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

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 3, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 333-102428

RBS GLOBAL, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

01-0752045

(I.R.S. Employer Identification No.)

4701 Greenfield Avenue, Milwaukee, Wisconsin
(Address of Principal Executive Offices)

REXNORD CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

04-3722228

(I.R.S. Employer Identification No.)

53214
(Zip Code)

Registrant's telephone number, including area code: **(414) 643-3000**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes No

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Private Securities Litigation Reform Act Safe Harbor Statement

This report contains, in addition to historical information, statements by us with regard to our expectations as to financial results and other aspects of our business that involve risks and uncertainties and may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

Forward-looking statements are presented for illustrative purposes only and reflect our current expectations concerning future results and events. All statements other than statements of historical fact are "forward-looking" statements for purposes of federal and state securities laws, including any projections of earnings, revenues or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

You can identify these forward-looking statements by our use of words such as "anticipates," "believes," "continues," "expects," "intends," "likely," "may," "opportunity," "plans," "potential," "project," "will," and similar expressions to identify forward-looking statements, whether in the negative or the affirmative. We cannot guarantee that we actually will achieve these plans, intentions or expectations. These forward-looking statements are subject to risks, uncertainties and other factors, some of which are beyond our control, which could cause actual results to differ materially from those forecast or anticipated in such forward-looking statements. You should not place undue reliance on these forward-looking statements, which reflect our view only as of the date of this report. We undertake no obligation to update these statements or publicly release the result of any revision(s) to these statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

Key risks to our company are described in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 15, 2005.

SEC Filing Status

Although the Company is not required to file reports with the SEC under Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we voluntarily file such reports in accordance with the terms of the Indenture governing our 10 1/8% Senior Subordinated Notes due 2012, which were registered in May 2003 under the Securities Act of 1933 (Registration No. 333-102428). As such, the Company is not deemed to be an "issuer" under the Sarbanes-Oxley Act of 2002, and is therefore not subject to certain of the requirements of that Act.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**RBS Global, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in millions)**

	<u>July 3, 2005</u>	<u>March 31, 2005</u>
	<u>(Unaudited)</u>	
Assets		
Current assets:		
Cash	\$ 13.9	\$ 26.3
Receivables, net	164.3	127.7
Inventories	180.3	127.7
Other current assets	21.6	18.1
Total current assets	<u>380.1</u>	<u>299.8</u>
Property, plant and equipment, net	360.1	263.9
Intangible assets, net	141.0	111.3
Goodwill	674.1	575.1
Other assets	35.9	27.3
Total assets	<u>\$ 1,591.2</u>	<u>\$ 1,277.4</u>
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of long-term debt	\$ 2.9	\$ 3.3
Trade payables	86.8	78.3
Income taxes payable	3.4	3.7
Deferred income taxes	13.0	12.8
Compensation and benefits	37.5	32.6
Current portion of pension obligations	13.6	13.6
Current portion of postretirement benefit obligations	5.7	5.7
Other current liabilities	30.3	30.9
Total current liabilities	<u>193.2</u>	<u>180.9</u>
Long-term debt	805.2	503.4
Pension obligations	71.5	75.8
Postretirement benefit obligations	33.5	34.2
Deferred income taxes	53.2	50.2
Other liabilities	7.9	8.2
Total liabilities	<u>1,164.5</u>	<u>852.7</u>
Stockholders' equity		
Common stock, \$0.01 par value; authorized 5,000,000 shares; issued and outstanding 3,622,031 shares at July 3, 2005 and 3,615,428 shares at March 31, 2005	0.1	0.1
Additional paid in capital	362.6	361.6
Retained earnings	50.3	45.4
Accumulated other comprehensive income	13.7	17.6
Total stockholders' equity	<u>426.7</u>	<u>424.7</u>
Total liabilities and stockholders' equity	<u>\$ 1,591.2</u>	<u>\$ 1,277.4</u>

See notes to the condensed consolidated financial statements.

RBS Global, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(in millions)

	First Quarter Ended	
	July 3, 2005	June 30, 2004
	(Unaudited)	(Unaudited)
Net sales	\$ 239.9	\$ 188.8
Cost of sales	<u>168.6</u>	<u>127.7</u>
Gross profit	71.3	61.1
Selling, general and administrative expenses	41.9	38.1
Restructuring and other similar costs	1.9	—
Amortization of intangible assets	<u>3.6</u>	<u>3.5</u>
Income from operations	23.9	19.5
Non-operating income (expense):		
Interest expense, net	(13.6)	(10.6)
Other income (expense), net	<u>(1.4)</u>	<u>(0.6)</u>
Income before income taxes	8.9	8.3
Provision for income taxes	<u>4.0</u>	<u>3.3</u>
Net income	<u>\$ 4.9</u>	<u>\$ 5.0</u>

See notes to the condensed consolidated financial statements.

RBS Global, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(in millions)

	First Quarter Ended	
	July 3, 2005	June 30, 2004
	(Unaudited)	(Unaudited)
Operating activities		
Net income	\$ 4.9	\$ 5.0
Adjustments to reconcile net income to cash used for operating activities:		
Depreciation	9.9	7.9
Amortization of intangible assets	3.6	3.5
Amortization of deferred financing costs	0.9	0.8
Changes in operating assets and liabilities:		
Receivables	(0.5)	0.2
Inventories	(3.7)	(9.4)
Other assets	(2.3)	0.1
Accounts payable	(7.0)	(7.9)
Accruals and other liabilities	(9.9)	(12.4)
Cash used for operating activities	(4.1)	(12.2)
Investing activities		
Expenditures for property, plant and equipment	(4.0)	(5.0)
Acquisition of The Falk Corporation, net of cash acquired of \$4.9 million	(297.9)	—
Cash used for investing activities	(301.9)	(5.0)
Financing activities		
Proceeds from issuance of long-term debt	312.0	—
Net (repayments) borrowings of long term debt	(10.3)	6.3
Payment of financing fees	(7.3)	—
Proceeds from issuance of common stock	1.0	—
Cash provided by financing activities	295.4	6.3
Effect of exchange rate changes on cash	(1.8)	(0.2)
Decrease in cash	(12.4)	(11.1)
Cash at beginning of period	26.3	21.8
Cash at end of period	<u>\$ 13.9</u>	<u>\$ 10.7</u>

See notes to the condensed consolidated financial statements.

RBS Global, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
July 3, 2005
(Unaudited)

1. Basis of Presentation and Significant Accounting Policies

The unaudited condensed consolidated financial statements of RBS Global, Inc. and subsidiaries (collectively, “the Company”) included herein have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, the condensed consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods. Results for the interim periods are not necessarily indicative of results that may be expected for the fiscal year ending March 31, 2006. It is suggested that these condensed consolidated financial statements be read in conjunction with the audited consolidated financial statements of the Company including the notes thereto included in the Company’s most recent Annual Report on Form 10-K.

The Company

The Company is a manufacturer of precision motion technology products whose portfolio includes flattop chain and modular conveyor belts, industrial bearings, aerospace bearings and seals, special components, couplings and gears and industrial chain. The products are either incorporated into products sold by original equipment manufacturers (“OEMs”) or sold to end-users through industrial distributors as aftermarket products.

Stock Based Compensation

The Company accounts for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees,” and related interpretations. Stock options are granted at prices equal to the fair market value of the Company’s common stock on the date of grant; therefore, no compensation expense has been recognized. Statement of Financial Accounting Standards (SFAS) No. 123, “Accounting for Stock-Based Compensation,” encourages, but does not require, companies to record compensation cost for stock-based employee compensation plans under a fair value-based method. Had compensation cost been determined based upon the fair value at the grant date under the provisions of SFAS No. 123, the Company’s pro forma net income would have been as follows (in millions):

	First Quarter Ended	
	July 3, 2005	June 30, 2004
Reported net income	\$ 4.9	\$ 5.0
Stock based employee compensation expense determined under fair value based method, net of tax	(0.3)	(0.2)
Pro forma net income	\$ 4.6	\$ 4.8

The Company determined the fair value of options granted using the minimum value option-pricing model. Fair value under the minimum value option-pricing model was determined using the following weighted-average assumptions: dividend yield of 0%, expected life of 10 years; and risk-free rates of interest ranging from 3.8% to 4.0%. The pro forma effects of applying the provisions of SFAS No. 123 are not necessarily representative of the effects on net income in future years.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued the revised SFAS No. 123, *Share Based Payment* (SFAS 123(R)). SFAS 123(R) requires compensation costs related to share-based payment transactions to be recognized in the financial statements. Generally, compensation cost will be measured based on the grant-date fair value of the equity or liability instruments issued. In addition, liability awards will be remeasured each reporting period. Compensation cost will be recognized over the requisite service period, generally as the awards vest. In April 2005, the Securities and Exchange Commission deferred the effective date of SFAS 123(R) such that we are now required to adopt SFAS 123(R) in the first quarter of fiscal 2007. SFAS 123(R) applies to all awards granted after June 30, 2005 and to previously granted unvested awards as of the adoption date. We are evaluating the effect of SFAS 123(R) on our financial statements and related disclosures, but currently do not expect the effect on compensation expense, net of related tax, to be significant.

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs- an Amendment of ARB No. 43, Chapter 4* (SFAS 151). SFAS 151 requires that abnormal amounts of idle facility expense, freight handling costs and wasted material (spoilage) be recognized as current period charges. In addition, SFAS 151 requires that the allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. We are required to adopt SFAS 151 in the first quarter of fiscal 2007. We are evaluating the effect of SFAS 151 on our financial statements and related disclosures, but currently do not expect the effect on inventories and cost of sales to be significant.

2. Acquisition of The Falk Corporation

On May 16, 2005, the Company acquired The Falk Corporation (“Falk”) from Hamilton Sundstrand, a division of United Technologies Corporation (“UTC”), for \$297.9 million (\$302.8 purchase price including transaction related expenses, net of cash acquired of \$4.9 million) and the assumption of certain liabilities. In July 2005, the Company paid UTC an additional \$3.4 million of purchase price resulting from the final working capital adjustment as defined in the purchase agreement. The acquisition of Falk was funded by a \$312 million term loan obtained through an amendment to our existing credit agreement dated May 16, 2005. See Note 7 for more information on this amendment. Falk, which is also headquartered in Milwaukee, is a manufacturer of gears and couplings with annual revenues of approximately \$200 million.

