

RPM INTERNATIONAL INC/DE/

Form 11-K

June 27, 2007

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 11-K**

(Mark One):

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

**For the fiscal year ended: December 31, 2006**

**OR**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

Commission file number 1-14187

A. Full title of the plan and the address of the plan, if different from that of the issuer named below: RPM  
International Inc. Union 401(k) Trust and Plan, as amended

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office: RPM  
International Inc. 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258

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**RPM INTERNATIONAL INC.  
UNION 401(K) TRUST  
AND PLAN  
FINANCIAL  
STATEMENTS  
FOR THE  
YEAR ENDED  
DECEMBER 31, 2006**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

RPM International Inc. Audit Committee

RPM International Inc. Union 401(k) Trust and Plan

We have audited the accompanying statements of net assets available for benefits (modified cash basis) of the RPM International Inc. Union 401(k) Trust and Plan as of December 31, 2006 and 2005, the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2006, and the supplemental schedule of assets (held at end of year) as of December 31, 2006. These financial statements and supplemental schedule are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and supplemental schedule 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note A, these financial statements and supplemental schedule were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. In our opinion, the financial statements and supplemental schedule referred to above present fairly, in all material respects, the net assets available for benefits of the RPM International Inc. Union 401(k) Trust and Plan as of December 31, 2006 and 2005, and the changes in net assets available for benefits for the year ended December 31, 2006, on the basis of accounting described in Note A.

CERTIFIED PUBLIC ACCOUNTANTS

Cleveland, Ohio

June 25, 2007

**Table of Contents****RPM INTERNATIONAL INC. UNION 401(K) TRUST AND PLAN  
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)**

	2006	2005
ASSETS		
Investments	<b>\$ 2,787,871</b>	\$ 2,338,690
Receivables		
Employer's contribution	<b>9,682</b>	8,008
Participants' contributions	<b>24,653</b>	22,457
	<b>34,335</b>	30,465
NET ASSETS AVAILABLE FOR BENEFITS	<b>\$ 2,822,206</b>	\$ 2,369,155

*See accompanying notes to financial statements.*

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**RPM INTERNATIONAL INC. UNION 401(K) TRUST AND PLAN**  
**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)**  
**FOR THE**  
**YEAR ENDED DECEMBER 31, 2006**

## ADDITIONS TO NET ASSETS ATTRIBUTED TO:

Contributions		
Participants	\$ 250,502	
Employer	89,447	
Rollovers	32,633	\$ 372,582

Investment income		
Interest and dividends	83,503	
Realized and unrealized gain on investments	182,563	266,066

Total Additions		638,648
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## DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:

Benefits paid to participants	175,396	
Administrative expenses	10,201	185,597

Change in net assets		453,051
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## Net assets available for benefits:

Beginning of year		\$ 2,369,155
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End of year		\$ 2,822,206
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*See accompanying notes to financial statements.*

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**RPM INTERNATIONAL INC. UNION 401(K) TRUST AND PLAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A Significant accounting policies**

**Basis of accounting**

The Plan's policy is to prepare its financial statements on the modified cash basis of accounting. Contributions are recorded on the accrual basis, dividends are recorded on the ex-dividend date, and other revenues are recognized when received rather than when promised or earned. Certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

**Investment valuation and income recognition**

Investments are stated at fair value as determined by the custodian. Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the plan at year-end. Collective investment funds are valued at their last reported net asset value. Participant loans are valued at their outstanding balances which approximate fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded when received. Dividends are recorded on the ex-dividend date.

**Contributions**

Contributions are recorded on an accrual basis.

**Payment of benefits**

Benefits are recorded when paid.

**Use of estimates**

The preparation of financial statements, in conformity with the modified cash basis of accounting, requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**NOTE B Description of the Plan**

The following description of the Plan provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

**General**

The Plan, adopted on February 1, 1997, is a defined contribution savings plan covering certain union employees at several wholly-owned domestic subsidiaries of RPM International Inc. (the Company).

The Plan is subject to the Employee Retirement Income Security Act of 1974 (ERISA).



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**RPM INTERNATIONAL INC. UNION 401(K) TRUST AND PLAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE B Description of the Plan continued**

**Contributions**

Each year, participants may contribute up to 20% of pretax annual compensation, as defined in the Plan. The Plan was amended effective January 1, 2007 to allow participants to contribute up to 50% of pretax annual compensation. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers sixteen investment funds as investment options for participants. The Company matches, depending upon the collective bargaining agreement of each participating union, up to a maximum rate of 100% of the first 3% and 50% of the next 2% of employee deferrals. The matching Company contribution is invested in the same manner in which the participants invest their own contributions. Contributions are subject to certain limitations.

**Participant accounts**

Each participant's account is credited with the participant's contribution, the Company's matching contribution and an allocation of Plan earnings and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**Vesting**

Vesting is immediate for contributions, both employee and employer, and earnings thereon.

