

RPM INTERNATIONAL INC/DE/  
Form 11-K  
June 25, 2012  
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, 2011

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. 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**

**Table of Contents**

**RPM INTERNATIONAL INC.**

**401(k) TRUST**

**AND PLAN**

***FINANCIAL***

***STATEMENTS***

***DECEMBER 31,***

***2011 AND 2010***

**Table of Contents**

**RPM INTERNATIONAL INC. 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

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

RPM International Inc. Audit Committee

RPM International Inc. 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. 401(k) Trust and Plan as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2011. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements 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 referred to above present fairly, in all material respects, the net assets available for benefits of the RPM International Inc. 401(k) Trust and Plan as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the year ended December 31, 2011, on the basis of accounting described in Note A.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting

Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form 11-K

and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

June 18, 2012

1

**Table of Contents****RPM INTERNATIONAL INC. 401(k) TRUST AND PLAN****Statements of Net Assets Available for Benefits (Modified Cash Basis)**

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
<b>ASSETS</b>		
Investments, at fair value	<b>\$ 391,378,550</b>	<b>\$ 382,596,597</b>
<b>Receivables</b>		
Notes from participants	<b>6,819,243</b>	<b>6,410,277</b>
Employer s contribution	<b>822,022</b>	<b>754,028</b>
Participants contributions	<b>1,476,122</b>	<b>1,363,822</b>
	<b>9,117,387</b>	<b>8,528,127</b>
Adjustment from fair value to contract value for fully benefit responsive investment contract	<b>(1,573,633)</b>	<b>(1,217,293)</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ 398,922,304</b>	<b>\$ 389,907,431</b>

*See accompanying notes to financial statements.*

**Table of Contents****RPM INTERNATIONAL INC. 401(k) TRUST AND PLAN****Statement of Changes in Net Assets Available for Benefits (Modified Cash Basis)****For The Year Ended December 31, 2011****Additions To Net Assets Attributed To:**

Contributions			
Participants		\$ 21,494,896	
Employer		11,286,266	
Rollover Contributions		1,627,354	\$ 34,408,516

Investment Income			
Interest and Dividends		3,837,465	
Unrealized Loss on Investments		(5,878,658)	
Realized Gain on Sale of Investments		4,612,970	2,571,777

Interest on Notes Receivable from Participants			294,379
--	--	--	---------

			<b>37,274,672</b>
--	--	--	-------------------

**Deductions from Net Assets Attributed To:**

Benefits Paid to Participants		27,860,140	
Administrative Expenses		399,659	28,259,799

Net Increase			9,014,873
--------------	--	--	-----------

Net Assets Available for Benefits:			
Beginning of Year			389,907,431

End of Year			\$ 398,922,304
-------------	--	--	----------------

*See accompanying notes to financial statements.*



**Table of Contents**

**RPM INTERNATIONAL INC. 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. 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 GAAP and the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts 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 2010 financial statements presentation to correspond to the current year's format. Total net assets are unchanged due to these reclassifications.

*Recent Accounting Pronouncements*

In January 2010, the FASB issued additional guidance related to fair value measurements and the related disclosure requirement. The guidance requires plans to disclose investments that transfer in and out of Level 1 and Level 2 and the reasons for those transfers (effective in fiscal 2011). Additionally, in the reconciliation of changes in the fair value of investments using significant unobservable inputs (Level 3), plans should present separately information about purchases, sales, issuances and settlements (effective in fiscal 2012). The adoption of this guidance is not expected to have a material impact to the Plan's 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 is a defined contribution savings plan covering substantially all domestic non-union employees of participating subsidiaries of RPM International Inc. (the Company). The Plan is subject to the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

*Eligibility*

Full-time employees are eligible to participate in the Plan provided they have worked for the Company for a period of 6 months. Part-time employees are eligible to participate provided they have worked for the Company for a period of 12 months and have met certain hour requirements. The Plan was amended for those full-time employees hired on or after June 1, 2011, to be eligible to participate in the plan after 3 months of continuous work.