The Falk acquisition has been accounted for using the purchase method of accounting and accordingly, the purchase price was allocated to identifiable assets acquired and liabilities assumed based upon their estimated fair values. The estimated fair values included in the purchase price allocation are preliminary and based upon currently available information. We are still in the process of finalizing third-party appraisals of the acquired property, plant and equipment and certain identifiable intangible assets. In addition, we are in the process of strategically assessing our combined business which may give rise to additional purchase liabilities. Accordingly, final adjustments to the purchase price allocation may be required, and such adjustments could be significant. We expect to finalize the purchase price allocation within one year from the date of the Falk acquisition.

The preliminary purchase price allocation resulted in the recording of \$99.0 million of goodwill and \$33.3 million of other intangible assets. Other intangible assets are comprised of trademarks, patents and customer relationships. Patents and customer relationships are being amortized over their weighted average useful lives (6 to 20 years for patents and 10 years for customer relationships). The trademarks and goodwill, which are considered to have an indefinite life, are not being amortized but will be tested annually for impairment.

The following table sets forth the unaudited pro forma financial information for the Company as if the acquisition of Falk and related issuance of debt had occurred as of the beginning of each respective period (in thousands):

	First Quarter Ended	
	July 3, 2005	June 30, 2004
Net sales	\$ 265.1	\$ 238.9
Net income	\$ 5.0	\$ 5.3

3. Income Taxes

The provision for income taxes for the fiscal quarters ended July 3, 2005 and June 30, 2004 are based on an estimated effective income tax rate for the respective full fiscal years. The estimated annual effective income tax rate is determined excluding the effect of significant unusual items or items that are reported net of their related tax effects. The tax effect of significant unusual items is reflected in the period in which they occur.

4. Comprehensive Income

Comprehensive income consists of the following (in millions):

	First Quarter Ended	
	July 3, 2005	June 30, 2004
Net income	\$ 4.9	\$ 5.0
Other comprehensive income –		
Foreign currency translation adjustments	(3.9)	(1.7)
Comprehensive income	<u>\$ 1.0</u>	<u>\$ 3.3</u>

5. Inventories

The major classes of inventories are summarized as follows (in millions):

	July 3, 2005	March 31, 2005
	Finished goods	\$ 105.4
Work in process	42.3	20.4
Raw materials	34.2	25.0
Inventories at FIFO cost	181.9	128.9
Adjustment to state inventories at LIFO cost	(1.6)	(1.2)
	<u>\$ 180.3</u>	<u>\$ 127.7</u>

6. Other Current Liabilities

Other current liabilities are summarized as follows (in millions):

	July 3, 2005	March 31, 2005
	Taxes, other than income taxes	\$ 4.0
Interest payable	2.2	9.9
Sales rebates	1.5	5.3
Severance obligations	2.2	2.4
Customer advances	2.9	0.3
Product warranty	2.4	0.9
Liabilities recorded in connection with business combination	0.3	0.4
Other	14.8	10.0
	<u>\$ 30.3</u>	<u>\$ 30.9</u>

7. Long-Term Debt

Long-term debt is summarized as follows (in millions):

	<u>July 3, 2005</u>	<u>March 31, 2005</u>
Term loans	\$ 577.0	\$ 275.0
Senior subordinated notes	225.0	225.0
Other	6.1	6.7
Total	808.1	506.7
Less current portion	2.9	3.3
Long-term debt	<u>\$ 805.2</u>	<u>\$ 503.4</u>

On May 16, 2005, the Company amended its existing credit agreement and obtained an additional \$312 million term loan to fund the acquisition of Falk. Under the amended Credit Agreement (the "Credit Agreement"), all of the term loans (which consist of the \$312 million term loan and the pre-existing term loans) bear interest, at the Company's option, at the following rates per annum: (i) 2.25% plus the Eurodollar Rate, or (ii) 1.00% plus the Base Rate (which is defined as the higher of the Federal funds rate plus 0.5% or the Prime rate). At July 3, 2005, \$265.0 million of term loans bear interest at 5.55% and \$312.0 million bear interest at 5.49%. As of July 3, 2005, the term loans require annual principal payments of \$4.7 million in fiscal 2008, \$5.9 million in fiscal 2009, 2010 and 2011 and \$554.6 million in fiscal 2012. The Credit Agreement also contains certain revised financial covenants, including (i) a minimum consolidated interest coverage ratio of 2.25 to 1.00 through March 31, 2006; (ii) a maximum consolidated leverage ratio of 5.50 to 1.00 through September 30, 2006, and (iii) a maximum annual capital expenditures limit of \$50 million.

The Credit Agreement also provides Rexnord with a \$75 million revolving credit facility. No borrowings were outstanding under this revolving credit facility at July 3, 2005, although \$12.2 million of the facility is considered utilized in connection with outstanding letters of credit.

8. Product Warranty

The Company offers warranties on the sales of certain of its products and records an accrual for estimated future claims. Such accruals are based upon historical experience and management's estimate of the level of future claims. The following table presents changes in the Company's product warranty liability (in millions):

	<u>First Quarter Ended</u>	
	<u>July 3, 2005</u>	<u>June 30, 2004</u>
Balance at beginning of period	\$ 0.9	\$ 1.1
Acquisition of Falk	1.6	—
Charged to operations	0.3	0.2
Claims settled	(0.4)	(0.1)
Balance at end of period	<u>\$ 2.4</u>	<u>\$ 1.2</u>

9. Retirement Benefits

The components of net periodic benefit cost are as follows (in millions):

	First Quarter Ended	
	July 3, 2005	June 30, 2004
Pension Benefits:		
Service cost	\$ 0.5	\$ 0.8
Interest cost	3.3	3.2
Expected return on plan assets	(3.0)	(2.7)
Amortization:		
Prior service cost	—	0.1
Net periodic benefit cost	<u>\$ 0.8</u>	<u>\$ 1.4</u>
Other Postretirement Benefits:		
Service cost	\$ 0.2	\$ 0.2
Interest cost	0.7	0.7
Amortization:		
Prior service cost	(0.1)	(0.1)
Actuarial losses	0.1	—
Net periodic benefit cost	<u>\$ 0.9</u>	<u>\$ 0.8</u>

In the first quarter of fiscal 2006 and 2005, the Company made contributions of \$3.5 million and \$2.6 million, respectively, to its U.S. qualified pension plan trusts.

10. Related Party Transactions

The Company paid a total of \$5.2 million in May 2005 to The Carlyle Group and an entity controlled by the chairman of the Company's Board of Directors for investment banking and other transaction related services as part of the Falk acquisition. These payments have been accounted for as transaction-related expenses and included in the total cost of the Falk acquisition as discussed in Note 2.

11. Guarantor Subsidiaries

The following schedules present condensed consolidating financial information at July 3, 2005 and March 31, 2005 and for the three month periods ended July 3, 2005 and June 30, 2004 for: (a) RBS Global, Inc., the Parent Company; (b) Rexnord which is also referred to as the Issuer, (c) on a combined basis, the domestic subsidiaries of the Company, all of which are wholly-owned by the Parent (collectively, the "Guarantor Subsidiaries"); and (d) on a combined basis, the foreign subsidiaries of the Company (collectively, the "non-Guarantor Subsidiaries"). Separate financial statements of the Guarantor Subsidiaries are not presented because their guarantees of the senior subordinated notes are full and unconditional and joint and several, and the Company believes separate financial statements and other disclosures regarding the Guarantor Subsidiaries are not material to investors. The Guarantor Subsidiaries guarantee the senior subordinated notes issued in connection with the acquisition of the Company.

Condensed Consolidating Balance Sheet (Unaudited)
July 3, 2005
(in millions)

	Parent	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Assets:						
Current assets:						
Cash	\$ —	\$ —	\$ 2.8	\$ 11.1	\$ —	\$ 13.9
Receivables, net	—	—	101.2	63.1	—	164.3
Inventories	—	—	131.4	48.9	—	180.3
Other current assets	—	—	9.9	11.7	—	21.6
Total current assets	—	—	245.3	134.8	—	380.1
Receivable from (payable to) affiliates	—	86.3	28.8	(115.1)	—	—
Property, plant and equipment, net	—	—	289.2	70.9	—	360.1
Intangible assets, net	—	—	132.5	8.5	—	141.0
Goodwill	—	6.1	493.8	174.2	—	674.1
Investment in:						
Guarantor subsidiaries	427.8	1,000.8	—	—	(1,428.6)	—
Non-guarantor subsidiaries	—	—	138.9	—	(138.9)	—
Other assets	—	26.5	7.6	1.8	—	35.9
Total assets	\$ 427.8	\$ 1,119.7	\$ 1,336.1	\$ 275.1	\$ (1,567.5)	\$ 1,591.2
Liabilities and stockholders' equity						
Current liabilities:						
Current portion of long-term debt	\$ —	\$ —	\$ 0.1	\$ 2.8	—	\$ 2.9
Trade payables	—	—	58.3	28.5	—	86.8
Income taxes payable	(0.7)	(13.5)	13.5	4.1	—	3.4
Deferred income taxes	—	—	10.2	2.8	—	13.0
Compensation and benefits	—	—	26.7	10.8	—	37.5
Current portion of pension obligations	—	—	13.6	—	—	13.6
Current portion of postretirement benefit obligations	—	—	5.7	—	—	5.7
Other current liabilities	0.2	2.0	17.0	11.1	—	30.3
Total current liabilities	(0.5)	(11.5)	145.1	60.1	—	193.2
Long-term debt	—	802.0	0.9	2.3	—	805.2
Notes payable to (receivable from) affiliates, net	1.6	(97.7)	65.8	30.3	—	—
Pension obligations	—	—	31.7	39.8	—	71.5
Postretirement benefit obligations	—	—	31.5	2.0	—	33.5
Deferred income taxes	—	(0.9)	52.5	1.6	—	53.2
Other liabilities	—	—	7.8	0.1	—	7.9
Total liabilities	1.1	691.9	335.3	136.2	—	1,164.5
Stockholders' equity	426.7	427.8	1,000.8	138.9	(1,567.5)	426.7
Total liabilities and stockholders' equity	\$ 427.8	\$ 1,119.7	\$ 1,336.1	\$ 275.1	\$ (1,567.5)	\$ 1,591.2

Condensed Consolidating Balance Sheet
March 31, 2005
(in millions)

