

MODINE MANUFACTURING CO

Form 11-K

June 28, 2006

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 11-K**

Annual Report Pursuant to Section 15(d)  
of the Securities Exchange Act of 1934

As of December 31, 2005 and December 31, 2004 and  
for the year ended December 31, 2005

Commission file number 1-1373

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

**MODINE 401(K) RETIREMENT PLAN  
FOR HOURLY EMPLOYEES**

B. Name of issuer of the securities held pursuant to the  
Plan and the address of its principal executive office:

**MODINE MANUFACTURING COMPANY  
1500 DeKoven Avenue, Racine, Wisconsin 53403-2552**

MODINE 401(K) RETIREMENT PLAN  
FOR HOURLY EMPLOYEES

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NOTE: Supplemental schedules required by the Employee Retirement Income Security Act of 1974 that have not been included herein are not applicable.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Modine Manufacturing Company  
Pension Benefits Committee  
Racine, Wisconsin

We have audited the accompanying statements of net assets available for benefits of the Modine 401(k) Retirement Plan for Hourly Employees (the "Plan") as of December 31, 2005 and 2004, and the related statement of changes in net assets available for benefits for the year ended December 31, 2005. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2005 and 2004, and the changes in net assets available for benefits for the year ended December 31, 2005, in conformity with U.S. generally accepted accounting principles.

Our audit was conducted 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 and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic 2005 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 2005 financial statements taken as a whole.

/s/ Crowe Chizek and Company LLC  
Crowe Chizek and Company LLC

Oak Brook, Illinois  
June 14, 2006

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MODINE 401(K) RETIREMENT PLAN  
FOR HOURLY EMPLOYEES

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITIS

December 31, 2005 and 2004

<b>ASSETS</b>	2005	2004
Cash	\$ 1,506	\$ 57
Investments (Note 3)	50,766,105	48,138,180
Receivables:		
Employer Contribution	24,877	-
Employee Contribution	57,004	-
Accrued interest and dividends	16,581	14,461
Total Receivables	98,462	14,461
Total assets	50,866,073	48,152,698
<b>LIABILITIES</b>		
Accrued Expenses	75	-
Due to broker	671	-
Net assets available for benefits	\$ 50,865,327	\$ 48,152,698

The accompanying notes are an integral part of the financial statements.

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MODINE 401(K) RETIREMENT PLAN  
FOR HOURLY EMPLOYEES

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

for the year ended December 31, 2005

**Additions:**

Investment income:

Income from Master Trust	\$ 898,925
Net appreciation in fair value of investments	1,224,363
Interest	236,087
Dividends	156,887
Total investment income	2,516,262

Contributions:

Participant	3,337,476
Employer	1,429,372
Rollover contributions	54,772
Total contributions	4,821,620
Transfers, net (Note 10)	1,138,671
Total additions	8,476,553

**Deductions:**

Distributions to participants	5,750,156
Administrative costs	13,768
Total deductions	5,763,924

Net increase in net assets available for benefits	2,712,629
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**Net assets available for benefits:**

Beginning of year	48,152,698
End of year	\$ 50,865,327

The accompanying notes are an integral part of the financial statements.

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MODINE 401(K) RETIREMENT PLAN  
FOR HOURLY EMPLOYEES

NOTES TO FINANCIAL STATEMENTS  
December 31, 2005 and 2004

1. Description of Plan

The following description of the Modine 401(k) Retirement Plan for Hourly Employees (“the Plan”) provides only general information on the Plan. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

A. General

The Plan is a 401(k) profit sharing plan covering all eligible hourly employees of Modine Manufacturing Company and its U.S. subsidiaries (“the Company”), who have one hour of service. Eligible employees who elect to participate are referred to as Participants. The Plan was established on January 1, 1999 and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

B. Contributions

Plan Participants enter into a wage reduction agreement wherein the employee elects a reduction in compensation, which the Company contributes to the Plan. Participants direct investment of their contributions into various investment options offered by the Plan. The Plan offers several investment alternatives. Participants may contribute up to 50% of their compensation including overtime, but before bonuses, commissions or taxable fringe benefits. Participants may transfer into the Plan certain assets previously held under another tax-qualified plan.

