UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **September 20, 2021**

RBC BEARINGS INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware	**000-51486**	**95-4372080**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

One Tribology Center
Oxford, CT 06478
(Address of principal executive offices, including zip code)

(203) 267-7001
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	ROLL	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events

In connection with the filing of a Registration Statement on Form S-3 (the “Registration Statement”) by RBC Bearings Incorporated (the “Company”) on the date hereof, the Company is filing herewith certain financial information of ABB Asea Brown Boveri Ltd’s Dodge Mechanical Power Transmission Business (“Dodge”) and certain pro forma condensed combined financial information related to the Company’s pending acquisition of Dodge (the “Pending Acquisition”) and certain transactions related thereto, including the Company’s potential equity and debt financing transactions to finance the Pending Acquisition (collectively, the “Transactions”). As previously reported in the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on July 26, 2021, the Company entered into a Stock and Asset Purchase Agreement on July 24, 2021 pursuant to which the Company agreed to acquire Dodge from ABB Asea Brown Boveri Ltd. The Pending Acquisition remains pending and subject to customary closing conditions.

Included in this Current Report on Form 8-K are (a) Dodge’s audited combined financial statements and related notes (the “Dodge Audited Financial Statements”) as of December 31, 2020 and 2019 and for the years then ended and the related report of KPMG AG, its independent auditors, which are included as Exhibit 99.1 hereto and incorporated herein by reference, (b) Dodge’s unaudited condensed combined financial statements and related notes (the “Dodge Unaudited Interim Financial Statements” and, together with the Dodge Audited Financial Statements, the “Dodge Financial Statements”), consisting of the combined balance sheet of Dodge as of June 30, 2021, the related combined statements of income and comprehensive income of Dodge for the three and six months ended June 30, 2021 and 2020, and the combined statements of changes in equity and cash flows of Dodge for the six months ended June 30, 2021 and 2020, which are included as Exhibit 99.2 hereto and incorporated herein by reference, and (c) the Company’s unaudited pro forma condensed combined financial information (the “Pro Forma Financial Information”), which is derived from the Company’s consolidated financial statements, the Dodge Financial Statements and gives effect to the Transactions, including an unaudited pro forma condensed combined balance sheet as of July 3, 2021 and unaudited pro forma condensed combined statements of operations for the three months ended July 3, 2021 and the year ended April 3, 2021, which are included as Exhibit 99.3 hereto and incorporated herein by reference.

The Pro Forma Financial Information has been prepared solely for informational purposes. As a result, the Pro Forma Financial Information is not intended to represent and does not purport to be indicative of what the combined company financial condition or results of operations would have been had the Transactions occurred at an earlier date or on the dates assumed. In addition, the Pro Forma Financial Information does not purport to project the future financial condition and results of operations of the Company. The actual results of the Company, including the final terms of any of the Transactions described therein, may differ significantly from those reflected in the Pro Forma Financial Information. Furthermore, this Current Report on Form 8-K is being provided solely for informational purposes and is not an offer to sell or the solicitation of an offer to buy any security.

Dodge is a leading manufacturer of mounted bearings and mechanical products with market-leading brand recognition. Dodge manufactures a complete line of mounted bearings, enclosed gearing and precision components across a diverse set of industrial end markets. Dodge primarily operates across the construction and mining aftermarket, food & beverage, warehousing and general machinery verticals.

Item 9.01 Financial Statements and Exhibits.

(a) Dodge Audited Financial Statements

Dodge’s audited combined financial statements and related notes as of December 31, 2020 and 2019 and for the years ended December 31, 2020 and 2019 and the related report of KPMG AG, its independent auditors, are filed as Exhibit 99.1 hereto and incorporated herein by reference.

(b) Dodge Unaudited Interim Financial Statements

Dodge's unaudited condensed combined financial statements and related notes as of June 30, 2021 and for the three and six months ended June 30, 2021 and 2020 are filed as Exhibit 99.2 hereto and incorporated herein by reference.

(c) Pro Forma Financial Information

The Company's unaudited pro forma condensed combined financial information giving effect to the Transactions, which includes its unaudited pro forma condensed combined balance sheet as of July 3, 2021 and its unaudited pro forma condensed combined statements of operations for the year ended April 3, 2021 and the three months ended July 3, 2021, are filed as Exhibit 99.3 hereto and incorporated herein by reference.

(d) Exhibits

Exhibit No.	**Description**
23.1	Consent of KPMG AG, independent auditors of Dodge.
99.1	Audited combined financial statements and related notes of Dodge as of December 31, 2020 and 2019 and for the years ended December 31, 2020 and 2019 and the related report of KPMG AG, its independent auditors.
99.2	Unaudited condensed combined financial statements and related notes of Dodge as of June 30, 2021 and for the three and six months ended June 30, 2021 and 2020.
99.3	Unaudited pro forma condensed combined financial information of RBC Bearings Incorporated and Dodge and related notes.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

Cautionary Statement as to Forward-Looking Information

This Current Report on Form 8-K and the exhibits attached hereto include 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 that are subject to the "safe harbor" created by those sections, including statements regarding the Pending Acquisition, potential equity and debt financing transactions related thereto, the impact of the Transactions on the Company's financial results, the presentation of Pro Forma Financial Information and the timing, terms and other conditions of the Transactions. Forward-looking statements represent the Company's current expectations regarding future events and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements. Among those risks and uncertainties are the satisfaction of closing conditions related to the Pending Acquisition, market conditions, including market interest rates, the trading price and volatility of the Company's common stock and risks relating to the Company's business, including those described in periodic reports that the Company files from time to time with the SEC. The Company may not consummate any of the Transactions or achieve the results indicated by the Pro Forma Financial Information. Additional information regarding these and other risks and uncertainties is contained in the Company's periodic filings with the SEC, including, without limitation, the risks identified under the heading "Risk Factors" set forth in the Company's Annual Report on Form 10-K for the year ended April 3, 2021. The forward-looking statements included in this Current Report on Form 8-K speak only as of the date hereof, and the Company does not undertake to update the statements included herein for subsequent developments, except as may be required by law.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 20, 2021

RBC BEARINGS INCORPORATED

By: /s/ John J. Feeney
Name: John J. Feeney
Title: Vice President, General Counsel & Secretary

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in the registration statements (Nos. 333-221329, 333-192164) on Form S-8 of RBC Bearings Incorporated of our report dated September 13, 2021, with respect to the combined financial statements of the Dodge Mechanical Power Transmission Business of ABB Asea Brown Boveri Ltd, which report appears in the Form 8-K of RBC Bearings Incorporated dated September 20, 2021.

