7,225 | 4,371 |
| 2015-2019 | 96,054 | 39,633 | 21,483 |

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Components of net periodic benefit cost and other supplemental information for the years ended November 28, 2009, November 29, 2008, and December 1, 2007 follow:

| Net periodic cost (benefit): | Pension Benefits | | | | | | Other Postretirement Benefits | | |
|-------------------------------------|------------------|------------|----------|----------|----------------|----------|-------------------------------|----------|----------|
| | 2009 | U.S. Plans | | 2009 | Non-U.S. Plans | | 2009 | 2008 | 2007 |
| | | 2008 | 2007 | | 2008 | 2007 | | | |
| Service cost | \$ 4,422 | \$ 5,396 | \$ 6,604 | \$ 942 | \$ 1,123 | \$ 2,246 | \$ 415 | \$ 1,455 | \$ 1,587 |
| Interest cost | 17,038 | 16,460 | 16,487 | 7,679 | 7,675 | 6,945 | 3,150 | 4,816 | 4,038 |
| Expected return on assets | (22,770) | (24,849) | (19,274) | (7,406) | (8,787) | (8,242) | (3,361) | (3,886) | (3,683) |
| Amortization: | | | | | | | | | |
| Prior service cost | 103 | 197 | 302 | (4) | (5) | (4) | (4,636) | (922) | (1,734) |
| Actuarial (gain)/ loss | 110 | 143 | 2,328 | 1,008 | 213 | 1,191 | 4,172 | 3,731 | 3,150 |
| Transition amount | | | | 20 | 22 | 10 | | | |
| Curtailement (gain)/loss | | (1,042) | | | | | | | |
| Settlement charge/(credit) | | (997) | | | | | | | |
| Net periodic benefit cost (benefit) | \$ (1,097) | \$ (4,692) | \$ 6,447 | \$ 2,239 | \$ 241 | \$ 2,146 | \$ (260) | \$ 5,194 | \$ 3,358 |

| Amounts expected to be amortized from accumulated other comprehensive income into net periodic benefit costs over next fiscal year as of November 28, 2009 | Pension Benefits | | Postretirement benefits |
|--|------------------|----------------|-------------------------|
| | U.S. Plans | Non-U.S. Plans | |
| Amortization of prior service cost (benefit) | 66 | (4) | (4,636) |
| Amortization of net actuarial (gain) loss | 2,467 | 2,526 | 6,332 |
| | 2,533 | 2,522 | 1,696 |

The asset allocation for the company's U.S. and non-U.S. pension plans at the end of 2009 and 2008 follows.

| Asset Category | U.S. Pension Plans | | | Non-U.S. Pension Plans | | | Other Postretirement Plans | | |
|----------------|--------------------|---------------------------------------|-------|------------------------|---------------------------------------|-------|----------------------------|---------------------------------------|-------|
| | Target | Percentage of Plan Assets at Year-End | | Target | Percentage of Plan Assets at Year-End | | Target | Percentage of Plan Assets at Year-End | |
| | | 2009 | 2009 | | 2008 | 2009 | | 2009 | 2008 |
| | Equity securities | 60.0% | 49.5% | 78.4% | 60.0% | 55.5% | 96.3% | 100.0% | 97.6% |
| Fixed Income | 40.0% | 50.5% | 21.6% | 40.0% | 44.5% | 3.7% | | 2.4% | 0.7% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

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The U.S. pension plans consist of two plans: a pension plan and a supplemental executive retirement plan (SERP). There were no assets in the SERP in 2009 and 2008. Consequently, all of the data disclosed in the asset allocation table for the U.S. pension plans pertain to our U.S. pension plan.

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Our investment strategy for our U.S. pension plan was amended in 2009. The strategy shifted from being heavily weighted towards equities to being more balanced between equities and fixed income. The target asset allocation of the U.S. pension plan was changed from a mix of 80 percent equities and 20 percent fixed income to a mix of 60 percent equities and 40 percent fixed income. The shift in target asset allocation was made to reduce volatility of plan assets in future periods and to more closely match the duration of the assets with the duration of the liabilities of the plan. As of November 28, 2009, the asset allocation of the U.S. pension plan was 49.5 percent equities and 50.5 percent fixed income. We plan to reallocate the portfolio to the new target allocation in 2010. The expected long-term rate of return on this plan was 8.75 percent in 2009 and 9.00 percent in 2008.

The non-U.S. pension plans consist of all the pension plans administered by us outside the U.S., principally consisting of plans in Germany, the United Kingdom and Canada. Our investment strategy for several of the non-U.S. pension plans was amended in 2009. The strategy shifted from being heavily weighted towards equities to being more balanced between equities and fixed income. Target asset allocations for several of the plans were reduced from allocations more heavily concentrated in equities to a mix of 60 percent equities and 40 percent fixed income. The shift in target asset allocation was made to reduce volatility of plan assets in future periods and to more closely match the duration of the assets with the duration of the liabilities of the individual plans. As of November 28, 2009 the weighted-average asset allocation of all the non-U.S. pension plans was 55.5 percent equities and 44.5 percent fixed income. We plan to reallocate the portfolios to the new target asset allocations in 2010. The expected weighted-average long-term rate of return on these plans was 8.40 percent in 2009 and 7.94 percent in 2008.

Other postretirement benefits plans consist of two U.S. plans: a retiree medical health care plan and a group term life insurance plan. There were no assets in the group term life insurance plan for 2009 and 2008. Consequently, all of the data disclosed in the asset allocation table for other postretirement plans pertain to our retiree medical health care plan. Our investment strategy for other postretirement benefit plans is to maintain an asset allocation nearly completely in equities. These equities are invested in a passive portfolio indexed to the S&P500. The expected long-term rate of return on these plans was 8.75 percent in 2009, 2008 and 2007.

