

RPM INTERNATIONAL INC/DE/

Form 11-K

June 28, 2011

**Table of Contents**

**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, 2010**

**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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**Table of Contents**

**RPM INTERNATIONAL INC.  
UNION 401(k) TRUST AND PLAN  
*FINANCIAL  
STATEMENTS  
DECEMBER 31,  
2010 AND 2009***

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

	Page
<u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	1
FINANCIAL STATEMENTS	
<u>Statements of Net Assets Available for Benefits (Modified Cash Basis)</u>	2
<u>Statement of Changes in Net Assets Available for Benefits (Modified Cash Basis)</u>	3
<u>Notes to Financial Statements</u>	4-11
<u>Schedule of Assets (Held at End of Year)</u>	12
<u>EX-23.1</u>	

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**Table of Contents**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

RPM International Inc. Audit Committee  
RPM International Inc. Union 401(k) Trust and Plan  
Medina, Ohio

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, 2010 and 2009, the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2010, and the supplemental schedule of assets (held at end of year) as of December 31, 2010. 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, 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, 2010 and 2009, and the changes in net assets available for benefits for the year ended December 31, 2010, on the basis of accounting described in Note A.

/s/ SS&G Financial Services, Inc.  
CERTIFIED PUBLIC ACCOUNTANTS  
Cleveland, Ohio  
June 23, 2011

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

	DECEMBER 31,	
	2010	2009
ASSETS		
Investments, at fair value	<b>\$ 4,517,629</b>	\$ 2,092,967
Receivables		
Notes receivable from participants	<b>454,050</b>	100,557
Employer's contribution	<b>14,042</b>	5,840
Participants' contributions	<b>22,169</b>	13,653
	<b>490,261</b>	120,050
Adjustment from fair value to contract value for fully benefit responsive investment contracts	<b>(26,178)</b>	11,708
NET ASSETS AVAILABLE FOR BENEFITS	<b>\$ 4,981,712</b>	\$ 2,224,725

*See accompanying notes to financial statements.*

-2-

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**Table of Contents****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, 2010

## ADDITIONS TO NET ASSETS ATTRIBUTED TO:

Contributions		
Participants	\$ 185,400	
Employer	91,435	\$ 276,835
Investment income		
Interest and dividends	23,408	
Unrealized gain on investments	238,124	
Realized gain on sale of investments	35,531	297,063
Interest on notes receivable from participants		10,017
Assets transferred from Trustee of predecessor plan		2,745,449
		3,329,364
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Benefits paid to participants	571,560	
Administrative expenses	817	572,377
Net increase		2,756,987
Net assets available for benefits:		
Beginning of year		2,224,725
End of year		\$ 4,981,712

*See accompanying notes to financial statements.*

**Table of Contents**

**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 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 reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note C for discussion of fair value measurements.

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.

In accordance with Generally Accepted Accounting Principles (GAAP) and the modified cash basis of accounting, the Plan has adopted Financial Accounting Standards Board (FASB) provisions for the Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans. FASB guidance requires that investment contracts held by a defined-contribution plan be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. As required by GAAP and the modified cash basis of accounting, the Statement of Net Assets Available for Plan Benefits presents the fair value of the investment in the common/collective trusts as well as the adjustment for the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

**Notes receivable from participant accounts**

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

**Contributions**

Contributions are recorded on an accrual basis.

**Payment of benefits**

Benefits are recorded when paid.



**Table of Contents**

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

**NOTE A Significant accounting policies, continued**

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.

Reclassifications

Certain reclassifications have been made to the 2009 financial statement presentation to correspond to the current year's format. Total net assets are unchanged due to these reclassifications.

Recent accounting pronouncements

In September, 2010, the FASB issued guidance to amend generally accepted accounting principles (GAAP) and the modified cash basis of accounting related to the classification and measurement of loans to participants by defined contribution pension benefit plans. Previous guidance required loans to participants to be classified as plan investments, which are generally measured at fair value in accordance with GAAP. The new guidance requires that loans to participants are classified as notes receivable from participants and measured at their unpaid principal balance plus any accrued but unpaid interest. The new guidance is effective for periods ending after December 15, 2010 and must be applied retrospectively.