Prior to August 1, 2004, the Company made matching contributions equal to 50% of employee contributions which did not exceed 6% of total compensation. Effective August 1, 2004, the match was changed to 60% of employee contributions which did not exceed 6% of total compensation. The Company has the discretion to make an additional contribution and match all or any portion of the Participant’s contribution. The matching and discretionary, if any, Company contributions are invested directly in the Modine Company Stock Fund. During the Plan year, the Company did not make any discretionary contributions.

Participant and Company contributions are subject to certain statutory limitations.

C. Participant Accounts

Each Participant account is credited with the Participant’s contributions and allocations of the Company’s matching contribution, the Company’s discretionary contribution, and Plan earnings. Allocations of contributions and investment earnings are based on the Participant contributions or account balances, as provided by the Plan. The net appreciation (depreciation) in fair value of investments is also allocated to the individual Participant accounts based on each Participant’s share of fund investments. The benefit to which a Participant is entitled is the benefit that can be provided from the Participant’s vested account.

D. Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Participants with an employment commencement date prior to January 1, 2001 are 100% vested in the Company’s contributions.

Participants with an employment commencement date subsequent to December 31, 2000 will vest in the Company's

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NOTES TO FINANCIAL STATEMENTS, continued

1. Description of Plan, continued

contributions after three years of service. All Thermacore, Inc. employees who were employed on or before December 31, 2001 shall be 100% vested in their Matching Account. A year of service is defined as 1,000 or more hours of service in plan year.

E. Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum of \$50,000 or 50 percent of their vested account balances, whichever is less. The maximum loan repayment term is five years, except for loans to purchase a primary residence. Loans bear interest at the Marshall & Ilsley Bank prime rate plus 1%. All principal and interest payments are credited to Participant account balances according to current investment directions in effect for new contributions at the time of each loan repayment.

F. Distributions

If a Participant retires, dies, terminates employment, or incurs a permanent disability, distributions of their account will be made in a lump sum. The timing and form of distributions are subject to certain minimum balances and age restrictions as provided by the Plan.

G. Withdrawals

The Plan provides for both hardship and non-hardship withdrawals. Contributions may only be withdrawn without penalty on or after age 59½ or in the event of retirement, death, disability, or termination on or after age 55. Financial hardship includes certain medical expenses, purchase of a primary residence, tuition and related education fees, or to prevent eviction from, or foreclosure on the mortgage on, the primary residence.

H. Forfeited Accounts

Forfeited nonvested accounts are first used to pay Plan expenses. Any remaining forfeitures are used to reduce the Employer Matching Contributions. During the Plan year forfeitures totaling \$32,107 were used to reduce Employer Matching Contributions.

I. Administrative Expenses

Most expenses of administering the Plan are borne by the Company.

J. Trustee

As of December 31, 2005 and 2004, the assets of the Plan were held under an Agreement of Trust by Marshall & Ilsley Trust Company N.A., Milwaukee, Wisconsin.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting, in accordance with U.S. generally accepted accounting principles.

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## NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies, continuedB. Investment Valuation

Investment in the Modine Company Stock Master Trust Fund (“Master Trust”), consisting primarily of Modine Common Stock, with a small amount in money market investments, is valued at this Plan’s proportionate share of the aggregate net asset value of the Master Trust’s assets. The net asset value per unit is calculated by dividing the fund’s total fair value by the outstanding number of Participant units. The units are updated daily based upon Participant activity. The number of units and fair value of the Modine Company Stock Master Trust Fund held by the Plan is as follows:

	December 31, 2005	December 31, 2004
Units	607,749	568,736
Market Price	\$ 23,324,428	\$ 22,724,283

Common/Collective trusts are valued at the fair value of participant units held by the Plan as of the last trading day of the period, as reported by the managers of the respective trusts. Mutual funds are valued at quoted market prices.