| Weighted-average assumptions used to | Pension Benefits | | | | | | | | |
|--|------------------|-------------|-------------|----------------|-------------|-------------|-------------|-------------|-------------|
| | U.S. Plans | | | Non-U.S. Plans | | | Other | | |
| | 2009 | 2008 | 2007 | 2009 | 2008 | 2007 | 2009 | 2008 | 2007 |
| Determine benefit obligations | 2009 | 2008 | 2007 | 2009 | 2008 | 2007 | 2009 | 2008 | 2007 |
| Discount rate | 5.69% | 6.93% | 6.25% | 5.16% | 5.82% | 5.46% | 5.30% | 6.79% | 6.25% |
| Rate of compensation increase | 4.19% | 4.18% | 4.23% | 2.21% | 2.14% | 3.32% | N/A | N/A | N/A |
| Determine net costs for years ended | 2009 | 2008 | 2007 | 2009 | 2008 | 2007 | 2009 | 2008 | 2007 |
| Discount rate | 6.93% | 6.25% | 6.00% | 5.82% | 5.48% | 4.68% | 6.79% | 6.25% | 6.00% |
| Expected return on plan assets | 8.75% | 9.00% | 9.00% | 8.40% | 7.94% | 8.55% | 8.75% | 8.75% | 8.75% |
| Rate of compensation increase | 4.18% | 4.23% | 4.22% | 2.21% | 3.31% | 3.32% | N/A | N/A | N/A |

The expected return on assets assumption on the investment portfolios for the pension and other postretirement benefit plans is based on the long-term expected returns for the investment mix of assets currently in the portfolio. Management uses historic return trends of the asset portfolio combined with recent market conditions to estimate the future rate of return. The discount rate is determined using an actuarial tool that applies a yield curve approach which enables us to select a discount rate that reflects the characteristics of the plan. The tool identifies a broad universe of corporate bonds that meet the quality and size criteria for the particular plan.

| Assumed health care trend rates | 2009 | 2008 | 2007 |
|---|-------|-------|-------|
| Health care cost trend rate assumed for next year | 7.50% | 8.00% | 8.85% |
| Rate to which the cost trend rate is assumed to decline (the ultimate trend rate) | 5.00% | 5.00% | 5.00% |
| Fiscal year that the rate reaches the ultimate trend rate | 2015 | 2015 | 2015 |

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The rate of increase in health care cost levels is expected to be 7.50 percent in the year 2010. The company's retiree medical plan was modified during 2008 with changes going into effect December 1, 2008. Changes include the elimination of certain benefits, increases in co-pay amounts and changes in options for medical coverage. The financial impact was to reduce the accumulated postretirement benefit obligation as of November 29, 2008 by \$25,663.

Sensitivity Information: The health care trend rate assumption has a significant effect on the amounts reported. A one-percentage point change in the health care cost trend rate would have the following effects on the November 29, 2008 service and interest cost and the accumulated postretirement benefit obligation at November 28, 2009:

| | One-Percentage Point | |
|---|-------------------------|----------|
| | Increase | Decrease |
| Effect on service and interest cost components - annual | \$ 40 | \$ (30) |
| Effect on accumulated postretirement benefit obligation | \$ 193 | \$ (173) |

Note 11: Financial Instruments

As a result of being a global enterprise, our earnings, cash flows and financial position are exposed to foreign currency risk from foreign currency denominated receivables and payables. These items are denominated in various foreign currencies, including the Euro, Canadian dollar, Australian dollar, British pound sterling, Japanese yen, Argentine peso, Brazilian real, Costa Rican colones, Chinese renminbi and Honduran lempira.

Our objective is to balance, where possible, local currency denominated assets to local currency denominated liabilities to have a natural hedge and minimize foreign exchange impacts. We take steps to minimize risks from foreign currency exchange rate fluctuations through normal operating and financing activities and, when deemed appropriate, through the use of derivative instruments. We do not enter into any speculative positions with regard to derivative instruments.

We enter into derivative contracts with a group of investment grade multinational commercial banks. Each of these banks is a participant in our revolving credit facility. We evaluate the credit quality of each of these banks on a periodic basis as warranted.

Foreign currency derivative instruments outstanding were not designated as hedges for accounting purposes, the gains and losses related to mark-to-market adjustments were recognized as other income or expense on the income statement during the periods in which the derivative instruments were outstanding.

As of November 28, 2009, we had forward foreign currency contracts maturing between December 2, 2009 and April 19, 2010. The mark-to-market value associated with these contracts was a net loss of \$471, \$502 and \$796 in 2009, 2008 and 2007, respectively. These net losses were largely offset by the underlying transaction net gains and losses resulting from the foreign currency exposures for which these contracts relate.

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Effective November 13, 2009, we entered into interest rate swap agreements to convert all of Series A, all of Series B, and \$25 million of Series C from our new Senior Notes agreement to variable interest rates. The swaps convert our Series A Senior Notes from a fixed rate of 5.13 percent to a variable rate of 6-month LIBOR (in arrears) plus 1.59 percent, our Series B Senior Notes from a fixed rate of 5.13 percent to a variable rate of 6-month LIBOR (in arrears) plus 1.47 percent, and the \$25 million of Series C Senior Notes from a fixed rate of 5.61 percent to a variable rate of 6-month LIBOR (in arrears) plus 1.78 percent. The fair value of the Senior Notes swapped into variable rates, was a liability of \$1,338 at November 28, 2009 and was included in long-term debt in the consolidated balance sheet. See Note 7 for additional information. The fair values of the swaps in total were an asset of \$1,050 at November 28, 2009 and were included in other assets in the consolidated balance sheet. The swaps were designated for hedge accounting treatment. The changes in the fair value of the swap and

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the fair value of the Senior Notes are recorded as other income, net in the income statement. In a perfectly effective hedge relationship, the two fair value calculations would exactly offset each other. Any difference in the calculation represents hedge ineffectiveness. The calculations as of November 28, 2009 resulted in additional expense of \$288 as the fair value of the Senior Notes increased by more than the fair value of the interest rate swaps.

Effective December 19, 2007 we entered into an interest rate swap agreement to limit exposure to the fluctuations in our LIBOR-based variable interest payments on our \$75,000 term loan. The swap covered the notional amount of \$75,000 at a fixed rate of 4.984 percent and expired on December 19, 2008. The fair value of the swap was a liability of \$180 at November 29, 2008 and was included in other accrued expenses in the consolidated balance sheet. The swap was designated for hedge accounting treatment. Accordingly, we recognized the fair value of the swap in the consolidated balance sheet and any changes in the fair value was recorded as adjustments to accumulated other comprehensive income, net of tax. The fair value of the swap was the estimated amount that we would pay or receive to terminate the agreements at the reporting date.

Concentrations of credit risk with respect to trade accounts receivable are limited due to the large number of entities in the customer base and their dispersion across many different industries and countries. As of November 28, 2009 and November 29, 2008, there were no significant concentrations of credit risk.