**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), as amended.

**Table of Contents**

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

**NOTE B Description of the Plan, continued**

**Contributions**

Participants may 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 a variety of 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 for 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 4.25% to 10.25%. 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 or 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 2010, certain administrative expenses and fees incurred in connection with the sale, purchase, and management of the assets of the investment funds were paid by the Plan.

**Merger of Plan**

Effective October 1, 2010, as a result of a condition of a new Collective Bargaining Agreement, the Testor Corporation 401(k) Plan for Collective Bargaining Unit Employees was merged into this Plan.

**Table of Contents**

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

**NOTE C Fair value measurements**

The Accounting Standards Codification (ASC) 820 defines fair value and provides guidance for measuring fair value and expands disclosures about fair value measurements in accordance with accounting principles generally accepted in the United States of America. ASC 820 does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements.

ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobserved inputs (Level 3 measurement). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:  
Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual term), the Level 2 inputs must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurements. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Mutual funds:* Valued at the net asset value of shares held by the plan at year-end.

*RPM Stock Fund:* Valued at net asset value of units held by the Plan at year-end.

*Common/collective trusts:* Valued at net asset value of units held by the Plan at year-end after adjustments to reflect all fund investments at fair value, including direct and indirect interests in fully benefit-responsive contracts, as reported in the audited financial statements of the fund.

**Table of Contents****RPM INTERNATIONAL INC. UNION 401(k) TRUST AND PLAN  
NOTES TO FINANCIAL STATEMENTS****NOTE C Fair value measurements, continued**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010 and 2009:

**Assets at Fair Value as of December 31, 2010**

	Level 1	Level 2	Level 3	Total
<b>Mutual Funds</b>				
Balanced Funds	\$ 425,558	\$	\$	\$ 425,558
Growth Funds	1,061,942			1,061,942
Fixed Income Funds	548,962			548,962
International Funds	150,420			150,420
Other Funds (target & cash)	515,149			515,149
<b>Total Mutual Funds</b>	2,702,031			2,702,031
<b>Common Collective Trusts</b>				
Stable Value Fund		1,218,463		1,218,463
Enhanced Stock Market Fund		421,746		421,746
<b>Total Common Collective Trusts</b>		1,640,209		1,640,209
RPM Common Stock Fund		175,389		175,389
<b>Total Assets at Fair Value</b>	<b>\$ 2,702,031</b>	<b>\$ 1,815,598</b>	<b>\$</b>	<b>\$ 4,517,629</b>

**Assets at Fair Value as of December 31, 2009**

	Level 1	Level 2	Level 3	Total
<b>Mutual Funds</b>				
Balanced Funds	\$ 221,289	\$	\$	\$ 221,289
Growth Funds	716,091			716,091
Fixed Income Funds	80,800			80,800
International Funds	80,617			80,617
Other Funds (target & cash)	194,239			194,239
<b>Total Mutual Funds</b>	1,293,036			1,293,036
<b>Common Collective Trusts</b>				
Stable Value Fund		547,714		547,714
Enhanced Stock Market Fund		84,076		84,076
<b>Total Common Collective Trusts</b>		631,790		631,790
RPM Common Stock Fund		168,141		168,141

Total Assets at Fair Value	\$ 1,293,034	\$ 799,931	\$	\$ 2,092,967
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-8-

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

The following presents investments at December 31, 2010 and 2009 that represent 5% or more of the Plan's net assets:

	2010	2009
Wells Fargo Stable Return Fund	\$ 1,218,463	\$ 547,714
PIMCO Total Return Fund	498,634	*
Janus Balanced Fund	425,558	221,289
Wells Fargo Enhanced Stock Market Fund	421,746	*
American Funds Growth Fund of America	319,904	254,802
Fidelity Contrafund	261,421	218,027
Fidelity Advisor MidCap Fund	257,611	*
RPM International Inc. Union Stock Fund	*	168,141
American Washington Mutual Investors Fund	*	112,938

\* *Assets did not amount to 5% of the total value at year-end.*

During 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$273,655.