/s/ KPMG AG

Zurich, Switzerland
September 20, 2021

Exhibit 99.1

The Dodge Mechanical Power Transmission Business of ABB Asea Brown Boveri Ltd
Index to Combined Financial Statements

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Independent Auditors' Report

The Board of Directors
ABB Asea Brown Boveri Ltd:

We have audited the accompanying combined financial statements of the Dodge Mechanical Power Transmission Business (the "Business") of ABB Asea Brown Boveri Ltd, which comprise the combined balance sheets as of December 31, 2020 and 2019, and the related combined statements of income, comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Dodge Mechanical Power Transmission Business of ABB Asea Brown Boveri Ltd. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 2 to the combined financial statements, the Dodge Mechanical Power Transmission Business has not operated as a stand-alone entity. These combined financial statements are prepared on a carve-out basis and have been derived from the consolidated financial statements and accounting records of ABB Ltd, and are therefore not necessarily indicative of the results of operations, financial position and cash flows had the Business operated as an independent company during the periods presented or of future performance of the Business. Our opinion is not modified in respect to this matter.

/s/ KPMG AG

Zurich, Switzerland
September 13, 2021

The Dodge Mechanical Power Transmission Business of ABB Asea Brown Boveri Ltd

Combined Statements of Income

Year ended December 31 ($ in thousands)

	2020	**2019**
Revenues	549,997	612,390
Cost of sales	(381,736)	(423,123)
Gross profit	**168,261**	**189,267**
Selling, general and administrative expenses	(70,850)	(78,672)
Non-order related research and development expenses	(7,439)	(8,539)
Other income (expense), net	(449)	(148)
Interest and other finance expense	220	176
Income from operations, before income taxes	**89,743**	**102,084**
Income tax expense	(22,179)	(25,083)
Net income	**67,564**	**77,001**

See accompanying Notes to the Combined Financial Statements

The Dodge Mechanical Power Transmission Business of ABB Asea Brown Boveri Ltd

Combined Statements of Comprehensive Income

Year ended December 31 ($ in thousands)

	2020	**2019**
Net income	67,564	77,001
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	(1,515)	557
Other, net	(571)	(404)
Other comprehensive income (loss)	(2,086)	153
Comprehensive income	**65,478**	**77,154**

See accompanying Notes to the Combined Financial Statements

The Dodge Mechanical Power Transmission Business of ABB Asea Brown Boveri Ltd

Combined Balance Sheets

Year ended December 31 ($ in thousands)

	2020	2019
Cash and cash equivalents	—	—
Receivables, net	61,052	65,320
Inventories, net	118,322	115,319
Other current assets	5,488	7,631
Total current assets	**184,862**	**188,270**
Property, plant and equipment, net	104,923	103,952
Operating lease right-of-use assets, net	16,998	16,084
Goodwill	809,907	809,907
Intangible assets, net	232,500	257,300
Deferred taxes	1,047	1,038
Other non-current assets	867	858
Total assets	**1,351,104**	**1,377,409**
Accounts payable	52,191	57,388
Accrued liabilities	21,947	23,366
Accrued distributor rebates	16,987	16,866
Right of return provision	5,993	6,787
Other current liabilities	9,018	6,811
Total current liabilities	**106,136**	**111,218**
Non-current finance leases	6,441	6,705
Non-current operating leases	17,534	18,021
Deferred taxes	48,629	54,105
Non-current other post-retirement obligations	11,132	12,638
Other non-current liabilities	555	440
Total liabilities	**190,427**	**203,127**
Equity:		
Parent company investment	1,144,106	1,155,625
Accumulated other comprehensive income	16,571	18,657
Total Equity	**1,160,677**	**1,174,282**
Total liabilities and equity	**1,351,104**	**1,377,409**

See accompanying Notes to the Combined Financial Statements

The Dodge Mechanical Power Transmission Business of ABB Asea Brown Boveri Ltd

Combined Statements of Changes in Equity

Year ended December 31 ($ in thousands)

	Parent company investment	Accumulated other comprehensive income	Total Equity
Balance at January 1, 2019	1,165,013	18,504	1,183,517
Net income	77,001	—	77,001
Other comprehensive income (loss), net	—	153	153
Net transfers to Parent	(86,389)	—	(86,389)
Balance at December 31, 2019	1,155,625	18,657	1,174,282
Net income	67,564	—	67,564
Other comprehensive income (loss), net	—	(2,086)	(2,086)
Net transfers to Parent	(79,083)	—	(79,083)
Balance at December 31, 2020	1,144,106	16,571	1,160,677

See accompanying Notes to the Combined Financial Statements

The Dodge Mechanical Power Transmission Business of ABB Asea Brown Boveri Ltd

Combined Statements of Cash Flows

Year ended December 31 ($ in thousands)

	2020	2019
Operating activities:		
Net income	67,564	77,001
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	44,466	44,074
Deferred tax expense (benefit)	(5,309)	(6,254)
Other	(28)	633
Changes in operating assets and liabilities:		
Receivables, net	4,453	(4,628)
Inventories, net	(3,193)	(267)
Accounts payable	(4,996)	(2,776)
Accrued liabilities	(2,170)	(4,212)
Other assets and liabilities, net	883	(1,703)
Net cash provided by operating activities	**101,670**	**101,868**
Investing activities:		
Purchases of property, plant and equipment and intangible assets	(20,169)	(15,085)
Net cash used in investing activities	**(20,169)**	**(15,085)**
Financing activities:		
Finance lease payments	(733)	(702)
Changes in parent company investment	(79,083)	(86,389)
Other	(1,685)	308
Net cash used in financing activities	**(81,501)**	**(86,783)**
Effects of exchange rate changes on cash and cash equivalents	—	—
Net change in cash and cash equivalents	—	—
Cash and equivalents, beginning of period	—	—
Cash and cash equivalents, end of period	—	—

See accompanying Notes to the Combined Financial Statements

Notes to Combined Financial Statements

Note 1—Description of the Business

The accompanying Combined Financial Statements and Notes present the combined statements of Income, financial position, and cash flows of the Dodge mechanical power transmission business ("MOPT", "Business", "we", "us", "our") of ABB Asea Brown Boveri Ltd.

