

GORMAN RUPP CO  
Form 11-K  
June 29, 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**

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

**For the fiscal year ended December 31, 2005**

**OR**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number: 1-6747**

**THE GORMAN-RUPP COMPANY 401(k) PLAN**

**(Full title of the plan)**

**The Gorman-Rupp Company**

**305 Bowman Street**

**Mansfield, Ohio 44903**

**(Name of issuer of the securities held pursuant to the plan and the address of its principal executive office)**

**\*\*\*\*\***

**The Exhibit Index is located at Page 14.**

**REQUIRED INFORMATION**

Audited plan financial statements and schedules prepared in accordance with the financial reporting requirements of the Employee Retirement Income Security Act of 1974, as amended, are filed herewith in lieu of the requirements of audited statements of financial condition and audited statements of income and changes in plan equity.

Financial Statements and Exhibits

A) The following financial statements and schedules (including the report of Ernst & Young LLP) are filed as part of this annual report:

- 1) Statements of Net Assets Available for Benefits    December 31, 2005 and 2004
- 2) Statement of Changes in Net Assets Available for Benefits    Year ended December 31, 2005
- 3) Schedule of Assets (Held at End of Year)
- 4) Schedule of Reportable Transactions

B) The following exhibit is filed as part of this annual report:

- (23) Consent of Independent Registered Public Accounting Firm

The Gorman-Rupp Company 401(k) Plan  
Audited Financial Statements  
and Supplemental Schedules  
December 31, 2005 and 2004, and  
Year Ended December 31, 2005  
**Contents**

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Report of Independent Registered Public Accounting Firm

The Plan Administrators

The Gorman Rupp Company 401(k) Plan

We have audited the accompanying statements of net assets available for benefits of The Gorman-Rupp Company 401(k) Plan as of December 31, 2005 and 2004, and the related statements 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included 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, and 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 at December 31, 2005 and 2004, and the changes in its net assets available for benefits for the year ended December 31, 2005, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2005, and reportable transactions for the year then ended, are presented for purposes of additional analysis and are not a required part of the financial statements but are 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. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ ERNST & YOUNG LLP

June 9, 2006

The Gorman-Rupp Company 401(k) Plan  
Statements of Net Assets Available for Benefits

|                                   | December 31         |              |
|-----------------------------------|---------------------|--------------|
|                                   | 2005                | 2004         |
| <b>Assets</b>                     |                     |              |
| Investments, at fair value        | <b>\$26,192,033</b> | \$24,632,263 |
| Receivables:                      |                     |              |
| Employer contribution             | <b>56,643</b>       | 49,326       |
| Participants contribution         | <b>253,558</b>      | 222,720      |
| Accrued interest                  | <b>17,675</b>       | 11,302       |
| Total receivables                 | <b>327,876</b>      | 283,348      |
| Net assets available for benefits | <b>\$26,519,909</b> | \$24,915,611 |

*See accompanying notes to financial statements.*

The Gorman-Rupp Company 401(k) Plan  
Statement of Changes in Net Assets Available for Benefits  
Year Ended December 31, 2005

**Additions**

Investment income:

|                                               |              |
|-----------------------------------------------|--------------|
| Net depreciation in fair value of investments | \$ (339,052) |
| Interest and dividends                        | 837,742      |

**498,690**

Contributions:

|              |           |
|--------------|-----------|
| Participants | 1,964,954 |
| Employer     | 435,838   |
| Rollovers    | 86,289    |

**2,487,081**

Total additions

**2,985,771**

**Deductions**

|                               |           |
|-------------------------------|-----------|
| Benefits paid to participants | 1,381,473 |
|-------------------------------|-----------|

|              |           |
|--------------|-----------|
| Net increase | 1,604,298 |
|--------------|-----------|

Net assets available for benefits:

|                   |            |
|-------------------|------------|
| Beginning of year | 24,915,611 |
|-------------------|------------|

|             |               |
|-------------|---------------|
| End of year | \$ 26,519,909 |
|-------------|---------------|

*See accompanying notes to financial statements.*

The Gorman-Rupp Company 401(k) Plan  
Notes to Financial Statements  
December 31, 2005 and 2004 and  
Year ended December 31, 2005

**1. Description of the Plan**

The following description of The Gorman Rupp Company 401(k) Plan (Plan) provides only general information. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions.

**General**

The Plan is a defined contribution plan covering substantially all employees of the Corporate, Mansfield and Industries Divisions of The Gorman Rupp Company (Company and Plan Administrator) and Patterson Pump Company, a subsidiary of the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

**Contributions**

Each year, participants may contribute up to 15% of pretax annual compensation, as defined in the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Effective August 1, 2000, the Company contributes 40% of the first 4% of compensation that a participant contributes to the Plan.