Loans to Participants are valued at the balance of amounts due, plus accrued interest thereon, which approximates fair value.

C. Security Transactions and Related Investment Income

Security transactions are accounted for as of the trade date and dividend income is recorded as of the dividend record date. Interest income is recorded on the accrual basis. The cost of securities sold is determined on a moving average cost basis.

D. Net Appreciation (Depreciation) in Fair Value of Investments

The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of its investments which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

E. Withdrawals and Distributions

Withdrawals and distributions from the Plan are recorded at the fair value of the distributed investments, plus cash paid in lieu of fractional shares where applicable. Withdrawals and distributions are recorded when paid.

F. Use of Estimates

Financial statements prepared in conformity with U.S. generally accepted accounting principles require management to make estimates and assumptions that significantly affect amounts and disclosures reported therein. Actual results could differ from those estimates.



## NOTES TO FINANCIAL STATEMENTS, continued

3. Investments

The following presents investments that represent 5 percent or more of the Plan's net assets:

	December 31, 2005	December 31, 2004
M&I Stable Principal Fund, 4,672,960 and 4,807,690 units, respectively	\$ 4,672,960	\$ 4,807,690
Investment in Modine Company Stock Master Trust Fund, 607,749 and 568,736 units, respectively	23,324,428 *	22,724,283 *
Vanguard Institutional Index Fund, 62,685 and 61,795 units, respectively	7,146,728	6,841,346

\* Participant and non-participant directed

During 2005, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated/(depreciated) in value by \$1,224,363 as follows:

Mutual Funds	\$ 871,241
Common Collective Funds	353,122
	\$ 1,224,363

The Plan's investments in the Master Trust (including interest, dividends, gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$898,925.

4. Master Trust Information

The Plan's allocated share of the Master Trust's net assets at December 31, 2005 and 2004 is as follows:

	Plan's Share of Master Trust's Net Assets	
	2005	2004
Modine Company Stock Master Trust Fund	20.56%	17.45%

The following assets are held in the Modine Company Stock Master Trust Fund at December 31, 2005 and December 31, 2004:

	2005	2004
	\$ 111,517,700	\$ 129,259,369

Modine Common Stock

Receivables (payables), net	5,949	(27,436)
Cash and cash equivalents	1,953,070	1,000,173
Total	\$ 113,476,719	\$ 130,232,106

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## NOTES TO FINANCIAL STATEMENTS, continued

4. Master Trust Information, continued

Investment income for the Modine Company Stock Master Trust Fund for the year ended December 31, 2005 is as follows:

Net depreciation in fair value of Modine Common Stock	\$ (4,147,150)
Proliance Stock received from spin-off	5,862,129
Interest	69,172
Dividends on Modine Common Stock	2,515,371
<b>Total</b>	<b>\$ 4,299,522</b>

5. Nonparticipant -Directed Investments

The Modine Company Stock Master Trust Fund includes certain nonparticipant-directed amounts. Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant-directed investments is as follows:

	December 31, 2005	December 31, 2004
<b>Net Assets:</b>		
Modine Common Stock	\$11,860,537	\$12,295,640
Proliance Fund	29,593	
	Year Ended December 31, 2005	
<b>Changes in Net Assets:</b>		
Contributions	\$1,429,372	
Interfund transfers, net	(934,802)	
Investment Income	880,364	
Benefits paid to Participants	(1,780,444)	
	\$(405,510)	

Non-participant directed investments relate to Company contributions which are initially invested in the Plan Sponsor's Stock. With the passage of time, these contributions are able to be re-directed by the participants to investments other than the Plan Sponsor's Stock. Certain of the investments included as non-participant directed investments in this disclosure may be participant directed as participants may elect to maintain investments in the Plan Sponsor's Stock.