Note 12: Commitments and Contingencies

Leases: The minimum lease payments, related to buildings, equipment and vehicles, that are expected to be made in each of the years indicated based on operating leases in effect at November 28, 2009 are:

| Fiscal Year | 2010 | 2011 | 2012 | 2013 | 2014 | Total Minimum Lease Payments |
|------------------|----------|----------|----------|--------|--------|---------------------------------------|
| Operating Leases | \$ 5,246 | \$ 3,082 | \$ 1,535 | \$ 798 | \$ 188 | \$ 10,849 |

Rent expense for all operating leases, which includes minimum lease payments and other charges such as common area maintenance fees, was \$8,138, \$7,519 and \$7,984 in 2009, 2008 and 2007, respectively.

Servicing Agreement: In 2005, we engaged Accenture LLP to assist in delivering Information Technology more effectively and at a reduced cost. This original contract was scheduled to run through 2015. In the second quarter of 2009, we announced our decision to bring certain Information Technology roles and services back into H.B. Fuller and we revised our contract with Accenture. This revision decreased our future contractual obligations to Accenture. Actual expenditures under the Accenture agreement for the years ended November 28, 2009 and November 29, 2008 were \$10,075 and \$14,147, respectively. Of the costs incurred, \$869 and \$627 were capitalized in 2009 and 2008, respectively. The future contractual obligations to Accenture in each of the years indicated based on the revised contract in place at November 28, 2009 are:

| Fiscal Year | 2010 | 2011 | 2012 | 2013 | 2014 | Total Contractual Obligations |
|-------------|------|------|------|------|------|-------------------------------------|
|-------------|------|------|------|------|------|-------------------------------------|

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| | | | | | | |
|---------------------|----------|----------|----------|----------|----------|-----------|
| Servicing Agreement | \$ 6,099 | \$ 5,120 | \$ 4,482 | \$ 3,594 | \$ 1,280 | \$ 20,575 |
|---------------------|----------|----------|----------|----------|----------|-----------|

Environmental: From time to time, we are identified as a potentially responsible party (PRP) under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and/or similar state laws that impose liability for costs relating to the clean up of contamination resulting from past spills, disposal or other release of hazardous substances. We are also subject to similar laws in some of the countries where current and former facilities are located. Our environmental, health and safety department monitors compliance with all applicable laws on a global basis.

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Currently we are involved in various environmental investigations, clean up activities and administrative proceedings and lawsuits. In particular, we are currently deemed a PRP in conjunction with numerous other parties, in a number of government enforcement actions associated with hazardous waste sites. As a PRP, we may be required to pay a share of the costs of investigation and clean up of these sites. In addition, we are engaged in environmental remediation and monitoring efforts at a number of current and former operating facilities, including remediation of environmental contamination at the Sorocaba, Brazil facility. Soil and water samples were collected on and around the Sorocaba facility, and test results indicated that certain contaminants, including carbon tetrachloride and other solvents, exist in the soil at the Sorocaba facility and in the groundwater at both the Sorocaba facility and some neighboring properties. We are continuing to work with Brazilian regulatory authorities to implement and operate a remediation system at the site. As of November 28, 2009, \$1,259 was recorded as a liability for expected remediation expenses remaining for this site. Depending on the results of testing of our current remediation actions, we may be required to record additional liabilities related to remediation costs at the Sorocaba facility.

As of November 28, 2009, we had recorded \$3,025 as the best probable estimate of aggregate liabilities for costs of environmental investigation and remediation, inclusive of the accrual related to the Sorocaba facility described above. These estimates are based primarily upon internal or third-party environmental studies, assessments as to our responsibility, the extent of the contamination and the nature of required remedial actions. Our current assessment of the probable liabilities and associated expenses related to environmental matters is based on the facts and circumstances known at this time. Recorded liabilities are adjusted as further information is obtained or circumstances change.

While uncertainties exist with respect to the amounts and timing of the ultimate environmental liabilities, based on currently available information, we do not believe that these matters, individually or in aggregate, will have a material adverse effect on our long-term financial condition. However, adverse developments and/or periodic settlements could negatively impact the results of operations or cash flows in one or more future quarters.

Product Liability: As a participant in the chemical and construction products industries, we face an inherent risk of exposure to claims in the event that the alleged failure, use or misuse of our products results in or is alleged to result in property damage and/or bodily injury. From time to time and in the ordinary course of business, we are a party to, or a target of, lawsuits, claims, investigations and proceedings, including product liability, personal injury, contract, patent and intellectual property, health and safety and employment matters.

We have been named as a defendant in lawsuits in various courts in which plaintiffs have alleged injury due to products containing asbestos manufactured more than 25 years ago. The plaintiffs generally bring these lawsuits against multiple defendants and seek damages (both actual and punitive) in very large amounts. In many of these cases, the plaintiffs are unable to demonstrate that they have suffered any compensable injuries or that the injuries suffered were the result of exposure to products manufactured by us. We are typically dismissed as a defendant in such cases without payment. If the plaintiff presents evidence indicating that compensable injury occurred as a result of exposure to our products, the case is generally settled for an amount that reflects the seriousness of the injury, the length, intensity and character of exposure to asbestos containing products, the number and solvency of other defendants in the case, and the jurisdiction in which the case has been brought.

A significant portion of the defense costs and settlements in asbestos-related litigation continues to be paid by third parties, including indemnification pursuant to the provisions of a 1976 agreement under which we acquired a business from a third party. Historically, this third party routinely defended all cases tendered to it and paid settlement amounts resulting from those cases. In the 1990s, the third party sporadically reserved its rights, but continued to defend and settle all asbestos-related claims tendered to it by us. In 2002, the third party rejected the tender of certain cases and indicated it would seek contributions for past defense costs, settlements and judgments. However, this third party is defending and paying settlement amounts, under a reservation of rights, in most of the asbestos cases tendered to the third party. As discussed below, during the fourth quarter of 2007, we and a group of other defendants, including the third party obligated to indemnify us against certain asbestos-related claims, entered into negotiations with certain law firms to settle a number of asbestos-related lawsuits and claims.

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In addition to the indemnification arrangements with third parties, we have insurance policies that generally provide coverage for asbestos liabilities (including defense costs). Historically, insurers have paid a significant portion of our defense costs and settlements in asbestos-related litigation. However, certain of our insurers are insolvent. We have entered into cost-sharing agreements with our insurers that provide for the allocation of defense costs and, in some cases, settlements and judgments, in asbestos-related lawsuits. Under these agreements, we are required in some cases to fund a share of settlements and judgments allocable to years in which the responsible insurer is insolvent.