**Participant loans**

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at rates that range from 5.0% to 10.0%. Principal and interest are paid ratably through payroll deductions.

**Payment of benefits**

On termination of service due to death, disability, or retirement, a participant generally will receive a lump-sum amount equal to the value of the participant's vested interest in his or her account. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

**Plan expenses**

During 2006, the administrative expenses, audit fees, certain legal expenses, brokerage fees, transfer taxes, and other expenses incurred in connection with the sale, purchase, and management of the assets of the investment funds were paid by the Company or by the Plan.

**Table of Contents****RPM INTERNATIONAL INC. UNION 401(K) TRUST AND PLAN  
NOTES TO FINANCIAL STATEMENTS****NOTE C Investments**

The following presents investments at December 31, 2006 and 2005 that represent 5% or more of the Plan's net assets:

	<b>2006</b>	<b>2005</b>
Diversified Stable Value Fund	<b>\$755,693</b>	\$
RPM International Inc. Stock Fund	<b>288,124</b>	241,395
Growth Fund of America	<b>266,993</b>	213,826
Janus Balanced Fund	<b>245,043</b>	223,843
Fidelity Contrafund	<b>229,296</b>	182,477
American Washington Mutual Investors Fund	<b>203,755</b>	163,846
Fidelity Advisor Government Investment Fund	<b>192,644</b>	167,760
Stable Portfolio Group Trust		667,524
Participant loans		126,246
During 2006, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$182,563.		
Mutual Funds		<b>\$ 133,640</b>
Common/Collective Trust		<b>48,923</b>
		<b>\$ 182,563</b>

**NOTE D Plan termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts. Any unallocated assets of the Plan shall be allocated to participant accounts and distributed in such a manner as the Company may determine.

**NOTE E Income tax status**

The Plan obtained its latest determination letter on November 13, 2002, in which the Internal Revenue Service stated that the plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The plan has been amended since receiving the determination letter. However, the plan administrator and the plan's tax counsel believe that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

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**RPM INTERNATIONAL INC. UNION 401K TRUST AND PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE F Related party transactions**

The Diversified Stable Value Fund, Enhanced Stock Market Fund, and Stable Portfolio Group Trust are common trust funds managed by Wachovia Bank N.A. The value of the Diversified Stable Value Fund was \$755,693 and \$0 at December 31, 2006 and 2005, respectively. The value of the Stable Portfolio Group Trust was \$0 and \$667,524 at December 31, 2006 and 2005, respectively. The value of the Enhanced Stock Market Fund was \$122,243 and \$91,831 at December 31, 2006 and 2005, respectively. Wachovia Bank N.A. is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan to the trustee amounted to \$10,201 for the year ended December 31, 2006.

**NOTE G Risks and uncertainties**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

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**RPM INTERNATIONAL INC. UNION 401(K) TRUST AND PLAN**  
**EIN #34-6550857**  
**PLAN NUMBER 007**  
**SCHEDULE H, LINE 4i -**  
**SCHEDULE OF ASSETS (HELD AT END OF YEAR)**  
**DECEMBER 31, 2006**

(a)	(b)	(c)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Current value at December 31, 2006
	Wachovia Bank, N.A., Diversified Stable Value Fund	Collective investment fund	\$ 755,693
*	Wachovia Bank, N.A., Enhanced Stock Market Fund	Collective investment fund	122,243
	Fidelity Advisor Mid Cap Fund	Registered investment company	74,962
	Fidelity Contrafund	Registered investment company	229,296
	Growth Fund of America	Registered investment company	266,993
	Neuberger & Berman Genesis Fund	Registered investment company	49,808
	American Washington Mutual Investors Fund	Registered investment company	203,755
	American Europacific Growth Fund	Registered investment company	38,695
	Templeton Foreign Fund	Registered investment company	111,276
	Janus Balanced Fund	Registered investment company	245,043
	Evergreen Core Bond Fund	Registered investment company	19,581
	Fidelity Advisor Government Investment Fund	Registered investment company	192,644
*	RPM International Inc. Stock Fund	Company stock	288,124
	RPM International Conservative Fund	Registered investment company	2,384
	RPM International Moderate Fund	Registered investment company	39,673
	RPM International Growth Fund	Registered investment company	39,308
	Cash		510
*	Participant Loans	Loans (5.00% to 10.00%)	107,883
	<b>Total Investments</b>		<b>\$ 2,787,871</b>

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**SIGNATURES**

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**RPM INTERNATIONAL INC. UNION  
401(k) TRUST AND PLAN**

By: RPM International Inc. (Plan  
Administrator)

/s/ Janeen Kastner

Janeen Kastner, Director of Human Resources  
and Administration

Date: June 26, 2007

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**EXHIBIT INDEX**

23.1 Consent of SS&G Financial Services, Inc.