6. 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. If the Plan were terminated, Participants would receive benefits under the Plan based on their respective account balances accumulated to the date of the termination of the Plan. All Participants would become 100% vested upon Plan termination.

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NOTES TO FINANCIAL STATEMENTS, continued

7. Tax Status

The Plan is intended to be a qualified profit sharing plan under Section 401(a) and 401(k) of the Internal Revenue Code ("the Code"), and as such is not subject to Federal income taxes. The Plan obtained its latest determination letter dated June 30, 2004 in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Code. Therefore, no provision for income taxes has been included in the Plan's financial statements. The Plan Administrator believes that the Plan is designed and continues to operate in compliance with the applicable requirements of the Code.

8. Risks and Uncertainties

The Plan provides for various investment options in any combinations of stocks, common collective funds, mutual funds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect Participants' account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

At December 31, 2005 and 2004, approximately 46% and 47%, respectively, of the Plan's assets were invested in Modine Manufacturing Company common stock, through the Modine Company Stock Master Trust Fund.

The Company common stock held in the Modine Company Stock Master Trust Fund as of December 31, 2005 has been valued at its quoted market price as of the 2005 financial statement date of \$32.59 per share. The Company common stock held in the Modine Company Stock Master Trust Fund has subsequently experienced price volatility and has decreased to \$22.32 as of June 14, 2006.

9. Party-In-Interest Transactions

Parties-in-interest are defined under Department of Labor regulations as any fiduciary of the Plan, any party rendering service to the Plan, the employer and certain others. At December 31, 2005 and 2004, the Plan held shares of common collective funds and mutual funds managed by Marshall & Ilsley Trust Company N.A., and held units in the Modine Company Stock Master Trust Fund, which holds underlying assets including Company stock. Marshall & Ilsley Trust Company N.A. is the Plan Trustee, and Modine Manufacturing Company is the Plan Administrator, therefore these investments and transactions therein are considered party-in-interest. Participants are also allowed to take loans from their accounts in the Plan, and these loans also qualify as party-in-interest investments. At December 31, 2005 and 2004, the value of party-in-interest investments was \$36,116,997 and \$35,128,209 respectively. Dividends paid on Company stock in 2005 were \$481,554. Loan processing fees in the amount of \$13,768 were paid by Participants to Marshall & Ilsley Trust Company N.A. These transactions are allowable party-in-interest transactions under ERISA and the regulations promulgated there under.

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## NOTES TO FINANCIAL STATEMENTS, continued

10. Transfers

From time to time, changes in employee status require the transfer of funds between the Modine 401(k) Retirement Plan for Salaried Employees and the Modine 401(k) Retirement Plan for Hourly Employees.

Participants of the Modine Employee Stock Ownership Plan (“Modine ESOP Plan”) are also allowed to transfer funds from the Modine ESOP to the Modine 401(k) Retirement Plan for Hourly Employees. The majority of the transfer reflected in the statement of changes in net assets available for benefits for the year ended December 31, 2005 resulted from these types of transfers.

11. Reconciliation of Financial Statements to Form 5500

Following is a reconciliation of net assets available for benefits per the financial statements to net assets per the Form 5500 as of December 31:

	2005	2004
Net assets available for benefits		
per the financial statements	\$ 50,865,327	\$ 48,152,698
Miscellaneous investment difference	-	(44)
Adjustment for loan defaults	(16,274)	(31,442)
Benefits payable to participants	(1,431)	-
Net assets per the Form 5500	\$ 50,847,622	\$ 48,121,212

Following is a reconciliation of the increase net assets available for benefits per the financial statements to net income per the Form 5500 for the year ended December 31, 2005:

Increase in net assets available for benefits	
per the financial statements	\$ 2,712,629
Current year benefits payable to participants	(1,431)
Loan defaults	15,210
Net income per the Form 5500	\$2,726,410

12. Terminated Participants

Included in net assets available for benefits are amounts allocated to individuals who have completed an election to withdraw from the Plan and requested that their benefits be paid, but whose distributions have not yet been paid. Plan assets allocated to the accounts of these participants were \$1,431 and \$0 at December 31, 2005 and 2004, respectively.