**Table of Contents**

**RPM INTERNATIONAL INC. 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 Plan is a safe harbor 401(k) plan. The Company matches 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.

**Notes Receivable from Participants**

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 4.0% to 10.5%. Principal and interest are paid ratably through payroll deductions.

**Payment of Benefits**

Upon 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 2011, certain administrative expenses, and other expenses incurred in connection with the sale, purchase, and management of the assets of the investment funds were paid by the Plan.

**Table of Contents**

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

**Notes to Financial Statements**

**NOTE C - Fair Value Measurements**

The Plan follows the provisions of *Fair Value Measurements and Disclosures* which defines fair value and provides guidance for measuring fair value and expands disclosures about fair value measurements. *Fair Value Measurements and Disclosures* does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements.

*Fair Value Measurements and Disclosures* 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 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.

The 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. 401(k) TRUST AND PLAN****Notes to Financial Statements****NOTE C - Fair Value Measurements (continued)**

*Insurance Contracts:* Valued at cash surrender 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, 2011 and 2010:

**Assets at Fair Value as of December 31, 2011**

	Level 1	Level 2	Level 3	Total
<b>Mutual Funds</b>				
Balanced Funds	\$ 31,339,221	\$	\$	\$ 31,339,221
Growth Funds	157,342,876			157,342,876
Fixed Income Funds		32,164,775		32,164,775
International Funds	26,563,109			26,563,109
Index Fund	13,432,824			13,432,824
Other Funds (Target & Cash)	40,286,550			40,286,550
<b>Total Mutual Funds</b>	<b>268,964,580</b>	<b>32,164,775</b>		<b>301,129,355</b>
<b>Common Collective Trusts</b>				
Stable Value Fund		63,022,131		63,022,131
RPM Common Stock Fund		27,129,699		27,129,699
Insurance Contracts			97,365	97,365
<b>Total Assets at Fair Value</b>	<b>\$ 268,964,580</b>	<b>\$ 122,316,605</b>	<b>\$ 97,365</b>	<b>\$ 391,378,550</b>

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

	Level 1	Level 2	Level 3	Total
<b>Mutual Funds</b>				
Balanced Funds	\$ 32,284,092	\$	\$	\$ 32,284,092
Growth Funds	159,890,707			159,890,707

Edgar Filing: RPM INTERNATIONAL INC/DE/ - Form 11-K

Fixed Income Funds		30,604,916		30,604,916
Other Funds (Target & Cash)	33,120,332			33,120,332
International Funds	32,614,397			32,614,397
<b>Total Mutual Funds</b>	<b>257,909,528</b>	<b>30,604,916</b>		<b>288,514,444</b>
<b>Common Collective Trusts</b>				
Stable Value Fund		56,659,304		56,659,304
Enhanced Stock Market Fund		12,202,244		12,202,244
<b>Total Common Collective Trusts</b>		<b>68,861,548</b>		<b>68,861,548</b>
RPM Common Stock Fund		25,127,470		25,127,470
Insurance Contracts			93,135	93,135
<b>Total Assets at Fair Value</b>	<b>\$ 257,909,528</b>	<b>\$ 124,593,934</b>	<b>\$ 93,135</b>	<b>\$ 382,596,597</b>

**Table of Contents****RPM INTERNATIONAL INC. 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 Plan's Level 3 assets for the year ended December 31, 2011:

	<b>Insurance Contracts</b>
Balance, beginning of year	\$ 93,135
Unrealized gains relating to instruments still held at the reporting date	4,230
Balance, end of year	\$ 97,365

**NOTE D - Investments**

The following presents investments at December 31, 2011 and 2010 that represent 5% or more of the Plan's net assets:

	<b>2011</b>	<b>2010</b>
American Washington Mutual Investors Fund	\$ 25,711,923	\$ 24,112,995
Fidelity Contrafund	44,427,408	45,754,625
Janus Balanced Fund	31,339,221	32,284,092
Wells Fargo Stable Return Fund	63,022,131	56,659,304
Growth Fund of America	40,513,358	45,219,578
Neuberger & Berman Genesis Fund	23,994,125	22,115,990
RPM International Inc., Stock Fund	27,129,699	25,127,470
Dodge & Cox International Stock Fund	*	21,946,390
Fidelity Advisor MidCap Fund	N/A	20,436,490

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

During 2011, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value by \$1,265,688.

