

RPM INTERNATIONAL INC/DE/

Form 11-K

June 27, 2007

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

FORM 11-K

(Mark One):

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

For the fiscal year ended: December 31, 2006

OR

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

For the transition period from _____ to _____

Commission file number 1-14187

A. Full title of the plan and the address of the plan, if different from that of the issuer named below: RPM
International Inc. 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

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

**RPM INTERNATIONAL INC. 401(K) TRUST AND PLAN
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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, 2006 and 2005, the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2006, and the supplemental schedule of assets (held at end of year) as of December 31, 2006. These financial statements and supplemental schedule are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements and supplemental schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

CERTIFIED PUBLIC ACCOUNTANTS

Cleveland, Ohio

June 25, 2007

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

	DECEMBER 31,	
	2006	2005
ASSETS		
Investments	\$ 324,145,182	\$ 279,888,582
Receivables		
Employer's contribution	689,942	619,220
Participants' contributions	1,394,967	1,282,300
	2,084,909	1,901,520
NET ASSETS AVAILABLE FOR BENEFITS	\$ 326,230,091	\$ 281,790,102

See accompanying notes to financial statements.

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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, 2006

ADDITIONS TO NET ASSETS ATTRIBUTED TO:

Contributions		
Participants	\$ 18,607,877	
Employer	8,965,316	
Rollover contributions	3,384,430	\$ 30,957,623

Investment income		
Interest and dividends	15,242,038	
Realized and unrealized gain on investments	20,635,702	35,877,740

Total Additions **66,835,363**

DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:

Benefits paid to participants	21,795,933	
Administrative expenses	599,441	22,395,374

Change in net assets **44,439,989**

Net assets available for benefits:

Beginning of year **\$ 281,790,102**

End of year **\$ 326,230,091**

See accompanying notes to financial statements.

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

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

Contributions

Contributions are recorded on an accrual basis.

Payment of benefits

Benefits are recorded when paid.

Use of estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported 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).

RPM INTERNATIONAL INC. 401(K) TRUST AND PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE B Description of the Plan continued

Contributions

Each year, participants may contribute up to 20% of pretax annual compensation, as defined in the Plan. The Plan was amended effective January 1, 2007 to allow participants to contribute up to 50% of pretax annual compensation. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers sixteen investment funds as investment options for participants. The 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 2006, the administrative expenses, audit fees, certain legal expenses, brokerage fees, transfer taxes, and other expenses incurred in connection with the sale, purchase, and management of the assets of the investment funds were paid by the Plan.

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

NOTE C Investments

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

	2006	2005
Growth Fund of America	\$47,487,903	\$42,633,020
Fidelity Contrafund	44,177,085	37,965,124
Diversified Stable Value Fund	37,024,760	
American Washington Mutual Investors Fund	30,826,737	24,499,399
RPM International Inc. Stock Fund	29,389,854	26,965,705
Janus Balanced Fund	26,106,597	22,907,365
Templeton Foreign Fund	21,528,814	16,848,552
Fidelity Advisor Mid Cap Fund	18,947,769	16,521,989
Neuberger & Berman Genesis Fund	17,424,280	20,390,336
Stable Portfolio Group Trust		34,040,353
During 2006, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$20,635,702.		
Mutual Funds		\$ 17,345,280
Common/Collective Trust		3,290,422
		\$ 20,635,702

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.

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

NOTE F Related party transactions

The Diversified Stable Value Fund, Enhanced Stock Market Fund, and Stable Portfolio Group Trust are common trust funds managed by Wachovia Bank N.A. The value of the Diversified Stable Value Fund was \$37,024,760 and \$0 at December 31, 2006 and 2005, respectively. The value of the Stable Portfolio Group Trust was \$0 and \$34,040,353 at December 31, 2006 and 2005, respectively. The value of the Enhanced Stock Market Fund was \$12,672,877 and \$9,890,313 at December 31, 2006 and 2005, respectively. Wachovia Bank N. A. is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan to the trustee amounted to \$599,441 for the year ended December 31, 2006.

NOTE G Risks and uncertainties

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

RPM INTERNATIONAL INC. 401(K) TRUST AND PLAN
EIN #34-6550857
PLAN NUMBER 011
SCHEDULE H, LINE 4i -
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2006

(a)	(b)	(c)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Current value at December 31,2006
*	Wachovia Bank, N.A., Diversified Stable Value Fund	Collective investment fund	\$ 37,024,760
*	Wachovia Bank, N.A., Enhanced Stock Market Fund	Collective investment fund	12,672,877
	Fidelity Advisor Mid Cap Fund	Registered investment company	18,947,769
	Fidelity Contrafund	Registered investment company	44,177,085
	Growth Fund of America	Registered investment company	47,487,903
	Neuberger & Berman Genesis Fund	Registered investment company	17,424,280
	American Washington Mutual Investors Fund	Registered investment company	30,826,737
	American Europacific Growth Fund	Registered investment company	11,108,857
	Templeton Foreign Fund	Registered investment company	21,528,814
	Janus Balanced Fund	Registered investment company	26,106,597
	Evergreen Core Bond Fund	Registered investment company	5,367,195
	Fidelity Advisors Government Investment Fund	Registered investment company	10,253,781
*	RPM International Inc. Stock Fund	Company stock	29,389,854
	RPM International Conservative Fund	Registered investment company	720,061
	RPM International Moderate Fund	Registered investment company	2,692,403
	RPM International Growth Fund	Registered investment company	2,723,299
	Northwestern Mutual Life Insurance	Life insurance	86,524
	Cash		29,714
*	Participant Loans	Loans (5.00% to 10.50%)	5,576,672
	Total Investments		\$ 324,145,182

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 26, 2007

EXHIBIT INDEX

23.1 Consent of SS&G Financial Services, Inc.