	Parent	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Assets:						
Current assets:						
Cash	\$ —	\$ —	\$ 15.9	\$ 10.4	\$ —	\$ 26.3
Receivables, net	—	—	65.0	62.7	—	127.7
Inventories	—	—	81.6	46.1	—	127.7
Other current assets	—	—	11.3	6.8	—	18.1
Total current assets	—	—	173.8	126.0	—	299.8
Receivable from (payable to) affiliates	—	79.7	36.3	(116.0)	—	—
Property, plant and equipment, net	—	—	194.8	69.1	—	263.9
Intangible assets, net	—	—	103.5	7.8	—	111.3
Goodwill	—	8.1	392.8	174.2	—	575.1
Investment in:						
Guarantor subsidiaries	425.7	940.9	—	—	(1,366.6)	—
Non-guarantor subsidiaries	—	—	115.0	—	(115.0)	—
Other assets	—	18.8	7.6	0.9	—	27.3
Total assets	\$ 425.7	\$ 1,047.5	\$ 1,023.8	\$ 262.0	\$ (1,481.6)	\$ 1,277.4
Liabilities and stockholders' equity						
Current liabilities:						
Current portion of long-term debt	\$ —	\$ —	\$ (0.1)	\$ 3.4	\$ —	\$ 3.3
Trade payables	—	—	43.8	34.5	—	78.3
Income taxes payable	(0.7)	(13.5)	14.3	3.6	—	3.7
Deferred income taxes	—	—	9.8	3.0	—	12.8
Compensation and benefits	—	—	21.9	10.7	—	32.6
Current portion of pension obligations	—	—	11.0	2.6	—	13.6
Current portion of postretirement obligation	—	—	5.7	—	—	5.7
Other current liabilities	—	9.7	15.1	6.1	—	30.9
Total current liabilities	(0.7)	(3.8)	121.5	63.9	—	180.9
Long-term debt	—	500.0	0.9	2.5	—	503.4
Notes payable to (receivable from) affiliates, net	1.7	125.0	(165.5)	38.8	—	—
Pension obligations	—	—	38.8	37.0	—	75.8
Postretirement benefit obligations	—	—	32.1	2.1	—	34.2
Deferred income taxes	—	0.6	47.1	2.5	—	50.2
Other liabilities	—	—	8.0	0.2	—	8.2
Total liabilities	1.0	621.8	82.9	147.0	—	852.7
Stockholders' equity	424.7	425.7	940.9	115.0	(1,481.6)	424.7
Total liabilities and stockholders' equity	\$ 425.7	\$ 1,047.5	\$ 1,023.8	\$ 262.0	\$ (1,481.6)	\$ 1,277.4

Condensed Consolidating Statement of Income (Unaudited)
First Quarter Ended
July 3, 2005

	<u>Parent</u>	<u>Issuer</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Net sales	\$ —	\$ —	\$ 180.9	\$ 73.9	\$ (14.9)	\$ 239.9
Cost of sales	—	—	128.0	55.5	(14.9)	168.6
Gross profit	—	—	52.9	18.4	—	71.3
Selling, general and administrative expenses	—	—	28.1	13.8	—	41.9
Restructuring and other similar costs	—	—	1.6	0.3	—	1.9
Amortization of intangible assets	—	—	3.6	—	—	3.6
Income (loss) from operations	—	—	19.6	4.3	—	23.9
Non-operating income (expense):						
Interest expense:						
To third parties	—	(13.3)	—	(0.3)	—	(13.6)
To affiliates	—	2.0	0.2	(2.2)	—	—
Other income (expense), net	(0.5)	(0.7)	(0.2)	—	—	(1.4)
Income (loss) before income taxes	(0.5)	(12.0)	19.6	1.8	—	8.9
Provision (benefit) for income taxes	(0.2)	(4.1)	7.7	0.6	—	4.0
Income (loss) before equity in earnings						
(loss) of subsidiaries	(0.3)	(7.9)	11.9	1.2	—	4.9
Equity in earnings (loss) of subsidiaries	5.2	13.1	1.2	—	(19.5)	—
Net income (loss)	<u>\$ 4.9</u>	<u>\$ 5.2</u>	<u>\$ 13.1</u>	<u>\$ 1.2</u>	<u>\$ (19.5)</u>	<u>\$ 4.9</u>

Condensed Consolidating Statement of Income (Unaudited)
First Quarter Ended
June 30, 2004
(in millions)

	<u>Parent</u>	<u>Issuer</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Net sales	\$ —	\$ —	\$ 134.0	\$ 67.9	\$ (13.1)	\$ 188.8
Cost of sales	—	—	91.2	49.6	(13.1)	127.7
Gross profit	—	—	42.8	18.3	—	61.1
Selling, general and administrative expenses	—	—	24.9	13.2	—	38.1
Restructuring and other similar costs	—	—	—	—	—	—
Amortization of intangible assets	—	—	3.4	0.1	—	3.5
Income from operations	—	—	14.5	5.0	—	19.5
Non-operating income (expense):						
Interest expense:						
To third parties	—	(10.2)	—	(0.4)	—	(10.6)
To affiliates	—	1.8	0.5	(2.3)	—	—
Interest income from affiliates	—	—	—	—	—	—
Other, net	(0.5)	—	(0.1)	—	—	(0.6)
Income (loss) before income taxes	(0.5)	(8.4)	14.9	2.3	—	8.3
Provision (benefit) for income taxes	(0.2)	(3.4)	6.0	0.9	—	3.3
Income (loss) before equity in earnings (loss) of subsidiaries	(0.3)	(5.0)	8.9	1.4	—	5.0
Equity in earnings (loss) of subsidiaries	5.3	10.3	1.4	—	(17.0)	—
Net income (loss)	<u>5.0</u>	<u>5.3</u>	<u>\$ 10.3</u>	<u>\$ 1.4</u>	<u>\$ (17.0)</u>	<u>\$ 5.0</u>

Condensed Consolidating Statement of Cash Flows (Unaudited)
First Quarter Ended
July 3, 2005
(in millions)

	<u>Parent</u>	<u>Issuer</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Operating activities						
Net income	\$ 4.9	\$ 5.2	\$ 13.1	\$ 1.2	\$ (19.5)	\$ 4.9
Noncash adjustments	(5.2)	(12.2)	9.8	2.5	19.5	14.4
Changes in operating assets and liabilities	(0.7)	10.2	(32.7)	(0.2)	—	(23.4)
Cash (used for) provided by operating activities	(1.0)	3.2	(9.8)	3.5	—	(4.1)
Investing activities						
Expenditures for property, plant and equipment	—	—	(3.5)	(0.5)	—	(4.0)
Acquisition of Falk, net of cash acquired	—	(297.9)	—	—	—	(297.9)
Cash used for investing activities	—	(297.9)	(3.5)	(0.5)	—	(301.9)
Financing activities						
Proceeds from issuance of long-term debt	—	312.0	—	—	—	312.0
Net repayments of long-term debt	—	(10.0)	0.2	(0.5)	—	(10.3)
Payment of financing fees	—	(7.3)	—	—	—	(7.3)
Proceeds from issuance of common stock	1.0	—	—	—	—	1.0
Cash provided by (used for) financing activities	1.0	294.7	0.2	(0.5)	—	295.4
Effect of exchange rate changes on cash	—	—	—	(1.8)	—	(1.8)
Decrease in cash	—	—	(13.1)	0.7	—	(12.4)
Cash at beginning of period	—	—	15.9	10.4	—	26.3
Cash at end of period	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2.8</u>	<u>\$ 11.1</u>	<u>\$ —</u>	<u>\$ 13.9</u>

Condensed Consolidating Statement of Cash Flows (Unaudited)
First Quarter Ended
June 30, 2004
(in millions)

	<u>Parent</u>	<u>Issuer</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Operating activities						
Net income	\$ 5.0	\$ 5.3	\$ 10.3	\$ 1.4	\$ (17.0)	\$ 5.0
Noncash adjustments	(5.4)	(9.5)	7.5	2.6	17.0	12.2
Changes in operating assets and liabilities	0.4	(1.7)	(18.8)	(9.3)	—	(29.4)
Cash used for operating activities	—	(5.9)	(1.0)	(5.3)	—	(12.2)
Investing activities						
Expenditures for property, plant and equipment	—	—	(3.8)	(1.2)	—	(5.0)
Cash used for investing activities	—	—	(3.8)	(1.2)	—	(5.0)
Financing activities						
Net borrowings of long-term debt	—	5.9	—	0.4	—	6.3
Cash provided by financing activities	—	5.9	—	0.4	—	6.3
Effect of exchange rate changes on cash	—	—	—	(0.2)	—	(0.2)
Decrease in cash	—	—	(4.8)	(6.3)	—	(11.1)
Cash at beginning of period	—	—	9.1	12.7	—	21.8
Cash at end of period	\$ —	\$ —	\$ 4.3	\$ 6.4	\$ —	\$ 10.7

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Critical Accounting Policies and Estimates

The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States which require the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements and revenues and expenses during the periods reported. Actual results could differ from those estimates. Refer to Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2005 for information with respect to the Company's critical accounting policies, which the Company believes could have the most significant effect on the Company's reported results and require subjective or complex judgments by management. Management believes that as of July 3, 2005 and for the quarter then ended, there has been no material change to this information.

Fiscal Year

The Company is on a fiscal year ended March 31. The first quarter of fiscal 2006 is the quarter ended July 3, 2005 and the first quarter of fiscal 2005 is the quarter ended June 30, 2004.

Acquisition of The Falk Corporation

On May 16, 2005, the Company acquired The Falk Corporation ("Falk") from Hamilton Sundstrand, a division of United Technologies Corporation ("UTC"), for \$297.9 million (\$302.8 purchase price including transaction related expenses, net of cash acquired of \$4.9 million) and the assumption of certain liabilities. In July 2005, the Company paid UTC an additional \$3.4 million of purchase price resulting from the final working capital adjustment as defined in the purchase agreement. The acquisition of Falk was funded by a \$312 million term loan obtained through an amendment to our existing credit agreement dated May 16, 2005. See Note 7 of Notes to Condensed Consolidated Financial Statements for more information on this amendment, which was filed as an exhibit to our fiscal 2005 Form 10-K. Falk, which is also headquartered in Milwaukee, is a manufacturer of gears and couplings with annual revenues of approximately \$200 million. The Falk acquisition is highly complementary to the Rexnord business and improves the Company's position in industrial markets.