As referenced above, during the fourth quarter of 2007, we and a group of other defendants entered into negotiations with certain law firms to settle a number of asbestos-related lawsuits and claims over a period of years. In total, we expect to contribute up to \$4,114 towards the settlement amount to be paid to the claimants in exchange for a full release of claims. Of this amount, our insurers have committed to pay \$2,043 based on a probable liability of \$4,114. During 2009 \$1,079 was paid toward this settlement, of which our insurers paid \$507 of that amount. Given that the remaining settlement payouts are expected to occur over a period of years and the accrual is based on the maximum number of cases to be settled, we applied a present value approach and have accrued \$2,923 and recorded a receivable of \$1,461 as of November 28, 2009.

A summary of the number of and settlement amounts for asbestos-related lawsuits and claims is as follows:

| | Year Ended November 28, 2009 | Year Ended November 29, 2008 | Year Ended December 01, 2007 |
|--|------------------------------------|------------------------------------|------------------------------------|
| Lawsuits and claims settled | 7 | 5 | 6 |
| Settlements reached | \$ 846 | \$ 808 | \$ 405 |
| Insurance payments received or expected to be received | \$ 595 | \$ 599 | \$ 292 |

Of the seven asbestos-related lawsuits settled, five were settled in the fourth quarter for \$795 and our insurers have paid or are expected to pay \$560 of that amount.

We do not believe that it would be meaningful to disclose the aggregate number of asbestos-related lawsuits filed against us because relatively few of these lawsuits are known to involve exposure to asbestos-containing products that we manufactured. Rather, we believe it is more meaningful to disclose the number of lawsuits that are settled and result in a payment to the plaintiff.

To the extent we can reasonably estimate the amount of our probable liability for pending asbestos-related claims, we establish a financial provision and a corresponding receivable for insurance recoveries. As of November 28, 2009, our probable liabilities and insurance recoveries related to asbestos claims were \$3,490 and \$1,918, respectively. We have concluded that it is not possible to reasonably estimate the cost of disposing of other asbestos-related claims (including claims that might be filed in the future) due to our inability to project future events. Future variables include the number of claims filed or dismissed, proof of exposure to our products, seriousness of the alleged injury, the number and solvency of other defendants in each case, the jurisdiction in which the case is brought, the cost of disposing of such claims, the uncertainty of asbestos litigation, insurance coverage and indemnification agreement issues, and the continuing solvency of certain insurance companies.

Based on currently available information, we do not believe that asbestos-related litigation, individually or in aggregate, will have a material adverse effect on our long-term financial condition. However, adverse developments and/or periodic settlements in such litigation could negatively impact the results of operations or cash flows in one or more future quarters.

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In addition to product liability claims discussed above, we are involved in other claims or legal proceedings related to our products, which we believe are not out of the ordinary in a business of the type and size in which we are engaged.

Table of Contents**Note 13: Fair Value Measurements**

In September 2006, the FASB issued an accounting standard codified in ASC 820 Fair Value Measurements and Disclosures. This standard provides a single definition for fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Under this standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. This standard also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability developed based on market data obtained from sources independent of us. Unobservable inputs are inputs that reflect our assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances.

We adopted the standard as amended by subsequent FASB standards beginning December 2, 2007 with respect to fair value measurements of (a) nonfinancial assets and liabilities that are recognized or disclosed at fair value in our financial statements on a recurring basis (at least annually) and (b) all financial assets and liabilities. The financial assets and liabilities that are re-measured and reported at fair value for each reporting period include marketable securities and derivatives. Derivatives include foreign currency forward contracts and interest rate swaps. There were no fair value measurements with respect to nonfinancial assets or liabilities that are recognized or disclosed at fair value in our financial statements on a recurring basis subsequent to the effective date of this standard. The adoption did not have a material impact on our financial condition, results of operations or cash flows.

This standard also clarifies the application in a market that is not active, and addresses application issues such as the use of internal assumptions when relevant observable data does not exist, the use of observable market information when the market is not active, and the use of market quotes when assessing the relevance of observable and unobservable data.

The following table presents information about our financial assets and liabilities that are measured at fair value on a recurring basis as of November 28, 2009, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value. The hierarchy is broken down into three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs include data points that are observable such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) such as interest rates and yield curves that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

| Description | November 28, 2009 | Fair Value Measurements Using: | | | Total Gains (Losses) |
|-----------------------------|----------------------|--------------------------------|-----------|---------|-------------------------|
| | | Level 1 | Level 2 | Level 3 | |
| Assets: | | | | | |
| Marketable securities | \$ 43,658 | \$ 31,791 | \$ 11,867 | \$ | \$ |
| Derivative assets | 489 | | 489 | | |
| Interest rate swaps | 1,050 | | 1,050 | | |
| Goodwill | 13,337 | | | 13,337 | (790) |
| Liabilities: | | | | | |
| Derivative liabilities | \$ 960 | \$ | \$ 960 | \$ | \$ |
| Firm commitment liabilities | 1,338 | | 1,338 | | |

In accordance with accounting standards, goodwill related to our specialty construction reporting unit with a carrying amount of \$14,127 at November 29, 2008 was written down to its implied fair value of \$13,337 after completing our valuation work in the first quarter of 2009. The resulting impairment charge in the first quarter of \$790 was included in earnings for the period.

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We used a discounted cash flow approach to estimate the fair value of our specialty construction reporting unit. Management judgment was required in developing the assumptions for the discounted cash flow model. These assumptions included revenue growth rates, profit margin percentages, discount rates, perpetuity growth rates, future capital expenditures, etc. The estimated fair value was compared to the implied fair value of goodwill to determine if impairment existed. The implied fair value was determined similar to how goodwill is calculated in a business combination, by measuring the excess of the estimated fair value of the reporting unit, calculated as described above using a discounted cash flow model, over the estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit were being acquired in a business combination. The carrying value of goodwill assigned to our specialty construction reporting unit exceeded the implied fair value of goodwill and therefore, an impairment charge was recorded.