NOTES TO FINANCIAL STATEMENTS, continued

13. Proliance Spin-off

Effective July 22, 2005, Modine spun-off its Aftermarket Business to its shareholders and subsequently merged the spun-off company with and into Transpro, Inc. to form a combined company renamed Proliance International, Inc. Under the terms of the transaction, Modine shareholders retained their shares in Modine Manufacturing Company and also received approximately 0.24 shares of Proliance International Common Stock for every 1 share of Modine common stock held as of the close of business on July 21, 2005. The amount reflected in the Statement of Changes represents the value of the shares of Proliance stock received by participants in the Plan that invested part of their account balance in Modine Manufacturing Company stock. Prior to December 31, 2005, the Proliance shares were liquidated to cash and cash equivalents and the related amounts are included in the Master Trust.

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**SUPPLEMENTAL SCHEDULE**

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MODINE 401(K) RETIREMENT PLAN  
FOR HOURLY EMPLOYEES  
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)  
December 31, 2005

Plan Sponsor: Modine Manufacturing Company

EIN: 39-0482000

Plan Number: 025

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Shares or units	Cost	Current value
<b>Common Collective Funds</b>				
*	Marshall & Ilsley Trust Company	Diversified Income Fund	94,371	** 1,918,079
		Growth Balanced Fund	64,422	** 1,667,462
		Diversified Stock Fund	75,780	** 2,331,478
		Stable Principal Fund	4,672,960	** 4,672,960
<b>Mutual Funds</b>				
The Vanguard Group	Vanguard Institutional Index Fund	62,685	**	7,146,728
The Managers Funds, L.P.	Special Equity Fund	24,409	**	2,117,971
American Funds, Inc.	Growth Fund of America	22,187	**	676,707
Legg Mason	Value Fund	19,179	**	1,317,576
Calamos Investment Trust	Growth Fund	7,572	**	416,903
Dodge and Cox	Stock Fund	7,751	**	1,063,536
Royce Fund	Opportunity Fund	22,236	**	269,717
Fidelity Advisors Series VIII	Diversified International Fund	77,015	**	1,610,377

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*	Marshall Funds, Inc.	Mid-Cap Value Fund	69,231	**	1,010,767
<b>Other</b>					
*	Participant Loans	5.25 - 11.00% interest rate; various  maturity dates			1,221,416
*	Marshall & Ilsley Trust Company	Modine Company Stock Master Trust Fund (Common Stock and Marshall Money  Market Fund)	607,749	\$18,549,280	23,324,428
					<b>\$50,766,105</b>

\* Represents party in interest to the Plan.

\*\* Investments are Participant directed; cost not required to be disclosed.

**EXHIBITS TO ANNUAL REPORT ON FORM 11-K**

The exhibits listed below are filed as part of this Annual Report on Form 11-K. Each exhibit is listed according to the number assigned to it in the Exhibit Table of Item 601 of Regulation S-K.

Exhibit Number	Description
23	Consent of Independent Registered Public Accounting Firm, filed herewith.

\* Represents party in interest to the Plan.

\*\* Investments are Participant directed; cost not required to be disclosed.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the members of the Committee which administers the Plan have duly caused this annual report to be signed by the undersigned hereunto duly authorized.

MODINE 401(k) RETIREMENT PLAN  
FOR HOURLY EMPLOYEES

Date: June 28, 2006

*/s/Dean R. Zakos*  
Dean R. Zakos

\* Represents party in interest to the Plan.

\*\* Investments are Participant directed; cost not required to be disclosed.

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