The Falk acquisition has been accounted for using the purchase method of accounting and accordingly, the purchase price was allocated to identifiable assets acquired and liabilities assumed based upon their estimated fair values. The estimated fair values included in the purchase price allocation are preliminary and based upon currently available information. We are still in the process of finalizing third-party appraisals of the acquired property, plant and equipment and certain identifiable intangible assets. In addition, we are in the process of strategically assessing our combined business which may give rise to additional purchase liabilities. Accordingly, final adjustments to the purchase price allocation may be required, and such adjustments could be significant. We expect to finalize the purchase price allocation within one year from the date of the Falk acquisition.

Overview

Sales in the first quarter of fiscal 2006 (quarter ended July 3, 2005) improved significantly versus the first quarter of fiscal 2005 (quarter ended June 30, 2004). The sales growth in the first quarter was driven by the acquisition of Falk as well as organic growth in historical Rexnord distribution customers and OEM customers in the sectors in which our products are utilized. In addition to the sales growth, orders in the first quarter grew 7% (excluding Falk) over the prior year quarter, the seventh consecutive quarter in which orders have increased over the comparable prior year period.

Income from operations in the first quarter of fiscal 2006 increased \$4.4 million over the first quarter of last year due to the acquisition of Falk, higher sales and better operating leverage as we continued our efforts to reduce selling, general and administrative expenses through expense reductions and strict cost controls. The increase in income from operations was offset by higher non-operating expenses of \$3.8 million (due primarily to higher interest expense and financing expenses related to the additional term loan that was used to fund the acquisition of Falk) and higher income tax expense of \$0.7 million. As a result, net income decreased \$0.1 million compared to the first quarter of fiscal 2005.

Results of Operations

(in millions)	First Quarter Ended	
	July 3, 2005	June 30, 2004
Net sales	\$ 239.9	\$ 188.8
Cost of sales	168.6	127.7
Gross profit	71.3	61.1
Gross profit as a % of sales	29.7 %	32.4 %
Selling, general and administrative expenses	41.9	38.1
Restructuring and other similar costs	1.9	—
Amortization of intangible assets	3.6	3.5
Income from operations	23.9	19.5
Non-operating income (expense):		
Interest expense, net	(13.6)	(10.6)
Other, net	(1.4)	(0.6)
Income before income taxes	8.9	8.3
Provision for income taxes	4.0	3.3
Net income	\$ 4.9	\$ 5.0

First Quarter Ended July 3, 2005 Compared with the First Quarter Ended June 30, 2004

Net Sales

Sales in the first fiscal quarter of 2006 were \$239.9 million, an increase of \$51.1 million or 27%, from last year's first quarter sales of \$188.8 million. The acquisition of Falk accounted for approximately two-thirds of the sales increase, while organic growth in each of our major product lines drove the remainder of the year over year sales growth. Sales in our industrial businesses (flattop, bearing, coupling, gear, industrial chain and special components) grew 27% over the prior year quarter due to the acquisition of Falk and to improved market conditions within our end markets of food and beverage, construction, forest products, energy and cement. In addition to the growth in industrial businesses, our aerospace product line (bearings and seals) grew 27% in the first quarter of fiscal 2006 over the prior year quarter as economic conditions continued to improve within the Company's aerospace and commercial airframe manufacturer customer base. On a constant currency basis, sales in the first quarter of 2006 were favorably impacted by \$1.8 million compared to the first quarter of fiscal 2005 as the Euro strengthened against the U.S. Dollar. The table below reconciles sales on a constant currency basis to the comparable GAAP sales information.

(in millions)	Three Months Ended July 3, 2005		
	Sales	Currency Translation	Sales Excluding Currency Translation
United States	\$ 171.0	\$ —	\$ 171.0
Canada	9.2	(0.7)	8.5
Europe	49.2	(0.6)	48.6
Rest of World	10.5	(0.5)	10.0
	\$ 239.9	\$ (1.8)	\$ 238.1

Gross Profit

Gross profit in the first quarter of fiscal 2006 was \$71.3 million, an increase of \$10.2 million or 17% over the first quarter fiscal 2005 gross profit of \$61.1 million. Gross profit margins in the first quarter of fiscal 2006 decreased 270 basis points to 29.7% compared to 32.4% in the first quarter of fiscal 2005. The increased sales volume in the first fiscal quarter of 2006 compared to 2005 was the primary contributor to the improvement in gross profit dollars. Our overall gross profit margin declined year over year primarily due to the acquisition of Falk which historically has had slightly lower margins than the historical Rexnord business. We also established a reserve of \$0.9 million in the first quarter of fiscal 2006 related to the resolution of a product sourcing dispute. Lastly, we recorded LIFO expense of \$0.4 million in the first quarter of fiscal 2006 while no LIFO expense was recorded in the first quarter of fiscal 2005.

Selling, General and Administrative Expenses ("SG&A")

SG&A expenses expressed as a percentage of sales declined in the first quarter of fiscal 2006 compared to the first quarter of fiscal 2005 to 17.5% from 20.2%. The reduction in SG&A as a percent of sales is due primarily to better operating leverage as we continued our efforts to reduce selling, general and administrative expenses through expense reductions and strict cost controls. SG&A headcount related to the historical Rexnord business is down 84 employees from the first quarter of fiscal 2005. SG&A expenses grew in the first quarter of fiscal 2006 by \$3.8 million to \$41.9 million. The SG&A dollar increase in the first quarter of 2006 is primarily the result of the Falk acquisition.

Restructuring and Similar Costs

We expensed \$1.9 million of restructuring and similar costs in the first quarter of fiscal 2006, the majority of which related to ongoing expense reduction activities. The remainder relates to the continuation of certain Falk plant consolidation activity that had been initiated prior to our acquisition of Falk. We did not incur any restructuring or similar costs in the first quarter of fiscal 2005.

Amortization of Intangible Assets

We continue to amortize the cost of our intangible assets which include patents, a distribution network, a covenant not to compete and customer relationships. Amortization of these intangible assets amounted to \$3.6 million in the first quarter of fiscal 2006 and \$3.5 million in the first quarter of fiscal 2005. The slight increase between years is due to amortization of the acquired Falk intangible assets.

Interest Expense, net

Interest expense (net of interest income) was \$13.6 million in the first quarter of fiscal 2006 compared to \$10.6 million in the first quarter of fiscal 2005. The \$3.0 million increase in our net interest expense in the first quarter of fiscal 2006 versus the prior year quarter was attributable primarily to interest on the additional \$312 million term loan used to fund the Falk acquisition.

Other Expense, net

Other expenses were \$1.4 million in the first quarter of fiscal 2006 compared to \$0.6 million in the first quarter of fiscal 2005. The \$0.8 million increase in other expenses between years relates primarily to attorney fees incurred as part of the refinancing of our credit agreement.

Income Tax Expense

Our effective income tax rate for the first quarter of fiscal 2006 was 45% compared to 40% in the first quarter of fiscal 2005. The increase between years is due primarily to certain one-time non-deductible expenses incurred in the first quarter of fiscal 2006.

Liquidity and Capital Resources

Liquidity

Our primary source of liquidity is available cash, cash flow from operations and availability to borrow up to \$75 million under our revolving credit facility. As of July 3, 2005, we had \$13.9 million of cash and had approximately \$62.8 million of additional borrowings available to us under our revolving credit facility (there were no borrowings outstanding under the facility; however, \$12.2 million of the facility was utilized in connection with outstanding letters of credit). At March 31, 2005, there were no borrowings outstanding under the revolving credit facility; however, approximately \$10.8 million of the facility was utilized in connection with outstanding letters of credit. The revolving credit facility is available to fund our working capital requirements, capital expenditures and other general corporate purposes.

Net cash used for operating activities in the first quarter of fiscal 2006 was \$4.1 million compared to \$12.2 million in the first quarter of fiscal 2005. The uses of cash in the first quarter of both fiscal years were driven primarily by (i) reductions in accounts payable driven by normal season patterns, and (ii) normal seasonal payouts of various accrued liabilities including interest payable, compensation and benefits, and sales rebates. The year-over-year reduction in cash used for operating activities of \$8.1 was driven by continued efforts to better manage working capital, particularly with respect to inventories which utilized \$5.7 million less of cash between years. We do not expect to continue to use cash to fund any significant portion of our future working capital requirements for the remainder of fiscal 2006.

Net cash used for investing activities was \$301.9 million in the first quarter of fiscal 2006 compared to \$5.0 million in the first quarter of fiscal 2005. The increase in cash used for investing activities was due almost entirely to our acquisition of Falk in May 2005 which utilized \$297.9 million of cash (\$302.8 purchase price including transaction costs, net of cash acquired of \$4.9 million).

Our net cash provided by financing activities in the first quarter of fiscal 2006 includes \$312 million of additional term loans issued in May 2005 under our amended credit agreement (the "Credit Agreement"). The proceeds from the term loans, net of \$7.3 million of financing costs paid, were used to finance the acquisition of Falk. Our strong operating performance allowed us to repay \$10.3 million of debt during the first quarter of fiscal 2006, including \$10.0 million of principal of the term loans. In the first quarter of fiscal 2005, we borrowed a total of \$6.3 million under our revolving and other short-term working capital facilities. We also received \$1.0 of cash proceeds from the issuance of common stock during the first quarter of fiscal 2006.

As of July 3, 2005 we had \$808.1 million of total indebtedness outstanding as follows (in millions):

	<u>Total Debt at July 3, 2005</u>	<u>Short-Term Debt and Current Maturities of Long-Term Debt</u>	<u>Long-Term Portion</u>
Senior Credit Facilities – term loans at variable rates	577.0	\$ —	\$ 577.0
10.12% Senior Subordinated Notes - fixed rate	225.0	—	225.0
Other Debt	6.1	2.9	3.2
	<u>\$ 808.1</u>	<u>\$ 2.9</u>	<u>\$ 805.2</u>

As of July 3, 2005, the term loans require annual principal payments of \$4.7 million in fiscal 2008, \$5.9 million in fiscal 2009, 2010 and 2011 and \$554.6 million in fiscal 2012.

Our Credit Agreement contains numerous terms, covenants and conditions which impose substantial limitations on us including: (i) a minimum consolidated interest coverage ratio of 2.25 to 1.00 through March 31, 2006; (ii) a maximum consolidated leverage ratio of 5.50 to 1.00 through September 30, 2006, and (iii) a maximum annual capital expenditures limit of \$50 million. The Credit Agreement is guaranteed by RBS Global, Inc. and the Guarantor Subsidiaries and is secured by substantially all of the Guarantor Subsidiaries' real and personal property. We are required under the Credit Agreement to make mandatory prepayments of our loan facilities out of, among other things: (i) net cash proceeds received from the sales of certain assets; (ii) the issuance of capital stock or subordinated debt; and (iii) a percentage of our excess cash flow, as defined.