Note 14: Operating Segments

We report our operating segments in four geographic regions: North America, EMEA, Latin America and Asia Pacific, in accordance with accounting standards codified in FASB ASC 280, Segment Reporting. The Vice Presidents of each region, report directly to the Chief Executive Officer and are held accountable for, and are compensated based upon, the performance of the entire operating segment for which they are responsible. The business components within each operating segment are managed to maximize the results of the overall operating segment rather than the results of any individual business component of the operating segment. Results of individual components of each operating segment are subject to numerous allocations of segment-wide costs that may or may not have been focused on that particular component for a particular reporting period. The costs for these allocated resources are not tracked on a where-used basis as financial performance is assessed at the total operating segment level.

We evaluate the performance of each of our operating segments based on operating income, which is defined as gross profit less selling, general and administrative (SG&A) expenses and excludes gains from sales of assets. Corporate expenses are fully allocated to each operating segment. Corporate assets are not allocated to the segments. Inter-segment revenues are recorded at cost plus a markup for administrative costs.

Beginning in 2009, our packaging solutions reporting unit that had been reported entirely in the North America segment, has been broken out into all four operating segments. The reporting unit has historically had international revenue and expenses however it was managed centrally in North America. The reporting unit is now managed on a regional basis and its results are therefore reflected in each operating segment. Certain reclassifications to 2008 and 2007 information, as previously reported, have been made to conform to the new segment structure.

Our Europe operating segment has been renamed to EMEA. We believe this name is more representative of the business activities of the segment, especially after the 2008 Egymelt acquisition. There were no other changes to this segment other than the addition of the packaging solutions activities related to Europe.

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Reportable operating segment financial information for all periods presented follows:

| | 2009 | 2008 | 2007 |
|--------------------------------------|---------------------|---------------------|---------------------|
| Net revenue | | | |
| North America | \$ 532,831 | \$ 598,602 | \$ 642,507 |
| EMEA | 364,336 | 433,100 | 421,748 |
| Latin America | 216,742 | 229,525 | 221,133 |
| Asia Pacific | 120,750 | 130,327 | 114,870 |
| Total | \$ 1,234,659 | \$ 1,391,554 | \$ 1,400,258 |
| Inter-segment sales | | | |
| North America | \$ 27,739 | \$ 32,523 | \$ 27,700 |
| EMEA | 8,391 | 11,114 | 7,919 |
| Latin America | 59 | 2,495 | 1,260 |
| Asia Pacific | 2,738 | 2,559 | 940 |
| Operating income | | | |
| North America | \$ 70,138 | \$ 58,340 | \$ 74,031 |
| EMEA | 23,177 | 35,730 | 46,942 |
| Latin America | 9,696 | 7,766 | 13,811 |
| Asia Pacific | 4,150 | 7,721 | 8,026 |
| Total | \$ 107,161 | \$ 109,557 | \$ 142,810 |
| Depreciation and amortization | | | |
| North America | \$ 27,258 | \$ 25,972 | \$ 29,738 |
| EMEA | 12,181 | 12,524 | 12,318 |
| Latin America | 4,935 | 5,131 | 5,595 |
| Asia Pacific | 2,373 | 2,545 | 2,707 |
| Total | \$ 46,747 | \$ 46,172 | \$ 50,358 |
| Total assets¹ | | | |
| North America | \$ 394,692 | \$ 393,039 | \$ 521,526 |
| EMEA | 319,990 | 290,425 | 324,529 |
| Latin America | 140,766 | 160,323 | 147,791 |
| Asia Pacific | 96,345 | 78,636 | 81,806 |
| Corporate | 148,652 | 158,905 | 288,950 |
| Total | \$ 1,100,445 | \$ 1,081,328 | \$ 1,364,602 |
| Capital expenditures | | | |
| North America | \$ 3,856 | \$ 7,358 | \$ 9,225 |
| EMEA | 6,411 | 5,410 | 3,977 |
| Latin America | 1,589 | 3,632 | 2,910 |
| Asia Pacific | 5,713 | 1,557 | 1,484 |
| Corporate | 5,169 | 2,002 | 3,294 |
| Total | \$ 22,738 | \$ 19,959 | \$ 20,890 |

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Segment assets include primarily inventory, accounts receivable, property, plant and equipment and other miscellaneous assets. Corporate and unallocated assets include primarily corporate property, plant and equipment, deferred tax assets, certain investments and other assets.

Table of Contents**Reconciliation of segment operating income from continuing operations to income from continuing operations before income taxes, minority interests and income from equity investments**

| | 2009 | 2008 | 2007 |
|--|------------|------------|------------|
| Operating income | \$ 107,161 | \$ 109,557 | \$ 142,810 |
| Goodwill and other impairment charges | (790) | (87,410) | |
| Other income, net | 15,983 | 2,794 | 6,802 |
| Interest expense | (7,734) | (14,733) | (12,725) |
| Income from continuing operations before income taxes, minority interests and income from equity investments | \$ 114,620 | \$ 10,208 | \$ 136,887 |

| Geographic areas | Property, Plant and Equipment | | |
|--|-------------------------------|------------|------------|
| | 2009 | 2008 | 2007 |
| United States | \$ 128,131 | \$ 139,214 | \$ 148,916 |
| Germany | 38,376 | 34,654 | 42,203 |
| All other countries with less than 10 percent of total | 86,793 | 78,890 | 86,715 |
| Total | \$ 253,300 | \$ 252,758 | \$ 277,834 |

Note 15 Quarterly Data (unaudited)

(In thousands, except per share amounts)

| | 2009 | | | |
|---|------------|------------|------------|------------|
| | Q1 | Q2 | Q3 | Q4 |
| Net revenue | \$ 278,563 | \$ 299,193 | \$ 315,329 | \$ 341,573 |
| Gross profit | 74,999 | 89,408 | 100,415 | 106,480 |
| Selling, general and administrative expenses | (62,606) | (61,516) | (68,324) | (71,695) |
| Goodwill and other impairment charges | (790) | | | |
| Net income | \$ 6,116 | \$ 17,558 | \$ 35,413 | \$ 24,567 |
| Basic Income per common share | \$ 0.13 | \$ 0.36 | \$ 0.73 | \$ 0.51 |
| Diluted Income per share | \$ 0.13 | \$ 0.36 | \$ 0.72 | \$ 0.50 |
| Weighted-average common shares outstanding | | | | |
| Basic | 48,288 | 48,305 | 48,343 | 48,364 |
| Diluted | 48,924 | 48,927 | 49,242 | 49,376 |

| | 2008 | | | |
|--|------------|------------|------------|------------|
| | Q1 | Q2 | Q3 | Q4 |
| Net revenue | \$ 322,648 | \$ 356,765 | \$ 361,986 | \$ 350,155 |
| Gross profit | 91,517 | 95,223 | 90,453 | 87,262 |
| Selling, general and administrative expenses | (64,997) | (62,795) | (63,757) | (63,349) |
| Goodwill and other impairment charges | | | (525) | (86,885) |