In November 2020, ABB Ltd ("ABB" or "Parent"), as the ultimate parent of ABB Asea Brown Boveri Ltd and MOPT, announced its plans to explore the divestiture of the Business. The Business has designed, manufactured and marketed mechanical power transmission products for over 140 years and provides industry leading products and services to a global customer base. Further, the Business offers a diverse line of mounted bearing, enclosed gearing and power transmission ("PT") component products.

Note 2—Significant accounting policies

The following is a summary of significant accounting policies followed in the preparation of these Combined Financial Statements.

Basis of presentation and principles of combination

These Combined Financial Statements have been derived from the consolidated financial statements and accounting records of ABB. These Combined Financial Statements reflect the combined historical results of operations, financial position and cash flows of the Business for the periods presented as historically managed within ABB in conformity with generally accepted accounting principles in the United States ("U.S. GAAP") based on a going concern assumption and are presented in United States dollars ($ or USD) unless otherwise stated. The Combined Financial Statements may not be indicative of the Business' future performance and do not necessarily reflect what the results of operations, financial position and cash flows would have been had it operated as an independent business during the periods presented.

The Combined Financial Statements of the Business are prepared on a carve-out basis from financial information of the Parent. The operations of the Business are consistent with the components of the Parent which are planned to be divested. All amounts presented relate to companies or the relevant portions of companies which are directly controlled by the Parent and all intercompany accounts within the Business and transactions within the Business are eliminated. Intercompany transactions between us and the Parent are deemed to have been settled immediately through Parent company investment. Refer to Note 3 for additional information.

External debt, including any interest expense, associated with the debt of the Parent which is not directly attributable to the Business has been excluded from the Combined Financial Statements of the Business. The equity of the Business represents the net investment of the Parent in the Business. The Parent's historical retained earnings related to the Business are included within "Parent company investment."

Current and deferred income taxes have been determined based on the stand-alone results of MOPT. However, because the Business has prepared and filed its tax returns as part of ABB's tax group in certain jurisdictions, the Business' actual tax balances may differ from those reported.

These Combined Financial Statements have been prepared with facts and circumstances that were known through September 13, 2021 and considered subsequent events through September 13, 2021. See Note 13 for additional information.

Cost allocations

These Combined Financial Statements include general corporate expenses and shared expenses of the Parent that were historically incurred by or charged to the Business for certain support functions that are provided on a centralized basis, such as expenses related to information technology, finance and controlling, intellectual property, digital, communications, human resources, sales and marketing, health and safety and country management activities. These expenses are included in the Combined Statements of Income within "Cost of sales," "Selling, general and administrative expenses," and "Non-order related research and development expenses." These expenses have been allocated to the Business on the basis of direct usage, FTEs, square footage, or other measures that are utilized by the Parent for purposes of its consolidated financial statements.

These Combined Financial Statements may not reflect the actual expenses that would have been incurred and may not reflect the Business' combined results of operations, financial position and cash flows had it been a standalone business during the period presented. Actual costs that would have been incurred if the Business had been a standalone business would depend on multiple factors, including organizational structure, capital structure, and strategic decisions made in various areas, including information technology and infrastructure. Going forward, the Business may perform these functions using its own resources or outsourced services.

The following table reflects these allocations as described above:

($ in thousands)	**2020**	**2019**
Cost of sales	15,638	21,472
Selling, general and administrative expenses	31,597	36,600
Non-order related research and development expenses	599	1,437
Total	**47,834**	**59,509**

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities as of the date of the Combined Financial Statements and the reported amounts of revenues and expenses during the respective reporting periods. These accounting assumptions and estimates include:

- growth rates, discount rates and other assumptions used in testing goodwill for impairment,
- estimates to determine valuation allowances for deferred tax assets and amounts recorded for unrecognized tax benefits,
- assumptions used in determining inventory obsolescence and net realizable value,
- assumptions used in the determination of corporate costs attributable to the Business,
- estimates of loss contingencies associated with, product warranties
- estimates related to credit losses expected to occur over the remaining life of financial assets such as trade and other receivables,
- assumptions and projections related to right of return provisions and rebate accruals
- assumptions used in the determination of post-retirement benefit obligations and expenses

Cash and cash equivalents

Cash and cash equivalents are managed centrally by the Parent. Cash and cash equivalents have not been recorded on an allocated basis to the Business for the periods presented. As such, no cash and cash equivalents have been presented within the Combined Balance Sheets of the Business. Transfers of cash and cash equivalents between the Business and the Parent have been presented as a component of the change in parent investment as a financing activity in the Combined Statements of Cash Flows.

Accounts receivable and allowance for expected credit losses

Accounts receivable are recorded at the invoiced amount. The Parent has a groupwide policy on the management of credit risk. The policy includes a credit assessment methodology to assess the creditworthiness of customers and assign to those customers a risk category. Third-party agencies' ratings are considered, if available. For customers where agency ratings are not available, the customer's most recent financial statements, payment history and other relevant information are considered in the assignment to a risk category. Customers are assessed at least annually or more frequently when information on significant changes in the customers' financial position becomes known. In addition to the assignment to a risk category, a credit limit per customer is set.

The Business recognizes an allowance for expected credit losses to present the net amount of receivables expected to be collected as of the balance sheet date. The allowance is based on the credit losses expected to arise over the asset's contractual term taking into account historical loss experience, customer-specific data as well as forward looking estimates. Receivables are grouped in pools based on similar risk characteristics to estimate expected credit losses. Expected credit losses are estimated individually when the related assets do not share similar risk characteristics.

Accounts receivable are written off when deemed uncollectible and are recognized as a deduction from the allowance for expected credit losses. Expected recoveries, which are not to exceed the amount previously written off, are considered in determining the allowance balance at the balance sheet date.

Concentrations of credit risk

The Business sells a broad range of mechanical power transmission products to a wide range of industrial, commercial, and OEM customers throughout the world. Concentrations of credit risk with respect to accounts receivable are limited as the Business' customer base is comprised of a large number of individual customers. Ongoing credit evaluations of customers' financial positions are performed; collateral is not generally required. The Business maintains an allowance for expected credit losses as discussed above in "Accounts receivable and allowance for expected credit losses." Such losses, in the aggregate, are in line with the Business' expectations.