Upon enrollment, a participant may direct employee contributions in whole increments to any of the investment fund options offered by the Plan. Effective August 1, 2000, employer contributions are restricted to the Gorman-Rupp Company Common Stock Fund. Participants may change their investment options daily.

**Participant Accounts**

Each participant's account is credited with the participant's contributions and allocations of (a) the Company's contributions and (b) Plan earnings. 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 account.

**Vesting**

Participants are immediately vested in their contributions plus actual earnings thereon. Participants are also fully vested in the Company contribution portion of their accounts plus actual 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 term of the loan shall not exceed 5 years, or 20 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at the prime rate, as quoted in the Wall Street Journal. Principal and interest is paid ratably through payroll deductions.

The Gorman-Rupp Company 401(k) Plan  
Notes to Financial Statements (continued)

**1. Description of the Plan (continued)**

**Payment of Benefits**

Upon retirement, death, or termination of employment, a participant will receive a lump-sum amount equal to the vested value of his or her account.

**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.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting.

**Investment Valuation and Income Recognition**

The Plan's investments are stated at fair value. The shares of registered investment companies are valued at quoted market prices which represent the net asset values of shares held by the Plan at year-end. The Company stock is valued at its quoted market price as of the last business day of the Plan's year. The 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 on the accrual basis. Dividends are recorded on the ex-dividend date.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**3. Investments**

During 2005, the Plan's investments (including investments purchased, sold as well as held during the year) depreciated in fair value as determined by quoted market prices as follows:

|                                           | <b>Net<br/>Depreciation<br/>in<br/>Fair Value of<br/>Investments</b> |
|-------------------------------------------|----------------------------------------------------------------------|
| Common stock                              | \$ (355,302)                                                         |
| Shares of registered investment companies | 16,250                                                               |
|                                           | \$ (339,052)                                                         |

The Gorman-Rupp Company 401(k) Plan  
Notes to Financial Statements (continued)

**3. Investments (continued)**

Investments that represent 5% or more of the Plan's net assets are as follows:

|                                         | <b>2005</b>        | <b>2004</b> |
|-----------------------------------------|--------------------|-------------|
| The Gorman-Rupp Company Common Stock*   | <b>\$8,930,981</b> | \$8,983,806 |
| American Century Income and Growth Fund | <b>3,597,224</b>   | 3,349,382   |
| Allegiant Money Market Fund             | <b>3,631,760</b>   | 3,301,742   |
| AIM Balanced Fund                       | <b>1,831,609</b>   | 1,709,212   |
| Franklin Small-Mid Cap Growth Fund      | <b>1,347,809</b>   | 1,088,937   |

\* Non-participant-directed

**4. Non-participant-Directed Investments**

The Gorman-Rupp Company Common Stock Fund contains participant account balances that are both participant-directed and non-participant-directed. Because the fund contains balances that are non-participant-directed, the entire fund is considered non-participant-directed for disclosure purposes.

Information about the net assets and the significant components of changes in net assets related to non-participant-directed investments is as follows:

|                                      | <b>December 31</b> |             |
|--------------------------------------|--------------------|-------------|
|                                      | <b>2005</b>        | <b>2004</b> |
| Net assets:                          |                    |             |
| Investments, at fair value:          |                    |             |
| The Gorman-Rupp Company Common Stock | <b>\$8,930,981</b> | \$8,983,806 |
| Contributions receivable             | <b>67,398</b>      | 90,421      |
|                                      | <b>\$8,998,379</b> | \$9,074,227 |

The Gorman-Rupp Company 401(k) Plan  
Notes to Financial Statements (continued)

**4. Non-participant-Directed Investments (continued)**

|                                                    | <b>Year Ended<br/>December 31,<br/>2005</b> |
|----------------------------------------------------|---------------------------------------------|
| Changes in net assets:                             |                                             |
| Contributions:                                     |                                             |
| Participants                                       | \$ 370,048                                  |
| Employer                                           | 391,781                                     |
|                                                    | 761,829                                     |
| <br>The Gorman-Rupp Company Common Stock dividends | <br>228,399                                 |
| Net appreciation in fair value of common stock     | (355,302)                                   |
| Net transfers to participant directed funds        | (167,961)                                   |
| Distributions to participants                      | (542,813)                                   |
|                                                    | \$ (75,848)                                 |

**5. Administrative Costs**

Fees for legal, accounting and other services rendered to the Plan are paid by the Company.

**6. 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 the investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

**7. Income Tax Status**

The Plan has received a determination letter from the Internal Revenue Service dated May 14, 2004, stating that the Plan is qualified under section 401(a) of the Internal Revenue Code (Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax exempt.