Our ability to make scheduled payments of principal on our indebtedness, or to pay interest on, or to refinance, our indebtedness, including the senior subordinated notes, or to fund planned capital expenditures, will depend on our ability to generate cash in the future. This is subject to general economic, competitive, legislative, regulatory and other factors that are beyond our control. Based on our current level of operations, we believe that cash flow from operations and available cash, together with available borrowings under our revolving credit facility, will be adequate to meet our future liquidity needs for the foreseeable future.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Exchange Rate Risk

We are exposed to market risk during the normal course of business from changes in interest rates and foreign currency exchange rates. The exposure to these risks is managed through a combination of normal operating and financing activities and derivative financial instruments in the form of forward exchange contracts to cover known foreign exchange transactions.

Interest Rate Risk

We utilize a combination of short-term and long-term debt to finance our operations and are exposed to interest rate risk on these debt obligations.

Under our Credit Agreement, all of our term loans bear interest, at the Company's option, at the following rates per annum: (i) 2.25% plus the Eurodollar Rate, or (ii) 1.00% plus the Base Rate (which is defined as the higher of the Federal funds rate plus 0.5% or the Prime rate). At July 3, 2005, \$265.0 million of term loans bear interest at 5.55% and \$312.0 million bear interest at 5.49%. Our results of operations would likely be affected by changes in market interest rates on these obligations. A hypothetical increase in the interest rate of 1.00% on our variable rate debt would increase our interest cost by approximately \$5.8 million on an annual basis.

We had outstanding fixed rate long-term debt obligations with carrying values of \$225.0 million at July 3, 2005. The potential loss in fair value on such fixed-rate debt obligations from a hypothetical 10 percent increase in market interest rates would not be material to the overall fair value of the debt. We currently have no plans to repurchase our outstanding fixed-rate instruments and, therefore, fluctuations in market interest rates would not have an effect on our results of operations or stockholders' equity.

ITEM 4. CONTROLS AND PROCEDURES.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, except that this evaluation did not extend to Falk's operations. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded (except with respect to Falk) that our disclosure controls and procedures were effective as of the end of the quarter ended July 3, 2005. We expect to begin evaluating Falk's controls and procedures during the second quarter of fiscal 2006.

There have been no significant changes in our internal controls or in other factors that could significantly affect the internal controls subsequent to the date we completed our evaluation.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Information with respect to our legal proceedings is contained in Item 3, Legal Proceedings, and in Note 14, Commitments and Contingencies, of Notes to Consolidated Financial Statements of our Annual Report on Form 10-K for the fiscal year ended March 31, 2005. Management believes that as of August 10, 2005, there have been no material changes to this information, other than the following developments:

- The case entitled *GE Transportation Systems v. Rexnord* has been dismissed with prejudice, with Invensys providing full indemnification to Rexnord for all related costs and expenses.
- The cases entitled *Teresa and Al LeClercq et al v. Lockformer et al v. Arrow Gear Company et al and Mejdrech et al v. Met-Coil Systems/The Lockformer Company v. Arrow Gear Company et al.* have both been dismissed with prejudice as against Rexnord. Invensys indemnified Rexnord for all related costs and expenses.
- The appeal filed by Roanoke Cement Company in the case entitled *Roanoke Cement Company v. The Falk Corporation and Hamilton Sundstrand Corporation* has been dismissed.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On May 13, 2005, an affiliate of the majority shareholder purchased 334 shares of stock at a price of \$150 per share for a total consideration of \$50,100. The shares were sold pursuant to exemptions available under the Securities Act, including Regulation D.

From May 13, 2005 to June 1, 2005, participants in the RBS Global, Inc. Stock Purchase Plan purchased an aggregate of 6,269 shares of RBS Common Stock at a price of \$150 per share, for aggregate consideration of \$940,350. Eligible participants in the Plan are employees, directors and consultants of RBS Global, Inc., Rexnord Corporation and its subsidiaries. The shares were sold pursuant to exemptions available under the Securities Act, including Rule 701 promulgated thereunder.

ITEM 6. EXHIBITS

- | | |
|--------------|--|
| Exhibit 3.1 | Certificate of Incorporation of The Falk Corporation dated December 3, 1968 |
| Exhibit 3.2 | Certificate of Incorporation of The Falk Service Corporation dated August 12, 1985 |
| Exhibit 3.3 | Amended and Restated By-Laws of The Falk Corporation dated June 30, 2004 |
| Exhibit 3.4 | Amended and Restated By-Laws of The Falk Service Corporation dated June 30, 2004 |
| Exhibit 31.1 | Certification of Periodic Report by the Chief Executive Officer pursuant to Rule 15d-14(a) of the Securities Exchange Act of 1934. |
| Exhibit 31.2 | Certification of Periodic Report by the Chief Financial Officer pursuant to Rule 15d-14(a) of the Securities Exchange Act of 1934. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the Co-Registrants has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**RBS GLOBAL, INC. and
REXNORD CORPORATION**

Date: August 10, 2005

By: /s/ Thomas J. Jansen
Name: Thomas J. Jansen
Title: VP Finance and Chief Financial Officer

CERTIFICATE OF INCORPORATION
OF
THE FALK CORPORATION

I, the undersigned, for the purpose of incorporating and organizing a corporation under the General Corporation Law of the State of Delaware, do execute this Certificate of Incorporation and do hereby certify as follows:

FIRST. The name of the corporation is

THE FALK CORPORATION

SECOND. The address of its registered office in the State of Delaware is No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD. The nature of the business or purposes to be conducted or promoted is:

To conduct any lawful business, including (without limitation of the foregoing) the manufacture and sale of a wide range of types and sizes of gears, gear drives and shaft couplings for a variety of industrial applications, and the operation of a steel foundry and a steel fabricating shop for the production of steel castings and weldments, and the conduct of any and every kind of manufacturing and service business.

To exercise any lawful purpose and power and to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

In general, to possess and exercise all the powers and privileges granted by the General Corporation Law of Delaware or by any other law of Delaware or by this Certificate of Incorporation together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the business or purposes of the corporation.

FOURTH. The total number of shares of stock which the corporation shall have the authority to issue is one thousand (1,000) shares of Common Stock of the par value of one dollar (\$1.00) per share.

Each share of Common Stock shall entitle the holder thereof to one vote, in person or by proxy, at any and all meetings of the stockholders of the corporation, on all propositions before such meetings.

Any and all right, title, interest and claim in or to any dividends declared by the corporation, whether in cash, stock or otherwise, which are unclaimed by the stockholder entitled thereto for a period of six years after the close of the business on the payment date, shall be and be deemed

to be extinguished and abandoned, and such unclaimed dividends in the possession of the corporation, its transfer agents or other agents or depositaries, shall at such time become the absolute property of the corporation, free and clear of any and all claims of any persons whatsoever.

FIFTH. The name and mailing address of the incorporator are Richard M. Schilling, 2531 Eleventh Street, Rockford, Illinois, 61101.

The powers of the incorporator shall terminate upon the filing of this Certificate of Incorporation.

SIXTH. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized;

To make, alter or repeal the By-Laws of the corporation.

To authorize and cause to be executed mortgagee and liens upon the real and personal property of the corporation.

To set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created.

To designate one or more committees, by resolution passed by a majority of the whole Board of Directors, each committee to consist of two or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution or in the By-Laws of the corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it: provided, however, the By-Laws may provide that in the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

To sell, lease or exchange all or substantially all of the property and assets of the corporation, including its good will and its corporate franchises, upon such terms and conditions and for such consideration, which may consist in whole or in part of money or property including shares of stock in, and/or other securities of, any other corporation or corporations, as its Board of Directors shall deem expedient and for the best interests of the corporation, when and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting power given at a stockholders' meeting duly called upon such notice as is required by statute, or when authorized by the written consent of the holders of a majority of the voting stock issued and outstanding.

SEVENTH. The number of directors which shall constitute the whole Board shall be 3 until fixed by the By-Laws;

The names and mailing addresses of the persons who are to serve as directors of the corporation are as follows, and each such director shall hold office until the annual meeting of stockholders in the year in which his term expires and until his successor is elected and qualified.

Name	Mailing Address	Year in Which Term Expires
James W. Ethington	2531 Eleventh Street Rockford, Illinois 61101	1969
Ted L. Ross	2531 Eleventh Street Rockford, Illinois 61101	1969
Richard M. Schilling	2531 Eleventh Street Rockford, Illinois 61101	1969

EIGHTH. Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation, or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this corporation under the provisions of section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summarized in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

NINTH. Each director and each officer now or hereafter serving the corporation or, at the request of the corporation, any other corporation in which the corporation has an interest as stockholder or creditor, and his heirs, executors and administrators, shall be indemnified and held harmless by the corporation from and against all costs, expenses and liabilities, including but not limited in counsel fees and amounts of judgments and amounts paid in settlement, which may be imposed upon or incurred by him in connection with or resulting from any claim made against him or any action, suit or proceeding in which he may be involved, by reason of his being or having been a director or officer of the corporation or of any such other corporation, whether or not he continues to be a director or officer at the time such costs, expenses and liabilities are imposed or incurred: provided, however, that no such director or officer shall be an indemnified, (a) with respect to any matter as to which he shall, in any such action, suit or proceeding, be finally adjudged

to be liable for misconduct in the performance of his duties as a director or officer, or (b) in the event of a settlement of any such claim, action, suit or proceeding unless (i) such settlement shall, with knowledge of the indemnification provided for hereby, be approved by court having jurisdiction of such claim, action, suit or proceeding or (ii) such settlement shall have been made upon the written opinion of independent legal counsel, selected by or in a manner determined by the Board of Directors of the corporation, to the effect that there is no reasonable ground of liability for misconduct on the part of such director or officer and that the entire cost of such settlement will not substantially exceed the estimated cost of defending such claim, action, suit or proceeding to a final conclusion. The foregoing rights of indemnification shall be in addition to any other rights to which such director or officer may otherwise be entitled as a matter of law.

TENTH. Meetings of stockholders may be held within or without the State of Delaware, as the By-Laws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the corporation. Elections of directors need not be written ballot unless the By-Laws of the corporation shall so provide.