Revenue recognition

A customer contract exists if collectability under the contract is considered probable, the contract has commercial substance, contains payment terms, as well as the rights and commitments of both parties, and has been approved.

The Business offers arrangements with multiple performance obligations to meet its customers' needs. These arrangements may involve the delivery of multiple products and/or performance of services (such as installation and training) and the delivery and/or performance may occur at different points in time or over different periods of time. Goods and services under such arrangements are evaluated to determine whether they form distinct performance obligations and should be accounted for as separate revenue transactions. The Business allocates the sales price to each distinct performance obligation based on the price of each item sold in separate transactions at the inception of the arrangement.

The Business generally recognizes revenues for the sale of non-customized products including bearings, gearings, PT components and other goods which are manufactured on a standardized basis at a point in time. Revenues are recognized at the point in time that the customer obtains control of the good which is when it has taken title to the products and assumed the risks and rewards of ownership of the products specified in the purchase order or sales agreement. Generally, the transfer of title and risks and rewards of ownership are governed by the contractually defined shipping terms. The Business uses various International Commercial shipping terms (as promulgated by the International Chamber of Commerce) in its sales of products to third party customers, such as Ex Works ("EXW"), Free Carrier ("FCA") and Delivered Duty Paid ("DDP").

Billing terms for these point in time contracts vary but generally coincide with delivery to the customer. Payment is generally due within 90 days or less upon receipt of the invoice.

Revenues are reported net of distributor rebates, early settlement discounts, and similar incentives. Rebates are estimated based on sales terms, historical experience and trend analysis. The most common incentives relate to amounts paid or credited to customers for achieving defined volume levels. Further, revenues are reported net of customer returns. Customers typically have a right of return for products purchased within the preceding 12 month period and are estimated based on customer return history.

The Business provides for anticipated costs for warranties when it recognizes revenues on the related products. Warranty costs include calculated costs arising from imperfections in design, material and workmanship in the Business' products. The Business makes individual assessments on contracts with risks resulting from order-specific conditions or guarantees and assessments on an overall, statistical basis for similar products sold in larger quantities.

Taxes assessed by a governmental authority that are directly imposed on revenue-producing transactions between the Business and its customers, such as sales, use, value added and some excise taxes, are excluded from revenues.

Sales commissions are expensed immediately when the amortization period for the costs to obtain the contract is less than a year.

Shipping and handling costs

Shipping and handling costs are recorded as a component of cost of sales.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method, the weighted average-cost method, or the specific identification method. Inventoried costs are stated at acquisition cost or actual production cost, including direct material and labor and applicable manufacturing overheads. Adjustments to reduce the cost of inventory to its net realizable value are made, if required, for decreases in sales prices, obsolescence or similar reductions in value.

Impairment of long-lived assets

Long-lived assets that are held and used are assessed for impairment when events or circumstances indicate that the carrying amount of the asset may not be recoverable. If the asset's net carrying value exceeds the asset's net undiscounted cash flows expected to be generated over its remaining useful life including net proceeds expected from disposition of the asset, if any, the carrying amount of the asset is reduced to its estimated fair value. The estimated fair value is determined using a market, income and/or cost approach.

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and is depreciated using the straight-line method. The estimated useful lives of the assets are generally as follows:

Factories and office buildings	30-40 years
Other facilities	15 years
Machinery and equipment	3-15 years
Furniture and office equipment	3-8 years

Leasehold improvements are depreciated over their estimated useful life or, for operating leases, over the lease term, if shorter.

Goodwill and other intangible assets

Goodwill is reviewed for impairment annually as of December 31, or more frequently if events or circumstances indicate that the carrying value may not be recoverable.

Goodwill is evaluated for impairment at the reporting unit level. The Business consists of one reporting unit for purposes of assessing goodwill for impairment.

When evaluating goodwill for impairment, either a qualitative or quantitative assessment method at the reporting unit is used. The qualitative assessment involves determining, based on an evaluation of qualitative factors, if it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, based on this qualitative assessment, it is determined to be more likely than not that the reporting unit's fair value is less than its carrying value, a quantitative impairment test (described below) is performed, otherwise no further analysis is required. If an election not to perform the qualitative assessment for a reporting unit is made, then a quantitative impairment test is performed.

The quantitative impairment test calculates the fair value of a reporting unit (based on the income approach whereby the fair value of a reporting unit is calculated based on the present value of future cash flows) and compares it to the reporting unit's carrying value. If the carrying value of the net assets of a reporting unit exceeds the fair value of the reporting unit then an impairment charge equal to the difference is recognized, provided that the loss recognized does not exceed the total amount of goodwill allocated to that reporting unit.

Amortization of intangibles with definite lives is calculated using the straight-line method, which is reflective of the benefit pattern in which the estimated economic benefit is expected to be received over the estimated useful life of the intangible asset. Intangible assets such as customer relationships, tradenames, and product-related technology assets with finite useful lives are amortized on a straight-line basis over their estimated economic lives. The useful lives are as follows:

Customer relationships	21 years
Tradename	10 years
Product-related technology	8 years

Intangibles subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable. If the sum of the expected undiscounted future cash flows related to the asset is less than the carrying amount of the asset, an impairment loss is recognized based on the fair value of the asset. No impairment was recognized in the historical periods.

Product and order-related contingencies

The Business calculates its provision for product warranties based on historical claims experience and specific review of certain contracts. The product warranty provision as of December 31, 2020 and December 31, 2019 was $1,052 thousand and $1,923 thousand, respectively.

Leases

The Business leases consist primarily of real estate.

In January 2019, the Business adopted a new lease accounting standard, Accounting Standard Codification (ASC) 842, *Leases*, electing the transition method which permits entities to adopt the provisions of the standard using the modified retrospective approach without adjusting comparative periods. The Business also elected the package of practical expedients permitted under the transition guidance within ASC 842, which among other things, allowed us to grandfather the historical accounting conclusions until a reassessment event occurs. We have also elected the practical expedient to not recognize short-term leases on the balance sheet and the practical expedient to combine lease and non-lease components for the majority of our underlying classes of assets. In instances where the practical expedient was not elected, lease and non-lease consideration is allocated based on relative standalone selling price.

