

RPM INTERNATIONAL INC/DE/

Form 11-K

June 26, 2009

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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, 2008

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  
DECEMBER 31,  
2008 AND 2007***

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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  
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, 2008 and 2007, the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2008, and the supplemental schedule of assets (held at end of year) as of December 31, 2008. 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, 2008 and 2007, and the changes in net assets available for benefits for the year ended December 31, 2008, on the basis of accounting described in Note A.

/s/ SS&G Financial Services, Inc.  
CERTIFIED PUBLIC ACCOUNTANTS  
Cleveland, Ohio  
June 22, 2009

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

|  | DECEMBER 31,            |                  |
|--|-------------------------|------------------|
|  | 2008                    | 2007             |
| ASSETS   |                         |                  |
| Investments, at fair value   | <b>\$ 1,881,279</b>     | \$ 2,807,091     |
| Receivables  |                         |                  |
| Employer's contribution  | <b>6,604</b>            | 6,564            |
| Participants' contributions  | <b>15,249</b>           | 16,275           |
|  | <b>21,853</b>           | 22,839           |
| <br>NET ASSETS AVAILABLE FOR BENEFITS  | <br><b>1,903,132</b>    | <br>2,829,930    |
| Adjustment from fair value to contract value for fully benefit responsive investment contracts | <b>32,458</b>           |                  |
| <br>NET ASSETS AVAILABLE FOR BENEFITS  | <br><b>\$ 1,935,590</b> | <br>\$ 2,829,930 |

*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, 2008**

## ADDITIONS TO NET ASSETS ATTRIBUTED TO:

|   |            |              |
|---|------------|--------------|
| Contributions                             |            |              |
| Participants                              | \$ 176,410 |              |
| Employer                                  | 69,133     | \$ 245,543   |
| Investment income (losses)                |            |              |
| Interest and dividends                    | 45,445     |              |
| Unrealized loss on investments            | (521,117)  |              |
| Realized loss on sale of investments      | (27,864)   | (503,536)    |
|   |            | (257,993)    |
| DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO: |            |              |
| Benefits paid to participants             | 631,634    |              |
| Administrative expenses                   | 4,713      | 636,347      |
| Net decrease                              |            | (894,340)    |
| Net assets available for benefits:        |            |              |
| Beginning of year                         |            | 2,829,930    |
| End of year                               |            | \$ 1,935,590 |

*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 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.

The Plan has adopted Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, *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* (the FSP). The FSP 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 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 the FSP, 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 Statements of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

**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.



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

**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. On November 3, 2007, RPM International Inc. divested a company that had a collective bargaining agreement with one of the participating unions. Since that time, a number of those participants have taken distributions from the Plan.

**Contributions**

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 nineteen 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 5.0% to 9.25%. Principal and interest are paid ratably through payroll deductions.

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

**NOTE B Description of the Plan (continued)**

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 2008, 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.

**NOTE C Fair value measurements**

On January 1, 2008, the Plan adopted the provisions of Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (FAS 157). SFAS 157 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. SFAS does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements.

SFAS 157 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 measurements) and the lowest priority to unobserved inputs (level 3 measurements). The three levels of the fair value hierarchy under SFAS 157 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 Input 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 input 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.

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

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.

*Participant loans:* Valued at amortized cost, which approximates fair value.

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, 2008:

|                              | Level 1      | Level 2    | Level 3   | Total        |
|------------------------------|--------------|------------|-----------|--------------|
| Mutual funds                 | \$ 1,007,275 | \$         | \$        | \$ 1,007,275 |
| RPM Stock Fund               |              | 130,071    |           | 130,071      |
| Common/collective trusts     |              | 658,608    |           | 658,608      |
| Participant loans            |              |            | 85,325    | 85,325       |
| Balance at December 31, 2008 | \$ 1,007,275 | \$ 788,679 | \$ 85,325 | \$ 1,881,279 |

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

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2008:

|  | <b>Participant<br/>Loans</b> |
|--|------------------------------|
| Balance, beginning of year                     | \$ 89,190                    |
| Purchases, sales, issuances, settlements (net) | (3,865)                      |
| <br>   |                              |
| Balance, end of year                           | \$ 85,325                    |