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| | | | | |
|---|-----------|-----------|-----------|-------------|
| Net income (loss) | \$ 18,213 | \$ 21,366 | \$ 21,716 | \$ (42,406) |
| Basic Income (loss) per common share | \$ 0.32 | \$ 0.42 | \$ 0.45 | \$ (0.88) |
| Diluted Income (loss) per share | \$ 0.32 | \$ 0.41 | \$ 0.44 | \$ (0.88) |
| Weighted-average common shares outstanding | | | | |
| Basic | 56,682 | 51,047 | 48,222 | 48,227 |
| Diluted | 57,492 | 51,819 | 49,058 | 48,227 |

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Note 16: Subsequent Event

On December 16, 2009, subsequent to our fiscal year end, we entered into a note purchase agreement under which we agreed to issue \$150 million in fixed-rate senior unsecured notes in the U.S. private placement market. See Note 7 and Note 11 for further discussion.

We have evaluated subsequent events through January 22, 2010, the date the audited consolidated financial statements were issued. No other subsequent events have taken place that meet the definition of a subsequent event that requires further disclosure in this filing.

Item 9A. Controls and Procedures

Controls and Procedures

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our president and chief executive officer and senior vice president, chief financial officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act)). Based on this evaluation, the president and chief executive officer and the senior vice president, chief financial officer concluded that, as of November 28, 2009, our disclosure controls and procedures were effective (1) to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (2) to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to us, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during our most recently completed fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act.

Management's Report on Internal Control over Financial Reporting

The management of H.B. Fuller Company is responsible for establishing and maintaining adequate internal control over financial reporting. H.B. Fuller Company's internal control system was designed to provide reasonable assurance to the company's management and the board of directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

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H.B. Fuller Company management assessed the effectiveness of the company's internal control over financial reporting as of November 28, 2009. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework*. Based on the assessment management believes that, as of November 28, 2009, the company's internal control over financial reporting was effective based on those criteria.

H.B. Fuller Company's independent auditors have issued an audit report on the effectiveness of the company's internal control over financial reporting. This report appears on page 3.

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Attestation Report of the Registered Public Accounting Firm

The report on the effectiveness of the company's internal control over financial reporting issued by KPMG LLP, the company's independent auditors, appears on page 3.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this report:

1. Consolidated Financial Statements

Consolidated Statements of Income for the years ended November 28, 2009, November 29, 2008 and December 1, 2007.

Consolidated Balance Sheets as of November 28, 2009 and November 29, 2008.

Consolidated Statements of Stockholders' Equity for the years ended November 28, 2009, November 29, 2008 and December 1, 2007.

Consolidated Statements of Cash Flows for the years ended November 28, 2009, November 29, 2008 and December 1, 2007.

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

2. Financial Statement Schedules

All financial statement schedules are omitted as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes.

3. Exhibits

| | Item | Incorporation by Reference |
|-----|---|--|
| 3.1 | Restated Articles of Incorporation of H.B. Fuller Company, as amended | Exhibit 3.1 to the Quarterly Report on Form 10-Q for the quarter ended September 2, 2006. |
| 3.2 | By-Laws of H.B. Fuller Company | Exhibit 3(ii). 1 to the Current Report on Form 8-K dated December 4, 2008. |
| 4.1 | Form of Certificate for common stock, par value \$1.00 per share | Previously filed with the original Annual Report on Form 10-K for the fiscal year ended November 28, 2009. |

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| | | |
|-------|---|--|
| 4.2 | Rights Agreement, dated as of July 13, 2006, between H.B. Fuller Company and Wells Fargo Bank Minnesota, National Association, as Rights Agent | Exhibit 4.1 to the Current Report on Form 8-K dated July 13, 2006. |
| 4.3 | Agreement dated as of June 2, 1998 between H.B. Fuller Company and a group of investors, primarily insurance companies, including the form of Notes | Exhibit 4(a) to the Quarterly Report on Form 10-Q for the quarter ended August 29, 1998. |
| 4.4 | Note Purchase Agreement, dated December 16, 2009, among H.B. Fuller Company, as borrower, and various financial institutions. | Exhibit 4.1 to the Current Report on Form 8-K dated December 16, 2009. |
| *10.1 | Amended and Restated H.B. Fuller Company Year 2000 Stock Incentive Plan | Exhibit 10.1 to the Current Report on Form 8-K dated April 5, 2006. |
| *10.2 | H.B. Fuller Company 1998 Directors Stock Incentive Plan | Exhibit 10(c) to the Quarterly Report on Form 10-Q for the quarter ended May 30, 1998. |

