

RPM INTERNATIONAL INC/DE/

Form 11-K

June 27, 2006

**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, 2005**

**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

INDEPENDENT AUDITOR'S REPORT  
SIGNATURES  
EXHIBIT INDEX  
EX-23.1 Consent of SS&G Financial Services, Inc.

---

RPM INTERNATIONAL INC.  
401(K) TRUST AND PLAN  
FINANCIAL STATEMENTS  
DECEMBER 31, 2005

---

Independent Auditor's Report

RPM International Inc. Audit Committee

RPM International Inc. 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. 401(k) Trust and Plan as of December 31, 2005 and 2004, the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2005, and the supplemental schedule of assets (held at end of year) as of December 31, 2005. 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. 401(k) Trust and Plan as of December 31, 2005 and 2004, and the changes in net assets available for benefits for the year ended December 31, 2005, on the basis of accounting described in Note A.

/s/ SS&G Financial Services, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Cleveland, Ohio

June 9, 2006

---

RPM INTERNATIONAL INC. 401(K) TRUST AND PLAN  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS - MODIFIED CASH BASIS  
DECEMBER 31, 2005 AND 2004

	2005	2004
ASSETS		
Investments	\$ 279,888,582	\$ 252,025,685
Receivables		
Employer's contribution	619,220	598,750
Participants' contributions	1,282,300	1,204,848
	1,901,520	1,803,598
NET ASSETS AVAILABLE FOR BENEFITS	\$ 281,790,102	\$ 253,829,283

(See notes to financial statements.)

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, 2005

ADDITIONS TO NET ASSETS ATTRIBUTED TO:

Contributions		
Participants	\$ 17,249,676	
Employer	8,376,757	
Rollover contributions	756,926	\$ 26,383,359

Investment income		
Interest and dividends	6,848,798	
Realized and unrealized gain on investments	12,723,560	19,572,358

Total Additions		45,955,717
-----------------	--	------------

DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:

Benefits paid to participants	17,556,628	
Administrative expenses	438,270	17,994,898

Change in net assets		27,960,819
----------------------	--	------------

Net assets available for benefits:

Beginning of year		\$ 253,829,283
-------------------	--	----------------

End of year		\$ 281,790,102
-------------	--	----------------

(See notes to financial statements.)

RPM INTERNATIONAL INC. 401(K) TRUST AND PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005

**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 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 approximates 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 amounts 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 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).

**Contributions**

Each year, participants may contribute up to 20% of pretax annual compensation, as defined in the Plan. 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 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 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 4.0% 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 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 2005, 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 Plan.

**NOTE C INVESTMENTS**

The following presents investments at December 31, 2005 and 2004 that represent 5% or more of the Plan's net assets:

	2005	2004
Growth Fund of America	\$42,633,020	\$36,435,672
Fidelity Contrafund	37,965,124	30,848,957
Stable Portfolio Group Trust	34,040,353	32,163,795
RPM International Stock Fund	26,965,705	32,441,662
American Washington Mutual Investment Fund	24,499,399	23,848,656
Janus Balanced Fund	22,907,365	21,047,956
Neuberger & Berman Genesis Fund	20,390,336	15,243,489
Templeton Foreign Fund	16,848,552	14,820,117
Fidelity Advisor Mid Cap Fund	16,521,989	13,587,505

During 2005, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$12,723,560.

Mutual Funds	\$ 10,871,135
Common/Collective Trust	1,852,425
	\$ 12,723,560

**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 September 5, 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 F RELATED PARTY TRANSACTIONS**

The Stable Portfolio Group Trust and the Enhanced Stock Market Fund are common trust funds managed by Wachovia Bank N.A. The value of the Stable Portfolio Group Trust was \$34,040,353 and \$32,163,795 at December 31, 2005 and 2004, respectively. The value of the Enhanced Stock Market Fund was \$9,890,313 and \$9,322,248 at December 31, 2005 and 2004, 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 for trustee and investment management services amounted to \$438,270 for the year ended December 31, 2005.

**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.

---

RPM INTERNATIONAL INC. 401(K) TRUST AND PLAN  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
DECEMBER 31, 2005

FEDERAL ID #34-6550857 PLAN 011

Schedule H Line 4i Schedule of Assets (Held at End of Year)

(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, 2005
*	Wachovia Bank, N.A., Stable Portfolio Group Trust	Collective investment fund	\$ 34,040,353
*	Wachovia Bank, N.A., Enhanced Stock Market Fund	Collective investment fund	9,890,313
	Fidelity Advisor Mid Cap Fund	Registered investment company	16,521,989
	Fidelity Contrafund	Registered investment company	37,965,124
	Growth Fund of America	Registered investment company	42,633,020
	Neuberger & Berman Genesis Fund	Registered investment company	20,390,336
	Washington Mutual Investors Fund	Registered investment company	24,499,399
	American Europacific Growth Fund	Registered investment company	4,264,702
	Templeton Foreign Fund	Registered investment company	16,848,552
	Janus Balanced Fund	Registered investment company	22,907,365
	Evergreen Core Bond Fund	Registered investment company	3,914,644
	Fidelity Advisors Government Investment Fund	Registered investment company	9,968,140
*	RPM International Stock Fund	Company stock	26,965,705
	RPM International Conservative Fund	Registered investment company	586,209
	RPM International Moderate Fund	Registered investment company	1,276,821
	RPM International Growth Fund	Registered investment company	1,739,302
	Northwestern Mutual Life Insurance	Life insurance	87,657

*	Participant Loans	Loans (4.00% to 10.50%)	5,388,951
	Total Investments		\$ 279,888,582

---

**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, Director of Human Resources  
and Administration

Date: June 27, 2006

---

**EXHIBIT INDEX**

23.1 Consent of SS&G Financial Services, Inc.