ELEVENTH. The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

I, the undersigned, being the incorporator hereinabove named, do hereby further certify that the facts hereinabove stated are truly set forth and, accordingly, I have hereunto set my hand and seal this 3rd day of December, 1968.

/s/ Richard M. Schilling
Richard M. Schilling

STATE OF ILLINOIS)
) SS.
COUNTY OF WINNEBAGO)

BE IT REMEMBERED that on the 3rd day of December, 1968, personally appeared before me, Catherine Rigotti, a Notary Public in and for the County and State aforesaid and a person who is authorized by the laws of said State to take acknowledgment of deeds, Richard M. Schilling, known to me and known to me to be the person who signed the foregoing Certificate of Incorporation and he severally acknowledged that said Certificate was his act and deed and that the facts stated therein are true.

GIVEN under my hand and seal at office the day and year aforesaid.

/s/ Catherine Rigotti
Notary Public [SEAL]

My Commission Expires May

CERTIFICATE OF INCORPORATION
OF
THE FALK SERVICE CORPORATION

FILED
JUL 15 1985

[ILLEGIBLE]
/s/ [ILLEGIBLE]
[ILLEGIBLE]

- 1. The name of the Corporation is The Falk Service Corporation.
- 2. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. It is in the County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.
- 3. The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
- 4. The total number of shares of common stock which the Corporation shall have authority to issue is one thousand (1,000) and the par value of each of such shares is One Dollar (\$1.00) amounting in the aggregate to One Thousand Dollars (\$1,000.00).

5A. The name and mailing address of each incorporator is as follows:

<u>NAME</u>	<u>MAILING ADDRESS</u>
James A. Cherry	4751 Harrison Avenue Rockford, Illinois 61125
William R. Coole	4751 Harrison Avenue Rockford, Illinois 61125
John Bowman	4751 Harrison Avenue Rockford, Illinois 61125

5B. The name and mailing address of each person, who is to serve as a director until the first annual meeting of the stockholders or until a successor is elected and qualified, is as follows:

<u>NAME</u>	<u>MAILING ADDRESS</u>
Jack M. Blank	3001 W. Canal Street P. O. Box 492 Milwaukee, WI 53201
Ted Ross	4751 Harrison Avenue Rockford, Illinois 61125
Richard M. Schilling	4751 Harrison Avenue Rockford, Illinois 61125

6. The Corporation is to have perpetual existence.

7. The Powers of the incorporators shall terminate upon the filing of this Certificate of Incorporation with the Secretary of State.

8. In furtherance and not in the limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, alter or repeal the By-laws of the Corporation.

9. The Corporation shall indemnify its officers, directors, employees and agents to the extent permitted by the General Corporation Law of Delaware.

10. Meetings of Stockholders may be held within or without the State of Delaware, as the By-laws may provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the

Board of Directors or in the By-laws of the Corporation. Elections of directors need not be by written ballot unless the By-laws of the Corporation shall so provide.

Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the

THE FALK CORPORATION
AMENDED AND RESTATED
BY-LAWS

EFFECTIVE JUNE 30, 2004

ARTICLE I
OFFICES

Section 1. REGISTERED OFFICE: The registered office for The Falk Corporation (the "Corporation") shall be The Corporation Trust Company Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801.

Section 2. OTHER OFFICES: The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. ANNUAL MEETINGS:

(a) Notice and location: Annual meetings of the stockholders for the election of a Board of Directors and for such other business as may be proposed by the stockholders and stated in the notice of the meeting, shall be held at such place, either within the State of Delaware or at such other place and location (within or outside of the State of Delaware), as may be fixed from time to time by the Board of Directors and stated in the notice of the meeting. The notice of the annual meeting shall be given pursuant to subsection (c) hereof.

(b) Date: Annual meetings of stockholders, commencing with the year 2004 shall be held on the thirtieth (30th) day of June, if not a legal holiday, and if a legal holiday, then on the next secular day following such legal holiday.

(c) Notice: Written notice of the annual meeting stating the place if any, date and hour of the meeting, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given to each stockholder entitled to vote at such meeting not less than five (5) days nor more than sixty (60) days before the date of the meeting.

Section 2. SPECIAL MEETINGS:

(a) Meetings: Special meetings of stockholders for any other purpose may be held at such time and place as shall be stated in the notice of the meeting or in a duly

executed waiver of notice thereof. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the General Corporation Law of Delaware. If so authorized, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication, participate in a meeting of stockholders and be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Corporation's Certificate of Incorporation, may be called by the President and shall be called by the President or Secretary at the request in writing of a majority of the Board of Directors, or at the request in writing of stockholders owning a majority in amount of the entire capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

(b) Notice: Written notice of a special meeting stating the place if any, date and hour of the meeting, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and the purpose or purposes for which the meeting is called, shall be given (unless such notice is waived as provided herein) not less than one (1) day nor more than sixty (60) days before the date of the meeting, to each stockholder entitled to vote at such meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 3. VOTING: Each stockholder entitled to vote in accordance with the terms of the Corporation's Certificate of Incorporation and these By-Laws may vote in person or be represented by proxy, whereby such representative named in said proxy shall vote.

Unless otherwise provided in the Corporation's Certificate of Incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

Section 4 QUORUM: Except as otherwise required by law, the Corporation's Certificate of Incorporation or by these By-Laws, the presence, in person or by proxy, of shareholders holding shares constituting a majority of the voting power of the Corporation shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Corporation's Certificate of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 5 ACTION WITHOUT A MEETING: Unless otherwise provided in the Corporation's Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. Stockholders may, unless the Corporation's Certificate of Incorporation otherwise provides, act by written consent to elect directors; provided, however, that if such consent is less than unanimous, such action by written consent may be in lieu of holding an annual meeting only if all of the directorships to which directors could be elected at an annual meeting held at the effective time of such action are vacant and are filled by such action.

A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes herein, provided that any such telegram, cablegram or other

electronic transmission sets forth or is delivered with information from which the Corporation can determine (A) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder or proxyholder and (B) the date on which such stockholder or proxyholder or authorized persons or persons transmitted such telegram, cablegram or other electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered in accordance with Section 228 of the General Corporation Law of Delaware, to the Corporation by delivery to its registered office in Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all such purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

ARTICLE III DIRECTORS

Section 1. NUMBER OF DIRECTORS: The number of directors which shall constitute the whole Board of Directors shall be not less than two (2) nor more than five (5). Within the limits above specified, the number of directors shall be determined by resolution of the Board of Directors or by the stockholders at the annual meeting. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

Section 2. VACANCIES: Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

Section 3. POWERS OF THE BOARD OF DIRECTORS: The business of the Corporation shall be managed by or under the direction of its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Corporation's Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

Section 4. MEETINGS OF THE BOARD OF DIRECTORS: The Board of

Directors of the Corporation may hold meetings, both regular and special, either within or outside of the State of Delaware. Unless otherwise restricted by the Corporation's Certificate of Incorporation or these By-Laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

(a) Newly Elected Directors: The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected Board of Directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

(b) Regular Meetings: Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

(c) Special Meetings: Special meetings of the board may be called by the President or by the Secretary upon the written request of any director, on a least one (1) days' notice to each director, either personally or by mail or by facsimile communication;

(d) Quorum: At all meetings of the Board of Directors, a majority of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, by the Corporation's Certificate of Incorporation, or these By-Laws. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(e) Action without a Meeting: Unless otherwise restricted by the Corporation's Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing or electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 5. COMMITTEES OF DIRECTORS: The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the General Corporation Law of Delaware to be submitted to stockholders for approval or (ii) adopting, amending or repealing any by-law of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors,

Section 6. COMPENSATION OF DIRECTORS: Directors shall not receive any stated salary for their services as directors or as members of committees, but by resolution of the Board of Directors, a fixed fee and expenses of attendance may be allowed for attendance at each meeting of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefore.

Section 7. REMOVAL OF DIRECTORS: Unless otherwise restricted by the Corporation's Certificate of Incorporation or by law, any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of shares entitled to vote at an election of directors, at an annual meeting or a special meeting called for the purpose, and the vacancy created thereby may be filled at such meeting by the affirmative vote of the shares constituting a majority of the voting power of the Corporation.

Section 8. RESIGNATIONS: Any director may resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the Board of Directors, the President or the Secretary. The acceptance of a resignation shall not be necessary to make it effective.

ARTICLE IV NOTICES

Whenever, under the provisions of the statutes or of the Corporation's Certificate of Incorporation or of these By-Laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be

given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by facsimile telecommunication. Notice may also be given to stockholders by a form of electronic transmission in accordance with and subject to the provisions of Section 232 of the General Corporation Law of Delaware.

Whenever any notice is required to be given under the provisions of the statutes or of the Corporation's Certificate of Incorporation or of these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to notice or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V OFFICERS

Section 1. OFFICERS: The officers of the Corporation shall be chosen by the Board of Directors. At all times, the Corporation shall have a president, a vice-president, a secretary and a treasurer, all of whom shall be elected by the Board of Directors and shall hold office until their successors are duly elected and qualified or until their death or earlier resignation. The Board of Directors may also choose additional vice-presidents, one or more assistant secretaries, one or more assistant treasurers, a controller and/or one or more assistant controllers. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. (The president, vice president(s), secretary, treasurer, assistant secretary(ies), assistant treasurer(s), controller, assistant controller(s) and any other officer appointed by the Board of Directors shall hereinafter be collectively referred to as the "Officers").

Section 2. ELECTION: The Board of Directors at its first meeting after each annual meeting of stockholders shall elect and appoint Officers to the Corporation. Any number of offices may be held by the same person, unless the Corporation's Certificate of Incorporation or these By-Laws otherwise provide. The Officers of the Corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

Section 3. THE EXECUTIVE PRESIDENT AND THE PRESIDENT: (a) The Executive President shall be the Chief Executive Officer of the Corporation; He or she shall control the supervision and administration of the Corporation and shall have the general powers and duties usually vested in the office of Chief Executive Officer of a

Corporation. The Executive President shall have the power to execute agreements, bonds, mortgages and other contracts on behalf of the Corporation and to cause the seal of the Corporation to be affixed or affix the seal of the Corporation when required, except as otherwise specified by law, these By-Laws or the Board of Directors.

(b) The President shall have the general supervision, control and management of the affairs and business of the Corporation and general charge and supervisions of all of the officers, agents and employees of the Corporation. The President shall have the power to execute agreements, bonds, mortgages and other contracts on behalf of the Corporation and to cause the seal of the Corporation to be affixed or affix the seal of the Corporation when required, except as otherwise specified by law, these By-Laws or the Board of Directors.