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| Item | Incorporation by Reference |
|---|---|
| *10.16 Form of Severance Agreement between H.B. Fuller Company and each of its executive officers | Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended May 31, 2008. |
| 10.17 Loan Agreement, dated June 19, 2006, among H.B. Fuller Company and JP Morgan Chase Bank, National Association as Administrative Agent, Citibank, N.A. as Syndication Agent, and ABN AMRO Bank N.V. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., Chicago Branch as Co-Documentation Agents | Exhibit 10.1 to the Current Report on Form 8-K dated June 19, 2006, Exhibit 10.20 to the Annual Report on Form 10-K for the year ended November 29, 2008 and Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended August 29, 2009. |
| *10.18 H.B. Fuller Company Defined Contribution Restoration Plan (As Amended and Restated Effective January 1, 2008), as amended | Exhibit 10.4 to the Current Report on Form 8-K dated December 19, 2007 and Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended May 31, 2008. |
| *10.19 H.B. Fuller Company Directors' Deferred Compensation Plan (2008 Amendment and Restatement), as amended | Exhibit 10.22 to the Annual Report on Form 10-K for the year ended November 29, 2008 and Exhibit 10.23 to the Annual Report on Form 10-K for the year ended November 29, 2008. |
| 10.20 Schedules 2.03, 3.01, 3.06, 6.01, 6.02, 6.04 and 6.08 to the Credit Agreement, dated December 14, 2005, among H.B. Fuller Company and JP Morgan Chase Bank N.A., as Administrative Agent, Citibank, N.A., as Syndication Agent, and ABN AMRO Bank N.V., Bank of America, N.A. and Bank of Tokyo-Mitsubishi Ltd., as Co-Documentation Agents, as amended | Previously filed with the original Annual Report on Form 10-K for the fiscal year ended November 28, 2009. |
| 10.21 Schedules 3.01, 3.06, 6.01, 6.02, 6.04 and 6.08 to the Loan Agreement, dated June 19, 2006, among H.B. Fuller Company and JP Morgan Chase Bank, National Association as Administrative Agent, Citibank, N.A. as Syndication Agent, and ABN AMRO Bank N.V. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., Chicago Branch as Co-Documentation Agents | Previously filed with the original Annual Report on Form 10-K for the fiscal year ended November 28, 2009. |
| *10.22 Form of Non-Qualified Stock Option Agreement under the Amended and Restated Year 2000 Stock Incentive Plan | Exhibit 10.1 to the Current Report on Form 8-K dated December 3, 2009. |
| *10.23 Form of Restricted Stock Award Agreement under the Amended and Restated Year 2000 Stock Incentive Plan | Exhibit 10.2 to the Current Report on Form 8-K dated December 3, 2009. |
| *10.24 Form of Restricted Stock Unit Award Agreement under the Amended and Restated Year 2000 Stock Incentive Plan | Exhibit 10.3 to the Current Report on Form 8-K dated December 3, 2009. |
| *10.25 Form of Restricted Stock Unit Award Agreement for Retirement Eligible Participants under Amended and Restated Year 2000 Stock Incentive Plan | Exhibit 10.4 to the Current Report on Form 8-K dated December 3, 2009. |
| *10.26 Form of Restricted Stock Award Agreement for the Chief Executive Officer under Amended and Restated Year 2000 Stock Incentive Plan | Exhibit 10.5 to the Current Report on Form 8-K dated December 3, 2009. |
| *10.27 H.B. Fuller Company 2009 Director Stock Incentive Plan | Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended May 30, 2009. |

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| Item | Incorporation by Reference |
|--|--|
| 21 List of Subsidiaries | Previously filed with the original Annual Report on Form 10-K for the fiscal year ended November 28, 2009. |
| 23 Consent of KPMG LLP | Previously filed with the original Annual Report on Form 10-K for the fiscal year ended November 28, 2009. |
| 24 Power of Attorney | Previously filed with the original Annual Report on Form 10-K for the fiscal year ended November 28, 2009. |
| 31.1 Form of 302 Certification Michele Volpi | |
| 31.2 Form of 302 Certification James R. Giertz | |
| 32.1 Form of 906 Certification Michele Volpi | |
| 32.2 Form of 906 Certification James R. Giertz | |

* Asterisked items are management contracts or compensatory plans or arrangements required to be filed.

(b) See Exhibit Index and Exhibits attached to this Form 10-K.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

H.B. FULLER COMPANY

By /s/ Michele Volpi
MICHELE VOLPI
President and Chief Executive Officer

Dated: January 26, 2010

Table of Contents**Exhibit Index**

| Item | Incorporation by Reference |
|---|--|
| 3.1 Restated Articles of Incorporation of H.B. Fuller Company, as amended | Exhibit 3.1 to the Quarterly Report on Form 10-Q for the quarter ended September 2, 2006. |
| 3.2 By-Laws of H.B. Fuller Company | Exhibit 3(ii). 1 to the Current Report on Form 8-K dated December 4, 2008. |
| 4.1 Form of Certificate for common stock, par value \$1.00 per share | Previously filed with the original Annual Report on Form 10-K for the fiscal year ended November 28, 2009. |
| 4.2 Rights Agreement, dated as of July 13, 2006, between H.B. Fuller Company and Wells Fargo Bank Minnesota, National Association, as Rights Agent | Exhibit 4.1 to the Current Report on Form 8-K dated July 13, 2006. |
| 4.3 Agreement dated as of June 2, 1998 between H.B. Fuller Company and a group of investors, primarily insurance companies, including the form of Notes | Exhibit 4(a) to the Quarterly Report on Form 10-Q for the quarter ended August 29, 1998. |
| 4.4 Note Purchase Agreement, dated December 16, 2009, among H.B. Fuller Company, as borrower, and various financial institutions. | Exhibit 4.1 to the Current Report on Form 8-K dated December 16, 2009. |
| *10.1 Amended and Restated H.B. Fuller Company Year 2000 Stock Incentive Plan | Exhibit 10.1 to the Current Report on Form 8-K dated April 5, 2006. |
| *10.2 H.B. Fuller Company 1998 Directors Stock Incentive Plan | Exhibit 10(c) to the Quarterly Report on Form 10-Q for the quarter ended May 30, 1998. |
| *10.3 H.B. Fuller Company Supplemental Executive Retirement Plan 1998 Revision, as amended | Exhibits 10(j) and 10(x) to the Annual Report on Form 10-K405 for the year ended November 28, 1998, Exhibits 10.1, 10.2 and 10.3 to the Current Report on Form 8-K dated November 30, 2006 and Exhibit 10.1 to the Current Report on Form 8-K dated December 19, 2007. |
| *10.4 H.B. Fuller Company Supplemental Executive Retirement Plan II 2008, as amended | Exhibit 10.2 to the Current Report on Form 8-K dated December 19, 2007 and Exhibit 10.5 to the Annual Report on Form 10-K for the year ended November 29, 2008. |
| *10.5 H.B. Fuller Company Executive Benefit Trust dated October 25, 1993 between H.B. Fuller Company and First Trust National Association, as Trustee, as amended, relating to the H.B. Fuller Company Supplemental Executive Retirement Plan | Exhibit 10(k) to the Annual Report on Form 10-K for the year ended November 29, 1997, Exhibit 10(k) to the Annual Report on Form 10-K405 for the year ended November 28, 1998, Exhibit 10.3 to the Current Report on Form 8-K dated December 19, 2007 and Exhibit 10.1 to the Current Report on Form 8-K dated May 30, 2009. |
| *10.6 H.B. Fuller Company Key Employee Deferred Compensation Plan (2005 Amendment and Restatement), as amended | Exhibit 10.1 to the Current Report on Form 8-K dated October 23, 2006 and Exhibit 10.11 to the Annual Report on Form 10-K for the year ended December 1, 2007. |
| *10.7 Second Amendment of H.B. Fuller Company Key Employee Deferred Compensation Plan (2005 Amendment and Restatement) | Exhibit 10.8 to the Annual Report on Form 10-K for the year ended November 29, 2008. |