Adoption of the new standard resulted in the recording of Right of use "ROU" assets and lease liabilities of approximately $4,726 thousand and $4,726 thousand, respectively, as of January 1, 2019. The standard did not materially impact our combined statements of income, cash flows or equity as a result of adoption.

Prior to the adoption of the new accounting standard, lease transactions where substantially all risks and rewards incident to ownership were transferred from the lessor to the lessee were accounted for as capital leases. All other leases were accounted for as operating leases. The periodic rent expense for operating leases was recorded on a straight-line basis over the life of the lease term. Amounts due under capital leases were recorded as a liability. The value of the assets under capital leases were recorded as property, plant and equipment. Depreciation and amortization of assets recorded under capital leases was included in depreciation and amortization expense.

Under the new lease accounting standard, the Business evaluates if a contract contains a lease at inception of the contract. A contract is or contains a lease if it conveys the right to control the use of identified property, plant or equipment (an identified asset) for a period of time in exchange for consideration. To determine this, the Business assesses whether, throughout the period of use, it has both the right to obtain substantially all of the economic benefits from the use of the identified asset and the right to direct the use of the identified asset. Leases are classified as either finance or operating, with the classification determining the pattern of expense recognition in the Combined Statements of Income. Lease expense for operating leases continues to be recorded on a straight-line basis over the lease term. Lease expense for finance leases is separated between amortization of the right-of-use assets and lease interest expense.

In many cases, the Business' leases include one or more options to renew. The exercise of lease renewal options is at the Business' discretion. Renewal periods are included in the expected lease term if they are reasonably certain of being exercised by the Business. Certain leases also include options to purchase the leased property. None of the Business' lease agreements contain material residual value guarantees or material restrictions or covenants.

Long-term leases (leases with terms greater than 12 months) are recorded in the Combined Balance Sheets at the commencement date of the lease based on the present value of the minimum lease payments. The present value of the lease payments is determined by using the interest rate implicit in the lease if available. As most of the Business' leases do not provide an implicit rate, the Business' incremental borrowing rate is used for most leases and is determined for portfolios of leases based on the remaining lease term, currency of the lease, and the internal credit rating of the subsidiary which entered into the lease. The Business does not have significant short-term leases (leases with an initial lease term of 12 months or less).

Assets under operating lease are included in "Operating lease right-of-use assets, net." Operating lease liabilities are reported both as current and non-current operating lease liabilities. Right-of-use assets represent the Business' right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease.

Assets under finance lease are included in "Property, plant and equipment, net" while finance lease liabilities are included in "Other current liabilities" and "Non-current finance lease liabilities."

Lease and non-lease components for leases other than real estate are not accounted for separately.

Translation of foreign currencies and foreign exchange transactions

The functional currency for most of the operations of the Business is the applicable local currency. The translation from the applicable functional currencies into the reporting currency is performed for balance sheet accounts using exchange rates in effect at the balance sheet date and for income statement accounts using average exchange rates prevailing during the year. The resulting translation adjustments are excluded from the determination of earnings and are recognized directly in "Parent company investment" until the subsidiary is sold, substantially liquidated or evaluated for impairment in anticipation of disposal.

Foreign currency exchange gains and losses, such as those resulting from foreign currency denominated receivables or payables, are included in the determination of earnings. Exchange gains and losses recognized in earnings are included in "Revenues," "Cost of sales" or "Selling, general and administrative expenses" consistent with the nature of the underlying item.

Income taxes

The operations of the Business have historically been included in the income tax filings of the ABB Holdings Inc. (“US Parent”). The income tax expense in the Combined Statements of Income is based on a separate return methodology using the asset and liability approach of accounting for income taxes. Under this approach, income tax expense reflects income taxes paid or payable (or received or receivable) for the current year plus the change in deferred taxes during the year calculated as if the business was a standalone taxpayer filing hypothetical income tax returns where applicable. Any accrued tax liability or refund arising as a result of this approach is assumed to be immediately settled with the Parent as a component of “Parent company investment.” Deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid, and result from differences between the financial statement carrying amount and the tax bases of the Business’s assets and liabilities and are adjusted for changes in tax rates and tax laws when enacted. Deferred taxes are reflected in the Combined Balance Sheets to the extent that such attributes are expected to transfer with the Business upon the separation.

The Business uses the asset and liability method to account for deferred taxes. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial statement carrying amount and the tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The Business recognizes an income tax benefit when it determines that the tax position is more likely than not to be sustained based upon the deduction’s technical merit. Recognized tax positions are measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement. Deferred tax assets and liabilities are offset against each other and reported on a net basis by tax-paying component. If relevant, a valuation allowance is recorded to reduce deferred tax assets to the amount that is more likely than not to be realized.

The Business operates in numerous tax jurisdictions and, as a result, is regularly subject to examination by taxing authorities. No liabilities are recorded in the Combined Balance Sheets for unrecognized tax benefits in the Business as all amounts will remain as obligations of the Parent.

Research and development

Research and development costs not related to specific customer orders are generally expensed as incurred.

Contingencies

The operations of the Business are subject to proceedings, litigation or threatened litigation and other claims and inquiries, related to environmental, labor, product, regulatory, tax (other than income tax) and other matters, and is required to assess the likelihood of any adverse judgments or outcomes to these matters, as well as potential ranges of probable losses. A determination of the provision required, if any, for these contingencies is made after analysis of each individual issue, often with assistance from both internal and external legal counsel and technical experts. The required amount of a provision for a contingency of any type may change in the future due to new developments in the particular matter, including changes in the approach to its resolution.

The Business records a provision for its contingent obligations when it is probable that a loss will be incurred and the amount can be reasonably estimated. Any such provision is generally recognized on an undiscounted basis using the Business’ best estimate of the amount of loss incurred or at the lower end of an estimated range when a single best estimate is not determinable. In some cases, the Business may be able to recover a portion of the costs relating to these obligations from insurers or other third parties; however, the Business records such amounts only when it is probable that they will be collected.

Other Post-retirement Benefit Plans

We recognize the post-retirement benefit obligation for certain defined benefit plans associated with retirees of the Business on the Combined Balance Sheets. Actuarial gains or losses and prior service costs or credits that have not yet been recognized as part of net periodic benefit cost are recorded as a component of Accumulated Other Comprehensive Income.