Registered investment companies and company stock fund	\$ 212,376
Common/collective Trust	61,279
	<b>\$ 273,655</b>

**NOTE E 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. Any unallocated assets of the Plan shall be allocated to participant accounts and distributed in such a manner as the Company may determine.

**Table of Contents**

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

**NOTE F Income tax status**

The Plan obtained its latest determination letter on October 14, 2010, 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. 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.

Accounting principles generally accepted in the United States of America and modified cash basis of accounting require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the tax authorities. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

**NOTE G Related party transactions**

The Diversified Stable Value Fund and Enhanced Stock Market Fund are common trust funds managed by Wachovia Bank N.A. 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 \$817 for the year ended December 31, 2010.

In addition, at December 31, 2010, the Plan held shares of RPM International, Inc. Union Stock valued at \$175,389. At December 31, 2009, the Plan held shares of RPM International, Inc. Union Stock valued at \$168,141. Transactions involving this investment are allowable party-in-interest transactions under ERISA.

**NOTE H 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.

**Table of Contents****RPM INTERNATIONAL INC. UNION 401(k) TRUST AND PLAN  
NOTES TO FINANCIAL STATEMENTS****NOTE I Reconciliation to Form 5500**

As discussed in the valuation of investments section of Note A, the financial statements report the value of the Plan's stable value fund investment at contract value whereas the Form 5500 reports at fair value.

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 at December 31, 2010 and 2009:

	2010	2009
Net assets available for benefits per the financial statements	<b>\$ 4,981,712</b>	\$ 2,224,725
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	<b>26,178</b>	(11,708)
Net assets per the Form 5500	<b>\$ 5,007,890</b>	\$ 2,213,017

The following is a reconciliation of income and appreciation per the financial statements to the Form 5500 for the year ended December 31, 2010:

Investment income per the financial statements	<b>\$ 307,080</b>
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	<b>37,886</b>
Investment income per the Form 5500	<b>\$ 344,966</b>



**Table of Contents**

**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, 2010**

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(e) Current value at December 31, 2010
*	Wachovia Bank, N.A., Diversified Stable Value Fund	Common/collective trusts	\$ 1,218,463
*	Wachovia Bank, N.A., Enhanced Stock Market Fund	Common/collective trusts	421,746
	Fidelity Advisor Mid Cap Fund	Registered investment company	257,611
	Fidelity Contrafund	Registered investment company	261,421
	Growth Fund of America	Registered investment company	319,904
	Neuberger & Berman Genesis Fund	Registered investment company	112,984
	American Washington Mutual Investors Fund	Registered investment company	110,022
	American Europacific Growth Fund	Registered investment company	80,519
	Dodge & Cox International Stock Fund	Registered investment company	69,901
	Janus Balanced Fund	Registered investment company	425,558
	PIMCO Total Return	Registered investment company	498,634
	Fidelity Advisor Government Investment Fund	Registered investment company	50,327
*	RPM International Inc. Union Stock Fund	Company stock	175,389
	Dreyfus Small Cap Stock Index Fund	Registered investment company	53,926
	Vanguard Target Retirement 2010 Fund	Registered investment company	187,801
	Vanguard Target Retirement 2015 Fund	Registered investment company	85,281
	Vanguard Target Retirement 2020 Fund	Registered investment company	26,653
	Vanguard Target Retirement 2025 Fund	Registered investment company	21,416
	Vanguard Target Retirement 2030 Fund	Registered investment company	88,624
	Vanguard Target Retirement 2040 Fund	Registered investment company	51,409
	Cash		39
	Total Investments		\$ 4,517,629
*	Notes receivable from participants	Loans (4.25% to 10.25%)	\$ 454,050

\* Denotes an allowable party in interest

**Table of Contents**

**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, Vice President Corporate  
Benefits & Risk Management

Date: June 28, 2011

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**Table of Contents**

**EXHIBIT INDEX**

23.1 Consent of SS&G Financial Services, Inc.