Registered investment companies and company stock fund	\$ (3,669,784)
Common/collective Trust	2,404,096
Total	\$ (1,265,688)





**Table of Contents**

**RPM INTERNATIONAL INC. 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 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.

**NOTE F - Income Tax Status**

The Plan obtained its latest determination letter on May 7, 2012, 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. Accounting principles 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, 2011, 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 2008.

**NOTE G - Related Party Transactions**

The diversified Stable Value Fund is a common trust fund managed by Wells Fargo Bank N.A. Wells Fargo 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 \$398,839 for the year ended December 31, 2011.

In addition, at December 31, 2011, the Plan held shares of RPM International Inc., Income Stock Fund valued at \$27,129,699. At December 31, 2010, the Plan held shares of RPM International Inc., Income Stock Fund valued at \$25,127,470. Transactions involving these investments 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. 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, 2011 and 2010:

	2011	2010
Net assets available for benefits per the financial statements	<b>\$ 398,922,304</b>	\$ 389,907,431
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	<b>1,573,633</b>	1,217,293
Net assets per the Form 5500	<b>\$ 400,495,937</b>	\$ 391,124,724

The following is a reconciliation of income and appreciation per the financial statements to the Form 5500 for the year ended December 31, 2011:

Investment income and interest on notes receivable per the financial statements	<b>\$ 2,866,156</b>
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	<b>356,339</b>
Investment income per the Form 5500	<b>\$ 3,222,495</b>

**Table of Contents****RPM INTERNATIONAL INC. 401(k) TRUST AND PLAN**

EIN #02-0642224

PLAN NUMBER 011

SCHEDULE H, LINE 4i -

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

DECEMBER 31, 2011

(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, 2011	
* Wells Fargo Stable Return Fund	Common/collective trusts	\$ 63,022,131	
Fidelity Advisor Government Investment Fund	Registered investment company	18,897,302	
PIMCO Total Return	Registered investment company	13,267,473	
Fidelity Contrafund	Registered investment company	44,427,408	
Growth Fund of America	Registered investment company	40,513,358	
Neuberger & Berman Genesis Fund	Registered investment company	23,994,125	
American Washington Mutual Investors Fund	Registered investment company	25,711,923	
American Europacific Growth Fund	Registered investment company	8,571,405	
Dodge & Cox International Stock Fund	Registered investment company	17,991,704	
Janus Balanced Fund	Registered investment company	31,339,221	
* RPM International Inc. Stock Fund	Company stock	27,129,699	
ING Midcap Opportunities	Registered investment company	19,506,839	
Vanguard Instl Index Fund	Registered investment company	13,432,824	
Vanguard Small Cap Index SIG	Registered investment company	3,189,223	
Vanguard Target Retirement 2010 Fund	Registered investment company	3,155,158	
Vanguard Target Retirement 2015 Fund	Registered investment company	7,211,181	
Vanguard Target Retirement 2020 Fund	Registered investment company	5,233,591	
Vanguard Target Retirement 2025 Fund	Registered investment company	6,275,890	
Vanguard Target Retirement 2030 Fund	Registered investment company	5,504,181	
Vanguard Target Retirement 2040 Fund	Registered investment company	12,906,248	
Northwestern Mutual Life Insurance	Life insurance	97,365	
Cash		301	
<b>Total Investments</b>		<b>\$ 391,378,550</b>	
* Notes receivable from participants	Loans (4.00% to 10.50%)	\$ 6,819,243	

\* 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. 401(k) TRUST AND PLAN**

By: RPM International Inc. (Plan Administrator)

/s/ Janeen Kastner  
Janeen Kastner, Vice President - Corporate

Benefits & Risk Management

Date: June 25, 2012

**Table of Contents**

**EXHIBIT INDEX**

23.1 Consent of SS&G Financial Services, Inc.