The calculation of the obligation and expense for other post-retirement benefits is dependent on assumptions selected by actuaries and the Parent. Those assumptions are detailed further in Note 12 and include, among others, the discount rate, mortality and the rates of increases in health care costs. Actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, generally affect the recognized expense and recorded obligation in future periods. While the Business believes that the assumptions are appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the other post-retirement obligations and future expense.

Recently Adopted Accounting Standards

ASU 2016-13, Credit Losses—Measurement of Credit Losses on Financial Instruments

Effective January 1, 2020, ABB adopted ASU 2016-13, “Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,” using the modified retrospective transition method. The guidance requires that for most financial assets, losses be based on an expected loss approach which includes estimates of losses over the life of exposure that considers historical, current and forecasted information. Expanded disclosures related to the methods used to estimate the losses as well as a specific disaggregation of balances for financial assets are also required. The application of this ASU did not have a material impact on the Combined Financial Statements.

ASU 2018-14, Disclosure Framework – Changes to the Disclosure Requirement for Defined Benefit Plans

In August 2018, the FASB issued ASU No. 2018-14, “Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans,” which modifies the defined benefit plan disclosure requirements. Application of the standard is required for annual periods ending after December 15, 2020. The Business adopted this standard in the fourth quarter of 2020. The adoption of this standard did not have a material impact on the Business’s Combined Financial Statements.

We also adopted the following ASUs during 2020, which did not have a material impact to our financial statements or financial statement disclosures:

2018-13	Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement	January 1, 2020

Accounting Standards Not Yet Adopted

ASU 2019-12, Income Taxes (Topic 740)—Simplifying the Accounting for Income Taxes

In December 2019, an accounting standard update was issued which enhances and simplifies various aspects of the income tax accounting guidance related to intraperiod tax allocations, ownership changes in investments, and certain aspects of interim period tax accounting. This update is effective for the Business for annual and interim periods beginning January 1, 2021. Depending on the amendment, adoption may be applied on a retrospective, modified retrospective or prospective basis. The Business does not expect this update to have a significant impact on its Combined Financial Statements.

ASU 2020-04, Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting

In March 2020, an accounting standard update was issued which provides temporary optional expedients and exceptions to the current guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. The update can be adopted and applied no later than December 31, 2022, with early adoption permitted. The Business does not expect this update to have a significant impact on its Combined Financial Statements.

Impacts of COVID-19

On March 11, 2020 the World Health Organization designated a new coronavirus disease (“COVID-19”) as a global pandemic. Governments around the world implemented public health and social measures to slow the transmission of the virus. These initiatives included physical and social distancing measures, as well as domestic and international travel restrictions. These initiatives have had a significant impact on certain businesses and economies, leading to economic uncertainty.

The Business has assessed the consequences of the COVID-19 pandemic, noting incremental costs were incurred during 2020, but were determined to not be significant for further disclosure. Additionally, there was $4,521 thousand receivable for tenant improvements included within current assets in 2019 and 2020. Due to delays driven by COVID-19 during 2020, work was not completed and payment was not received until the first quarter of 2021.

Note 3—Transactions with Related Parties

Sales to the Parent and purchases from the Parent

The Business sells products to other businesses and companies controlled by the Parent. These transactions are executed at prices negotiated between the two parties. During 2020 and 2019, the Business sold products of $14,222 thousand and $19,752 thousand , respectively, to the Parent.

During 2020 and 2019, the Business also purchased goods from the Parent. Cost of sales has been measured based on the purchase price paid for goods from the Parent. During 2020 and 2019, the Business purchased $5,802 thousand and $4,980 thousand, respectively, of certain inventory components from the Parent.

Outstanding amounts receivable from or payable to the Parent for goods and services sold to or purchased from the Parent are included in these Combined Financial Statements within “Receivables, net” and “Accounts payable.” See Note 4 and Note 8 for specific amounts due to/from the Parent.

Transactions with equity method investees

The Business shares a warehousing facility with an equity method investee, CoLinx, LLC, and is charged for labor and occupancy costs at the shared facility. During 2020 and 2019, the labor and warehouse occupancy charges were $13,315 thousand and $14,158 thousand, respectively. Additionally, the Business is a tenant of the shared facility leased by CoLinx, which is accounted for as an operating lease within the Combined Financial Statements. The operating lease liability at December 31, 2020 and 2019 was $3,875 thousand and $4,346 thousand, respectively. Rent expense on this operating lease during 2020 and 2019 was $472 thousand and $453 thousand, respectively.

Note 4—Receivables, net

"Receivables, net" consisted of the following:

	December 31,	
($ in thousands)	**2020**	**2019**
Trade receivables, net	57,010	60,916
Receivables from Parent	3,465	2,930
Other receivables, net	577	1,474
Total	**61,052**	**65,320**

Allowances for expected credit losses and write-offs are not significant. The Business does not have significant contract assets or contract liabilities.

Note 5—Inventories, net

"Inventories, net" consisted of the following:

	December 31,	
($ in thousands)	**2020**	**2019**
Raw materials	36,201	36,447
Work in process	18,401	19,859
Finished goods	63,720	59,013
Total	**118,322**	**115,319**

Note 6—Property, plant and equipment, net

"Property, plant and equipment, net" consisted of the following:

	December 31,	
($ in thousands)	**2020**	**2019**
Land and buildings	44,647	35,071
Machinery and equipment	199,231	185,741
Construction in progress	10,102	11,001
	253,980	**231,813**
Accumulated depreciation	(149,057)	(127,861)
Total	**104,923**	**103,952**

Property, plant and equipment includes gross assets acquired under finance leases of $6,990 thousand and $7,062 thousand at December 31, 2020 and 2019, respectively, with related amounts in accumulated depreciation of $1,054 thousand and $560 thousand at December 31, 2020 and 2019, respectively.

During 2020 and 2019, depreciation was $19,666 thousand and $18,474 thousand, respectively, recorded within "Cost of Sales" within the Combined Statements of Income. There were no significant impairments of property, plant or equipment for each of the periods.

Note 7—Goodwill and other intangible assets

“Goodwill” and “Intangible assets, net” include amounts recognized by Parent in connection with its historical business acquisition of Baldor, of which MOPT was a component. There have been no historical impairments recorded against the goodwill recognized.