The Gorman-Rupp Company 401(k) Plan  
 EIN: 34-0253990      Plan Number: 005  
 Schedule H, Line 4i    Schedule of Assets  
 (Held at End of Year)  
 December 31, 2005

| Identity of Issuer, Borrower,<br><br>Lessor or Similar Party                                                                                                                                                                                                                                                                     | Description<br>of<br>Investment<br>Including<br>Maturity<br>Date, Rate<br>of Interest,<br>Par<br>or<br>Maturity<br>Value                                         | Cost**       | Current<br><br>Value                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------------------------------------------------------------------------------------------------------------|
| The Gorman-Rupp Company Common Stock*<br>Barclays Global Fund Lifepath 2000<br>Barclays Global Fund Lifepath 2010<br>Barclays Global Fund Lifepath 2020<br>Barclays Global Fund Lifepath 2030<br>Barclays Global Fund Lifepath 2040<br>Cash                                                                                      | 403,934 shares<br>7,096 shares<br>15,574 shares<br>12,596 shares<br>14,412 shares<br>9,788 shares                                                                | \$ 5,511,866 | \$ 8,930,981<br>79,617<br>201,373<br>199,647<br>221,801<br>177,948<br>394                                          |
| Loan Fund*                                                                                                                                                                                                                                                                                                                       | At interest rates<br>ranging from<br>4.0% to 9.5%<br>with maturity<br>date through<br>2016                                                                       |              | 415,666<br><br>\$ 10,227,427                                                                                       |
| Detail of Pending Trades<br>AIM Balanced Fund<br>Allegiant Government Mortgage Institutional Fund*                                                                                                                                                                                                                               | 149,519 shares<br>106,614 shares<br>3,631,760                                                                                                                    |              | 1,831,609<br>972,320                                                                                               |
| Allegiant Money Market Fund*<br>Allegiant Multi-Factor Small Cap Fund*<br>Allegiant S&P 500 Index Fund*<br>American Centy Quantative Income & Growth Adv Fund<br>Franklin Small-Mid Cap Growth Fund<br>Gabelli Value Fund<br>Lasalle Income Advantage Fund<br>Janus Fund<br>Janus World Wide Fund<br>White Oak Growth Stock Fund | shares<br>58,568 shares<br>59,825 shares<br>118,681 shares<br>35,732 shares<br>25,830 shares<br>255,284 shares<br>19,710 shares<br>8,637 shares<br>21,109 shares |              | 3,631,760<br>1,123,919<br>641,334<br>3,597,224<br>1,347,809<br>467,777<br>255,284<br>503,189<br>374,332<br>681,841 |

|                               |               |               |
|-------------------------------|---------------|---------------|
| Putnam New Opportunities Fund | 11,746 shares | 536,208       |
|                               |               | \$ 15,964,606 |
|                               |               | \$ 26,192,033 |

\* Indicates party in  
interest to the Plan.

\*\* Cost is presented for  
nonparticipant-directed  
investments only.

The Gorman-Rupp Company 401(k) Plan  
 EIN: 34-0253990 Plan Number: 005  
 Schedule H, Line 4j Schedule of Reportable Transactions  
 Year Ended December 31, 2005

| Identity of<br>Party Involved                                                                              | Description<br>of Asset | Purchase<br>Price | Selling<br>Price | Cost of<br>Asset | Current<br>Value of<br>Asset on<br>Transaction<br>Date | Net<br>Gain |
|------------------------------------------------------------------------------------------------------------|-------------------------|-------------------|------------------|------------------|--------------------------------------------------------|-------------|
| <b>Category (iii) Series of transactions in excess of 5% of plan assets</b>                                |                         |                   |                  |                  |                                                        |             |
| The Gorman-Rupp<br>Company                                                                                 | Common<br>Stock         | \$1,372,357       |                  | \$1,372,357      |                                                        |             |
|                                                                                                            |                         |                   | \$1,048,161      | \$ 597,614       | \$1,048,161                                            | \$450,547   |
| There were no category (i), (ii), or (iv) reportable transactions during the year ended December 31, 2005. |                         |                   |                  |                  |                                                        |             |
| 12                                                                                                         |                         |                   |                  |                  |                                                        |             |

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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.

THE GORMAN-RUPP COMPANY 401(k)  
PLAN

By: The Gorman-Rupp Company,  
as Plan Administrator

Date: June 29, 2006

By: /s/ JEFFREY S. GORMAN  
Jeffrey S. Gorman,  
Committee Member

Date: June 29, 2006

By: /s/ ROBERT E. KIRKENDALL  
Robert E. Kirkendall,  
Committee Member

Date: June 29, 2006

By: /s/ JUDITH L. SOVINE  
Judith L. Sovine,  
Committee Member

Date: June 29, 2006

By: /s/ DAVID P. EMMENS  
David P. Emmens,  
Committee Member

**EXHIBIT INDEX**

| Exhibit | Description                                                    | Pagination by<br>Sequential<br>Numbering<br>System |
|---------|----------------------------------------------------------------|----------------------------------------------------|
| 23      | Consent of Independent Registered Public Accounting Firm<br>14 | 15                                                 |