**NOTE D Investments**

The following presents investments at December 31, 2008 and 2007 that represent 5% or more of the Plan's net assets:

|   | 2008             | 2007      |
|---|------------------|-----------|
| Diversified Stable Value Fund               | <b>\$595,170</b> | \$821,851 |
| RPM International Inc. Stock Fund           | <b>130,071</b>   | 236,178   |
| Growth Fund of America                      | <b>184,046</b>   | 294,750   |
| Janus Balanced Fund                         | <b>183,149</b>   | 229,860   |
| Fidelity Contrafund                         | <b>159,168</b>   | 257,654   |
| American Washington Mutual Investors Fund   | <b>114,421</b>   | 207,391   |
| Fidelity Advisor Government Investment Fund | *                | 139,908   |

\* *Assets did not amount to 5% of the total value during this period.*

During 2008, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value by \$548,981.

|  |                     |
|--|---------------------|
| Registered investment companies and company stock fund | \$ (537,270)        |
| Common/collective Trust                                | (11,711)            |
|  | <b>\$ (548,981)</b> |

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

**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. 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 F 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.

**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 \$2,156 for the year ended December 31, 2008.

In addition, at December 31, 2008, the Plan held shares of RPM International, Inc. Union Stock valued at \$130,071. At December 31, 2007, the Plan held shares of RPM International, Inc. Union Stock valued at \$236,178. 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, 2008:

|  |                     |
|--|---------------------|
| Net assets available for benefits per the financial statements                                 | <b>\$ 1,935,590</b> |
| Adjustment from contract value to fair value for fully benefit-responsive investment contracts | <b>(32,458)</b>     |

|                              |                     |
|------------------------------|---------------------|
| Net assets per the Form 5500 | <b>\$ 1,903,132</b> |
|------------------------------|---------------------|

The following is a reconciliation of income and appreciation per the financial statements to the Form 5500 for the year ended December 31, 2008:

|  |                     |
|--|---------------------|
| Investment income (loss) per the financial statements  | <b>\$ (503,536)</b> |
| Adjustment from contract value to fair value for fully benefit-responsive investment contracts | <b>(32,458)</b>     |

|  |                     |
|--|---------------------|
| Investment income (loss) per the Form 5500 | <b>\$ (535,994)</b> |
|--|---------------------|

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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, 2008**

| (a) | (b)  | (c)  | (e)                                      |
|-----|--|--|--|
|     | Identity of issue, borrower,<br>lessor, or similar party | Description of investment including<br>maturity date, rate of interest,<br>collateral, par or maturity value | Current value at<br>December 31,<br>2008 |
| *   | Wachovia Bank, N.A., Diversified Stable Value Fund       | Common/collective trusts   | \$ 595,170                               |
| *   | Wachovia Bank, N.A., Enhanced Stock Market Fund          | Common/collective trusts   | 63,438                                   |
|     | Fidelity Advisor Mid Cap Fund                            | Registered investment company  | 42,487                                   |
|     | Fidelity Contrafund                                      | Registered investment company  | 159,168                                  |
|     | Growth Fund of America                                   | Registered investment company  | 184,046                                  |
|     | Neuberger & Berman Genesis Fund                          | Registered investment company  | 44,844                                   |
|     | American Washington Mutual Investors Fund                | Registered investment company  | 114,421                                  |
|     | American Europacific Growth Fund                         | Registered investment company  | 4,291                                    |
|     | Dodge & Cox International Stock Fund                     | Registered investment company  | 45,922                                   |
|     | Janus Balanced Fund                                      | Registered investment company  | 183,149                                  |
|     | Evergreen Core Bond Fund                                 | Registered investment company  | 13,697                                   |
|     | Fidelity Advisor Government Investment Fund              | Registered investment company  | 88,704                                   |
| *   | RPM International Inc. Union Stock Fund                  | Company stock  | 130,071                                  |
|     | Vanguard Target Retirement 2010 Fund                     | Registered investment company  | 11,954                                   |
|     | Vanguard Target Retirement 2015 Fund                     | Registered investment company  | 53,642                                   |
|     | Vanguard Target Retirement 2020 Fund                     | Registered investment company  | 6,377                                    |
|     | Vanguard Target Retirement 2025 Fund                     | Registered investment company  | 22,178                                   |
|     | Vanguard Target Retirement 2030 Fund                     | Registered investment company  | 15,468                                   |
|     | Vanguard Target Retirement 2040 Fund                     | Registered investment company  | 16,878                                   |
|     | Cash   |  | 49                                       |
| *   | Participant Loans  | Loans (5.00% to 9.25%)   | 85,325                                   |
|     | <b>Total Investments</b>                                 |  | <b>\$ 1,881,279</b>                      |

\* Denotes an allowable party in interest

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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, Vice President Corporate  
Benefits & Risk Management

Date: June 26, 2009

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**EXHIBIT INDEX**

23.1 Consent of SS&G Financial Services, Inc.