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| Item | Incorporation by Reference |
|--|--|
| *10.8 Amended and Restated H.B. Fuller Company Annual and Long-Term Incentive Plan | Exhibit 10.1 to the Current Report on Form 8-K dated April 3, 2008. |
| *10.9 Restricted Stock Award Agreement, dated April 23, 1998, between H.B. Fuller Company and Lee R. Mitau | Exhibit 10(d) to the Quarterly Report on Form 10-Q for the quarter ended May 30, 1998. |
| *10.10 Form of Change in Control Agreement between H.B. Fuller Company and each of its executive officers | Exhibit 10.11 to the Annual Report on Form 10-K for the year ended November 29, 2008. |
| *10.11 Form of Non-Qualified Stock Option Agreement under the Amended and Restated Year 2000 Stock Incentive Plan | Exhibit 10.4 to the Current Report on Form 8-K dated December 4, 2008. |
| *10.12 Form of Restricted Stock Award Agreement under the Amended and Restated Year 2000 Stock Incentive Plan | Exhibit 10.3 to the Current Report on Form 8-K dated December 4, 2008. |
| *10.13 Form of Restricted Stock Unit Award Agreement under the Amended and Restated Year 2000 Stock Incentive Plan | Exhibit 10.2 to the Current Report on Form 8-K dated December 4, 2008. |
| *10.14 H.B. Fuller Company Management Short-Term Incentive Plan | Exhibit 10.1 to the Current Report on Form 8-K dated December 4, 2008. |
| 10.15 Credit Agreement, dated December 14, 2005, among H.B. Fuller Company and JP Morgan Chase Bank N.A., as Administrative Agent, Citibank, N.A., as Syndication Agent, and ABN AMRO Bank N.V., Bank of America, N.A. and Bank of Tokyo-Mitsubishi Ltd., as Co-Documentation Agents, as amended | Exhibit 10.1 to the Current Report on Form 8-K dated December 14, 2005, Exhibit 10 to the Current Report on Form 8-K dated March 14, 2006, Exhibit 10.17 to the Annual Report on Form 10-K for the year ended November 29, 2008 and Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended August 29, 2009. |
| *10.16 Form of Severance Agreement between H.B. Fuller Company and each of its executive officers | Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended May 31, 2008. |
| 10.17 Loan Agreement, dated June 19, 2006, among H.B. Fuller Company and JP Morgan Chase Bank, National Association as Administrative Agent, Citibank, N.A. as Syndication Agent, and ABN AMRO Bank N.V. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., Chicago Branch as Co-Documentation Agents | Exhibit 10.1 to the Current Report on Form 8-K dated June 19, 2006, Exhibit 10.20 to the Annual Report on Form 10-K for the year ended November 29, 2008 and Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended August 29, 2009. |
| *10.18 H.B. Fuller Company Defined Contribution Restoration Plan (As Amended and Restated Effective January 1, 2008), as amended | Exhibit 10.4 to the Current Report on Form 8-K dated December 19, 2007 and Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended May 31, 2008. |
| *10.19 H.B. Fuller Company Directors Deferred Compensation Plan (2008 Amendment and Restatement), as amended | Exhibit 10.22 to the Annual Report on Form 10-K for the year ended November 29, 2008 and Exhibit 10.23 to the Annual Report on Form 10-K for the year ended November 29, 2008. |

Table of Contents

| Item | Incorporation by Reference |
|---|--|
| 10.20 Schedules 2.03, 3.01, 3.06, 6.01, 6.02, 6.04 and 6.08 to the Credit Agreement, dated December 14, 2005, among H.B. Fuller Company and JP Morgan Chase Bank N.A., as Administrative Agent, Citibank, N.A., as Syndication Agent, and ABN AMRO Bank N.V., Bank of America, N.A. and Bank of Tokyo-Mitsubishi Ltd., as Co-Documentation Agents, as amended | Previously filed with the original Annual Report on Form 10-K for the fiscal year ended November 28, 2009. |
| 10.21 Schedules 3.01, 3.06, 6.01, 6.02, 6.04 and 6.08 to the Loan Agreement, dated June 19, 2006, among H.B. Fuller Company and JP Morgan Chase Bank, National Association as Administrative Agent, Citibank, N.A. as Syndication Agent, and ABN AMRO Bank N.V. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., Chicago Branch as Co-Documentation Agents | Previously filed with the original Annual Report on Form 10-K for the fiscal year ended November 28, 2009. |
| *10.22 Form of Non-Qualified Stock Option Agreement under the Amended and Restated Year 2000 Stock Incentive Plan | Exhibit 10.1 to the Current Report on Form 8-K dated December 3, 2009. |
| *10.23 Form of Restricted Stock Award Agreement under the Amended and Restated Year 2000 Stock Incentive Plan | Exhibit 10.2 to the Current Report on Form 8-K dated December 3, 2009. |
| *10.24 Form of Restricted Stock Unit Award Agreement under the Amended and Restated Year 2000 Stock Incentive Plan | Exhibit 10.3 to the Current Report on Form 8-K dated December 3, 2009. |
| *10.25 Form of Restricted Stock Unit Award Agreement for Retirement Eligible Participants under Amended and Restated Year 2000 Stock Incentive Plan | Exhibit 10.4 to the Current Report on Form 8-K dated December 3, 2009. |
| *10.26 Form of Restricted Stock Award Agreement for the Chief Executive Officer under Amended and Restated Year 2000 Stock Incentive Plan | Exhibit 10.5 to the Current Report on Form 8-K dated December 3, 2009. |
| *10.27 H.B. Fuller Company 2009 Director Stock Incentive Plan | Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended May 30, 2009. |
| 21 List of Subsidiaries | Previously filed with the original Annual Report on Form 10-K for the fiscal year ended November 28, 2009. |
| 23 Consent of KPMG LLP | Previously filed with the original Annual Report on Form 10-K for the fiscal year ended November 28, 2009. |
| 24 Power of Attorney | Previously filed with the original Annual Report on Form 10-K for the fiscal year ended November 28, 2009. |
| 31.1 Form of 302 Certification Michele Volpi | |
| 31.2 Form of 302 Certification James R. Giertz | |
| 32.1 Form of 906 Certification Michele Volpi | |
| 32.2 Form of 906 Certification James R. Giertz | |