“Intangible assets, net” consisted of the following definite-lived intangibles assets:

	December 31,					
	2020			2019		
($ in thousands)	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer-related	440,000	(207,800)	**232,200**	440,000	(186,800)	**253,200**
Tradename	38,000	(37,700)	**300**	38,000	(33,900)	**4,100**
Technology	72,000	(72,000)	—	72,000	(72,000)	—
Total	**550,000**	**(317,500)**	**232,500**	**550,000**	**(292,700)**	**257,300**

Amortization expense for 2020 and 2019 was $24,800 thousand and $25,600 thousand, respectively, recorded within “Cost of Sales” within the Combined Statements of Income.

At December 31, 2020, future amortization expense of intangible assets other than goodwill is estimated to be:

	($ in thousands)
2021	21,300
2022	21,000
2023	21,000
2024	21,000
2025	21,000
Thereafter	127,200
Total	**232,500**

Note 8—Accounts Payable

“Accounts payable” consisted of the following:

	December 31,	
($ in thousands)	2020	2019
Trade payables	49,180	54,039
Payables to the Parent	2,128	2,144
Other payables	883	1,205
Total	**52,191**	**57,388**

Note 9—Leases

Under the new accounting standard, adopted in January 2019, the components of lease expense were as follows:

	December 31,	
($ in thousands)	**2020**	**2019**
Operating lease cost	2,035	2,088
Finance lease cost:		
Amortization of right-of-use assets	837	764
Interest on lease liabilities	248	99
Total lease expense	**3,120**	**2,951**
Operating leases:		
Weighted average remaining lease term (in years)	7.8	9.4
Weighted average discount rate	4.1%	4.2%
Finance leases:		
Weighted average remaining lease term (in years)	9.6	1.0
Weighted average discount rate	3.6%	3.2%

The following table presents supplemental cash flow information related to leases:

	December 31,	
($ in thousands)	**2020**	**2019**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	3,076	2,327
Operating cash flows from finance leases	248	99
Financing cash flows from finance leases	733	702
Right-of-use assets obtained in exchange for new liabilities:		
Under operating leases	3,401	12,010
Under finance leases	271	5,721

At December 31, 2020, the future net minimum lease payments for operating and finance leases and the related present value of the net minimum lease payments consisted of the following:

($ in thousands)	**Operating Leases**	**Finance Leases**
2021	3,759	967
2022	3,713	946
2023	3,713	923
2024	2,673	810
2025	2,099	777
Thereafter	8,128	3,821
Total minimum lease payments	**24,085**	**8,244**
Net minimum lease payments		
Difference between undiscounted cash flows and discounted cash flows	3,569	1,266
Present value of minimum lease payments	**20,516**	**6,978**

Minimum lease payments have not been reduced by minimum sublease rentals due in the future under non-cancelable subleases. Such minimum sublease rentals were not significant. The present value of minimum finance lease payments included in “Other current liabilities” and “Non-current liabilities” in the Combined Balance Sheet at December 31, 2020, amounts to $538 thousand and $6,441 thousand, respectively.

Note 10—Income taxes

The footprint of the MOPT business resides mostly in the United States. Historically the US based Business has been included in the consolidated United States tax return of US Parent. Amounts presented in these Combined Financial Statements relate to income taxes determined on a separate return basis. All current income tax liabilities are assumed to be immediately settled with the Parent and are relieved through the Parent Company Investment account. The net effect of the settlement of these transactions is reflected in Net Transfers (to) from Parent as a financing activity in the Combined Statements of Cash Flows. Therefore, no current income taxes payable are presented in MOPT's financial statements.

In the Income from operations, before income taxes reported below, the split between US and foreign amounts is as follows:

($ in thousands)	**2020**	**2019**
Income from operations, before income taxes - United States	83,548	96,992
Income from operations, before income taxes - Foreign	6,195	5,092
Income from operations, before income taxes	**89,743**	**102,084**

Income tax expense (benefit) was:

($ in thousands)	**2020**	**2019**
Current:		
United States	21,916	25,614
State and local	3,948	4,656
Foreign	1,624	1,067
Total Current	**27,488**	**31,337**
Deferred:		
United States	(4,509)	(5,388)
State and local	(788)	(1,111)
Foreign	(12)	245
Total Deferred	**(5,309)**	**(6,254)**
Income tax expense (benefit)	**22,179**	**25,083**

A reconciliation of income tax expense at the United States federal statutory rate to reported income tax expense is as follows:

($ in thousands)	**2020**	**2019**
Income from operations, before income taxes	89,743	102,084
Statutory rate applied to income before income taxes	21.0%	21.0%
Expected income tax expense	18,846	21,438
State and local income taxes, net of federal tax effects	3,139	3,675
Foreign tax rate differential	287	178
Unrecognized tax benefits	65	84
Tax credits	(260)	(337)
Other	102	45
Reported income tax expense (benefit)	**22,179**	**25,083**
Effective tax rate	**24.7%**	**24.6%**

Deferred tax assets and liabilities resulted from the following:

($ in thousands)	**2020**	**2019**
Deferred tax assets:		
Inventories	6,059	6,048
Accrued liabilities	7,446	8,354
Operating leases	5,063	4,889
Other post-retirement obligation	3,055	3,446
Other	997	1,233
Total deferred tax assets	**22,620**	**23,970**
Deferred tax liabilities:		
Property, plant and equipment	8,404	9,342
Intangibles	57,603	63,712
Operating lease right-of-use assets	4,195	3,983
Total deferred tax liabilities	**70,202**	**77,037**
Net deferred tax liabilities	**47,582**	**53,067**

As mentioned earlier in the Notes, Intangibles consist of Customer Relationships, Tradenames, and Technology recorded in connection with the historical business acquisition of ABB Motors & Mechanical Inc. by the Parent. These Intangibles have no tax basis.

The Business considered the likelihood that the deferred tax assets presented herein would be realized under a more-likely-than-not standard and whether a valuation allowance was appropriate to accurately reflect the amounts presented. Given the nature of the deferred tax assets, the Business' profitability and tax paying position, and taking into account reversing taxable temporary differences, it is expected that the deferred tax assets would be realized in a reasonable amount of time; therefore, the Business determined that a valuation allowance is not necessary. The Business also has no material operating loss or tax credit carryforwards that could contribute to such a determination.