Section 4. **THE VICE-PRESIDENT OR VICE PRESIDENTS:** In the absence of the President or in the event of his inability or refusal to act, the Vice-President (or in the event there be more than one vice-president, the Vice Presidents in the order designated by the Board of Directors, or in the absence of a designation, then in the order of their election) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all restrictions upon the president. The Vice-President or Vice-Presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 5. **THE SECRETARY AND ASSISTANT SECRETARY:** (a) The Secretary shall (i) give, or cause to be given, notice of all meetings of stockholders and of the Board of Directors and all other notices required by law, these By-Laws or the Articles of Organization of the Corporation; (ii) he or she shall attend all sessions of the Board of Directors and all meetings of the stockholders and record the minutes of all proceedings in a book to be kept for such purposes; (iii) the Secretary shall perform duties as assigned by the Board of Directors or the President; (iv) he or she shall have the custody of the seal of the Corporation and shall affix the same to all instruments so requiring it, when authorized by the Board of Directors, the President or any designee of the President, and attest to same; (v) the Secretary shall execute corporate filings, documents and certifications required in the normal daily course of business in order for the Corporation to maintain its legal existence and status; (vi) he or she shall execute any certificate and attest to the status of the Corporation's legal existence, officers or directorships or any other resolution or action duly adopted by or authorized by the Board of Directors or President of the Corporation; and (viii) In the absence of specific action by the Board of Directors or the President, the Secretary shall have the authority to vote, on behalf of the Corporation, the securities of other corporations, both domestic and foreign, held by the Corporation, provided however, that such vote is for routine matters and would not otherwise require the consent of the Board of Directors or President.

(b) Any Assistant Secretary, in the absence or disability of the Secretary, shall perform the duties and exercise the powers of the Secretary (unless such activities are specifically limited to the office of Secretary by the Board of Directors, the President, these By-Laws or the Articles of Organization) and shall perform such other duties as the

Board of Directors or President shall prescribe.

Section 6. THE TREASURER AND ASSISTANT TREASURERS: (a) The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He or she shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as treasurer and of the financial condition of the Corporation. If required by the Board of Directors, he or she shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

(b) The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 7. THE SENIOR CONTROLLER, CONTROLLER AND ASSISTANT CONTROLLER: (a) The Senior Controller shall oversee and supervise the activities of the Treasurer and Secretary to ensure compliance with the policies and procedures adopted by the Corporation. He shall keep or cause to be kept full and accurate records of all receipts of the Corporation. He shall be empowered from time to time to require from all officers or agents of the Corporation reports or statements giving such information as he may desire with respect to any and all financial transactions of the Corporation. He shall perform, in general, all duties incident to the office of controller and such other duties as may be specified in these By-Laws or as may be assigned to him from time to time by the Board of Directors or the President;

(b) the Controller, in the absence or disability of the Senior Controller and any Assistant Controllers), in the absence or disability of the Controller (and in order of their seniority) shall perform the duties and exercise the Powers of the Senior Controller (unless such activities are specifically limited to the office of Senior Controller by the Board of Directors, the President, these By-Laws or the Articles of Organization) and shall perform such other duties as the Board of Directors or President shall prescribe.

ARTICLE VI
SHARES AND SHAREHOLDERS

Section 1. **CERTIFICATES OF STOCK:** A certificate of stock shall be issued to each stockholder certifying the number of shares owned by such stockholder in the Corporation. Certificates of stock of the Corporation shall be of such form and device as the Board of Directors may from time to time determine.

Section 2. **LOST CERTIFICATES:** The Board of Directors may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 3. **TRANSFER OF STOCK:** The shares of stock of the Corporation shall be transferable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives, and upon such transfer the old certificates shall be surrendered to the Corporation by the delivery thereof to the person in charge of the stock and transfer books and ledgers, or to such other person as the Board of Directors may designate, by whom they shall be cancelled, and new certificates shall thereupon be issued. A record shall be made of each transfer and whenever a transfer shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer.

Section 4. **FIXING RECORD DATE:** In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting: provided, however, that the Board of Directors may fix a new record date for the adjourned meeting. The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting when no prior action of the Board of Directors is required by law, shall be the first day on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law,

or, if prior action by the Board of Directors is required by law, shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

Section 5. REGISTERED STOCKHOLDERS: The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

Section 6. DIVIDENDS: Dividends upon the capital stock of the Corporation, subject to the provisions of the Corporation's Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Corporation's Certificate of Incorporation.

Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE VII MISCELLANEOUS

Section 1. ANNUAL STATEMENT: The Board of Directors shall present at each annual meeting, and at any special meeting of the stockholders when and if called for by vote of the stockholders, a full and clear statement of the business and condition of the Corporation.

Section 2. CHECKS: All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate and determine.

Section 3. FISCAL YEAR: The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 4. SEAL: The corporate seal of the Corporation shall be in such form as shall be determined by the Board of Directors. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise imprinted upon the subject document or paper.

ARTICLE VIII
INDEMNIFICATION

The Corporation shall, to the fullest extent to which it is empowered to do so by the General Corporation Law of the State of Delaware, or any other applicable laws, as from time to time in effect, indemnify any person who was or is a part or is threatened to be made a party to any threatened, pending, or completed action, suite or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer of the Corporation or a division thereof, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonable incurred by him or her in connection with such action, suit or proceeding.

The provisions of this Article shall be deemed to be a contract between the Corporation and each director or officer who serves in any such capacity at any time while this Article and relevant provisions of the General Corporation Law of the State of Delaware or other applicable law, if any, are in effect, and any repeal or modification of any such law or of this Articles shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.

ARTICLE IX
AMENDMENTS

Section 1. These By-Laws may be altered, amended or repealed or new By-Laws may be adopted by the affirmative vote of the holders of stock constituting a majority of the voting power of the Corporation. Except as otherwise set forth in the Corporation's Certificate of Incorporation, the Board of Directors may also alter, amend or repeal these By-Laws and/or adopt new By-Laws by a majority vote of the directors entitled to vote, as may be advisable for the regulation and conduct of the affairs of the Corporation.

THE FALK SERVICE CORPORATION

**AMENDED AND RESTATED
BY-LAWS**

EFFECTIVE JUNE 30, 2004

**ARTICLE I
OFFICES**

Section 1. **REGISTERED OFFICE:** The registered office for The Falk Service Corporation (the "Corporation") shall be The Corporation Trust Company Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801.

Section 2. **OTHER OFFICES:** The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

**ARTICLE II
MEETINGS OF STOCKHOLDERS**

Section 1. **ANNUAL MEETINGS:**

(a) **Notice and location:** Annual meetings of the stockholders for the election of a Board of Directors and for such other business as may be proposed by the stockholders and stated in the notice of the meeting, shall be held at such place, either within the State of Delaware or at such other place and location (within or outside of the State of Delaware), as may be fixed from time to time by the Board of Directors and stated in the notice of the meeting. The notice of the annual meeting shall be given pursuant to subsection (c) hereof.

(b) **Date:** Annual meetings of stockholders, commencing with the year 2004 shall be held on the thirtieth (30th) day of June, if not a legal holiday, and if a legal holiday, then on the next secular day following such legal holiday.

(c) **Notice:** Written notice of the annual meeting stating the place if any, date and hour of the meeting, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given to each stockholder entitled to vote at such meeting not less than five (5) days nor more than sixty (60) days before the date of the meeting.

Section 2. **SPECIAL MEETINGS:**

(a) **Meetings:** Special meetings of stockholders for any other purpose may be held at such time and place as shall be stated in the notice of the meeting or in a duly

executed waiver of notice thereof. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the General Corporation Law of Delaware. If so authorized, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication, participate in a meeting of stockholders and be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Corporation's Certificate of Incorporation, may be called by the President and shall be called by the President or Secretary at the request in writing of a majority of the Board of Directors, or at the request in writing of stockholders owning a majority in amount of the entire capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

(b) Notice: Written notice of a special meeting stating the place if any, date and hour of the meeting, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and the purpose or purposes for which the meeting is called, shall be given (unless such notice is waived as provided herein) not less than one (1) day nor more than sixty (60) days before the date of the meeting, to each stockholder entitled to vote at such meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 3. VOTING: Each stockholder entitled to vote in accordance with the terms of the Corporation's Certificate of Incorporation and these By-Laws may vote in person or be represented by proxy, whereby such representative named in said proxy shall vote.

Unless otherwise provided in the Corporation's Certificate of Incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

Section 4 QUORUM: Except as otherwise required by law, the Corporation's Certificate of Incorporation or by these By-Laws, the presence, in person or by proxy, of shareholders holding shares constituting a majority of the voting power of the Corporation shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Corporation's Certificate of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 5 ACTION WITHOUT A MEETING: Unless otherwise provided in the Corporation's Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. Stockholders may, unless the Corporation's Certificate of Incorporation otherwise provides, act by written consent to elect directors; provided, however, that if such consent is less than unanimous, such action by written consent may be in lieu of holding an annual meeting only if all of the directorships to which directors could be elected at an annual meeting held at the effective time of such action are vacant and are filled by such action.

A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes herein, provided that any such telegram, cablegram or other

electronic transmission sets forth or is delivered with information from which the Corporation can determine (A) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder or proxyholder and (B) the date on which such stockholder or proxyholder or authorized persons or persons transmitted such telegram, cablegram or other electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered in accordance with Section 228 of the General Corporation Law of Delaware, to the Corporation by delivery to its registered office in Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all such purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

ARTICLE III DIRECTORS

Section 1. NUMBER OF DIRECTORS: The number of directors which shall constitute the whole Board of Directors shall be not less than two (2) nor more than five (5). Within the limits above specified, the number of directors shall be determined by resolution of the Board of Directors or by the stockholders at the annual meeting. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

Section 2. VACANCIES: Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

Section 3. POWERS OF THE BOARD OF DIRECTORS: The business of the Corporation shall be managed by or under the direction of its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Corporation's Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

Section 4. MEETINGS OF THE BOARD OF DIRECTORS: The Board of

Directors of the Corporation may hold meetings, both regular and special, either within or outside of the State of Delaware. Unless otherwise restricted by the Corporation's Certificate of Incorporation or these By-Laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

(a) Newly Elected Directors: The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected Board of Directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

(b) Regular Meetings: Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

(c) Special Meetings: Special meetings of the board may be called by the President or by the Secretary upon the written request of any director, on a least one (1) days' notice to each director, either personally or by mail or by facsimile communication;

(d) Quorum: At all meetings of the Board of Directors, a majority of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, by the Corporation's Certificate of Incorporation, or these By-Laws. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(e) Action without a Meeting: Unless otherwise restricted by the Corporation's Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing or electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 5. COMMITTEES OF DIRECTORS: The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the General Corporation Law of Delaware to be submitted to stockholders for approval or (ii) adopting, amending or repealing any by-law of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

Section 6. COMPENSATION OF DIRECTORS: Directors shall not receive any stated salary for their services as directors or as members of committees, but by resolution of the Board of Directors, a fixed fee and expenses of attendance may be allowed for attendance at each meeting of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefore.

Section 7. REMOVAL OF DIRECTORS: Unless otherwise restricted by the Corporation's Certificate of Incorporation or by law, any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of shares entitled to vote at an election of directors, at an annual meeting or a special meeting called for the purpose, and the vacancy created thereby may be filled at such meeting by the affirmative vote of the shares constituting a majority of the voting power of the Corporation.

Section 8. RESIGNATIONS: Any director may resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the Board of Directors, the President or the Secretary. The acceptance of a resignation shall not be necessary to make it effective.

ARTICLE IV NOTICES

Whenever, under the provisions of the statutes or of the Corporation's Certificate of Incorporation or of these By-Laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be

given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by facsimile telecommunication. Notice may also be given to stockholders by a form of electronic transmission in accordance with and subject to the provisions of Section 232 of the General Corporation Law of Delaware.

Whenever any notice is required to be given under the provisions of the statutes or of the Corporation's Certificate of Incorporation or of these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to notice or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V OFFICERS

Section 1. OFFICERS: The officers of the Corporation shall be chosen by the Board of Directors. At all times, the Corporation shall have a president, a vice-president, a secretary and a treasurer, all of whom shall be elected by the Board of Directors and shall hold office until their successors are duly elected and qualified or until their death or earlier resignation. The Board of Directors may also choose additional vice-presidents, one or more assistant secretaries, one or more assistant treasurers, a controller and/or one or more assistant controllers. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. (The president, vice president(s), secretary, treasurer, assistant secretary(ies), assistant treasurer(s), controller, assistant controller(s) and any other officer appointed by the Board of Directors shall hereinafter be collectively referred to as the "Officers").

Section 2. ELECTION: The Board of Directors at its first meeting after each annual meeting of stockholders shall elect and appoint Officers to the Corporation. Any number of offices may be held by the same person, unless the Corporation's Certificate of Incorporation or these By-Laws otherwise provide. The Officers of the Corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

Section 3. THE EXECUTIVE PRESIDENT AND THE PRESIDENT: (a) The Executive President shall be the Chief Executive Officer of the Corporation; He or she shall control the supervision and administration of the Corporation and shall have the general powers and duties usually vested in the office of Chief Executive Officer of a

Corporation. The Executive President shall have the power to execute agreements, bonds, mortgages and other contracts on behalf of the Corporation and to cause the seal of the Corporation to be affixed or affix the seal of the Corporation when required, except as otherwise specified by law, these By-Laws or the Board of Directors.

(b) The President shall have the general supervision, control and management of the affairs and business of the Corporation and general charge and supervisions of all of the officers, agents and employees of the Corporation. The President shall have the power to execute agreements, bonds, mortgages and other contracts on behalf of the Corporation and to cause the seal of the Corporation to be affixed or affix the seal of the Corporation when required, except as otherwise specified by law, these By-Laws or the Board of Directors.

Section 4. **THE VICE-PRESIDENT OR VICE PRESIDENTS:** In the absence of the President or in the event of his inability or refusal to act, the Vice-President (or in the event there be more than one vice-president, the Vice Presidents in the order designated by the Board of Directors, or in the absence of a designation, then in the order of their election) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all restrictions upon the president. The Vice-President or Vice-Presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 5. **THE SECRETARY AND ASSISTANT SECRETARY:** (a) The Secretary shall (i) give, or cause to be given, notice of all meetings of stockholders and of the Board of Directors and all other notices required by law, these By-Laws or the Articles of Organization of the Corporation; (ii) he or she shall attend all sessions of the Board of Directors and all meetings of the stockholders and record the minutes of all proceedings in a book to be kept for such purposes; (iii) the Secretary shall perform duties as assigned by the Board of Directors or the President; (iv) he or she shall have the custody of the seal of the Corporation and shall affix the same to all instruments so requiring it, when authorized by the Board of Directors, the President or any designee of the President, and attest to same; (v) the Secretary shall execute corporate filings, documents and certifications required in the normal daily course of business in order for the Corporation to maintain its legal existence and status; (vi) he or she shall execute any certificate and attest to the status of the Corporation's legal existence, officers or directorships or any other resolution or action duly adopted by or authorized by the Board of Directors or President of the Corporation; and (viii) In the absence of specific action by the Board of Directors or the President, the Secretary shall have the authority to vote, on behalf of the Corporation, the securities of other corporations, both domestic and foreign, held by the Corporation, provided however, that such vote is for routine matters and would not otherwise require the consent of the Board of Directors or President.

(b) Any Assistant Secretary, in the absence or disability of the Secretary, shall perform the duties and exercise the powers of the Secretary (unless such activities are specifically limited to the office of Secretary by the Board of Directors, the President, these By-Laws or the Articles of Organization) and shall perform such other duties as the

Board of Directors or President shall prescribe.

Section 6. THE TREASURER AND ASSISTANT TREASURERS: (a) The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He or she shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as treasurer and of the financial condition of the Corporation. If required by the Board of Directors, he or she shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

(b) The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 7. THE SENIOR CONTROLLER, CONTROLLER AND ASSISTANT CONTROLLER: (a) The Senior Controller shall oversee and supervise the activities of the Treasurer and Secretary to ensure compliance with the policies and procedures adopted by the Corporation. He shall keep or cause to be kept full and accurate records of all receipts of the Corporation. He shall be empowered from time to time to require from all officers or agents of the Corporation reports or statements giving such information as he may desire with respect to any and all financial transactions of the Corporation. He shall perform, in general, all duties incident to the office of controller and such other duties as may be specified in these By-Laws or as may be assigned to him from time to time by the Board of Directors or the President;

(b) the Controller, in the absence or disability of the Senior Controller and any Assistant Controller(s), in the absence or disability of the Controller (and in order of their seniority) shall perform the duties and exercise the Powers of the Senior Controller (unless such activities are specifically limited to the office of Senior Controller by the Board of Directors, the President, these By-Laws or the Articles of Organization) and shall perform such other duties as the Board of Directors or President shall prescribe.

ARTICLE VI
SHARES AND SHAREHOLDERS

Section 1. **CERTIFICATES OF STOCK:** A certificate of stock shall be issued to each stockholder certifying the number of shares owned by such stockholder in the Corporation. Certificates of stock of the Corporation shall be of such form and device as the Board of Directors may from time to time determine.

Section 2. **LOST CERTIFICATES:** The Board of Directors may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 3. **TRANSFER OF STOCK:** The shares of stock of the Corporation shall be transferable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives, and upon such transfer the old certificates shall be surrendered to the Corporation by the delivery thereof to the person in charge of the stock and transfer books and ledgers, or to such other person as the Board of Directors may designate, by whom they shall be cancelled, and new certificates shall thereupon be issued. A record shall be made of each transfer and whenever a transfer shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer.

Section 4. **FIXING RECORD DATE:** In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting: provided, however, that the Board of Directors may fix a new record date for the adjourned meeting. The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting when no prior action of the Board of Directors is required by law, shall be the first day on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law,

or, if prior action by the Board of Directors is required by law, shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

Section 5. REGISTERED STOCKHOLDERS: The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

Section 6. DIVIDENDS: Dividends upon the capital stock of the Corporation, subject to the provisions of the Corporation's Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Corporation's Certificate of Incorporation.

Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE VII MISCELLANEOUS

Section 1. ANNUAL STATEMENT: The Board of Directors shall present at each annual meeting, and at any special meeting of the stockholders when and if called for by vote of the stockholders, a full and clear statement of the business and condition of the Corporation.

Section 2. CHECKS: All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate and determine.

Section 3. FISCAL YEAR: The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 4. SEAL: The corporate seal of the Corporation shall be in such form as shall be determined by the Board of Directors. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise imprinted upon the subject document or paper.

ARTICLE VIII
INDEMNIFICATION

The Corporation shall, to the fullest extent to which it is empowered to do so by the General Corporation Law of the State of Delaware, or any other applicable laws, as from time to time in effect, indemnify any person who was or is a part or is threatened to be made a party to any threatened, pending, or completed action, suite or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer of the Corporation or a division thereof, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonable incurred by him or her in connection with such action, suit or proceeding.

The provisions of this Article shall be deemed to be a contract between the Corporation and each director or officer who serves in any such capacity at any time while this Article and relevant provisions of the General Corporation Law of the State of Delaware or other applicable law, if any, are in effect, and any repeal or modification of any such law or of this Articles shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.

ARTICLE IX
AMENDMENTS

Section 1. These By-Laws may be altered, amended or repealed or new By-Laws may be adopted by the affirmative vote of the holders of stock constituting a majority of the voting power of the Corporation. Except as otherwise set forth in the Corporation's Certificate of Incorporation, the Board of Directors may also alter, amend or repeal these By-Laws and/or adopt new By-Laws by a majority vote of the directors entitled to vote, as may be advisable for the regulation and conduct of the affairs of the Corporation.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Robert A. Hitt, President and Chief Executive Officer of **RBS Global, Inc.** and **Rexnord Corporation**, certify that:

1. I have reviewed this quarterly report on Form 10-Q of RBS Global, Inc. and Rexnord Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrants' other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrants and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and
5. The registrants' other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of registrants' board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

Date: August 10, 2005

By: /s/ ROBERT A. HITT
Name: Robert A. Hitt
Title: President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Thomas J. Jansen, VP Finance and Chief Financial Officer of **RBS Global, Inc.** and **Rexnord Corporation**, certify that:

1. I have reviewed this quarterly report on Form 10-Q of RBS Global, Inc. and Rexnord Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrants' other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrants and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and
5. The registrants' other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of registrants' board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

Date: August 10, 2005

By: /s/ THOMAS J. JANSEN
Name: Thomas J. Jansen
Title: VP Finance and Chief Financial Officer