In the United States, the Business historically was included in the US Parent's federal income tax returns, which are continuously undergoing examination by the Internal Revenue Service ("IRS"). Parent's IRS audits are complete through 2011 tax year and the earliest open year for audit in the United States is December 31, 2017.

As of December 31, 2020 and 2019, the Business recorded insignificant unrecognized tax benefits related to United States Credits for Increasing Research Activities and the ability to maintain those credits under examination. Based on past examination experience, the Business does not believe that its historical operations gave rise to any material tax exposures. There are no associated interest and penalties accrued.

Note 11—Revenues

The Business operates as a single segment. The following table presents “Revenues” during 2020 and 2019:

($ in thousands)	2020	2019
Product type		
Bearings	265,764	299,497
Gearings	194,726	209,052
Pt components	74,017	85,038
Mechanical service and other	15,490	18,803
Total Revenues	**549,997**	**612,390**
Third-party revenues	535,775	592,638
Revenues with Parent	14,222	19,752
Total Revenues	**549,997**	**612,390**

Note 12—Other Post-Retirement Benefit Obligations

Post-retirement Benefits Other Than Pensions

The Business provides retiree health care and life insurance benefits covering certain former U.S. employees, all of which are retired or inactive. The plan is frozen with no active participants during the financial statement periods presented herein. The Business uses a December 31 measurement date to measure its post-retirement benefit obligations.

The change in the post-retirement benefit obligation for the year are as follows:

($ in thousands)	2020	2019
Obligations at beginning of year	13,920	14,758
Change in benefit obligations:		
Service cost	—	—
Interest cost	390	584
Net actuarial gains	(242)	(225)
Benefit payments	(1,738)	(1,197)
Net change in benefit obligations	(1,590)	(838)
Obligations at end of year	**12,330**	**13,920**

The funded status of the post-retirement benefit plans at year end is as follows:

($ in thousands)	2020	2019
Post-retirement benefit obligations	(12,330)	(13,920)
Items not yet recognized in net post-retirement benefit cost (amounts are pretax):		
Actuarial gain	(4,377)	(4,476)
Prior service credit	(3,771)	(4,394)
	(8,148)	(8,870)
Net amount recognized	**(20,478)**	**(22,790)**

The amounts included in the Combined Balance Sheets at December 31, 2020 and 2019 as follows:

($ in thousands)	2020	2019
Current other post-retirement obligations, included with Other accrued liabilities	(1,198)	(1,282)
Non-current other post-retirement obligations	(11,132)	(12,638)
Net post-retirement obligations	(12,330)	(13,920)
Accumulated other comprehensive income (amounts are pretax)	(8,148)	(8,870)
Total amount recognized	**(20,478)**	**(22,790)**

The post-retirement benefit plan does not have separate plan assets and is instead funded through payments made from the plan sponsor's general assets. The following outlines the changes in the plan assets for the periods ended December 31, 2020 and 2019.

($ in thousands)	2020	2019
Beginning fair value of plan assets	—	—
Employer contributions	1,738	1,197
Benefit payments	(1,738)	(1,197)
Return on assets	—	—
Ending fair value of plan assets	—	—

The following changes in benefit obligations were recognized in accumulated other comprehensive income at December 31, 2020 and 2019 as follows (amounts are pretax):

($ in thousands)	2020	2019
Current year actuarial gain	(242)	(225)
Amortization of actuarial gains	343	348
Amortization of prior service credits	623	623
Other adjustments	(2)	1
	722	**747**

The components of the net post-retirement benefit cost included within "Interest and other finance expense" are as follows:

($ in thousands)	2020	2019
Service cost	—	—
Interest cost	390	584
Amortization:		
Actuarial loss or (gain)	(343)	(348)
Prior service cost or (credit)	(623)	(623)
Net amortization	(966)	(971)
Net post-retirement benefit cost or (income)	**(576)**	**(387)**

The following are amounts that are expected to be amortized from accumulated other comprehensive income into net post-retirement benefit cost during 2021:

($ in thousands)	2021
Amortization:	
Actuarial loss or (gain)	(393)
Prior service cost or (credit)	(623)
Net amortization	(1,016)

Amortization included in net post-retirement benefit cost is based on the average remaining life expectancy of the in-active participants. The weighted average discount rates used to determine the accumulated post-retirement benefit obligation and net post-retirement benefit cost are as follows:

	2020	2019
Discount rate to determine the accumulated post-retirement benefit obligation	2.20%	2.95%
Discount rate to determine the net post-retirement benefit cost	2.95%	4.15%

The discount rate has been derived using market information and the expected future cash flows of our other post-retirement benefit obligation.

The weighted average assumed health care cost trend rates at December 31 are as follows:

	2020	2019
Health care cost trend rate assumed for next year	5.50%	7.00%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.50%	5.00%
Year that the rate reaches the ultimate trend rate	2025	2028

The following estimated future benefit payments are expected to be paid in the years indicated:

	($ in thousands)
2021	1,212
2022	1,159
2023	1,098
2024	1,040
2025	982
2026 - 2030	3,994

Note 13—Subsequent Events

Greenville Lease Commencement

On June 8, 2021, MOPT entered into a lease agreement for a new Greenville, South Carolina headquarters building. The new lease is expected to commence on December 1, 2021, includes escalating rent payments over an 11 year term, and is expected to be accounted for as an operating lease. The future minimum lease payments for this lease are expected to be as follows:

	($ in thousands)
2021	105
2022	1,272
2023	1,343
2024	1,377
2025	1,412
Thereafter	10,775
Total	**16,284**

As the new lease is expected to commence December 1, 2021, MOPT will move out of the current Greenville, South Carolina headquarters building.

Sale of Business

On July 24, 2021, ABB Asea Brown Boveri Ltd entered into an agreement to sell the Business to RBC Bearings Incorporated for $2.9 billion in cash consideration, subject to certain adjustments based on the levels of cash, debt and working capital at closing and certain other items. This transaction is targeted to be completed by the fourth quarter of 2021, subject to market, regulatory and certain other customary conditions. Until the sale occurs, the Business will be wholly owned by ABB.

Exhibit 99.2

The Dodge Mechanical Power Transmission Business of ABB Asea Brown Boveri Ltd

Index to Condensed Combined Financial Statements (Unaudited)

The Dodge Mechanical Power Transmission Business of ABB Asea Brown Boveri Ltd

Combined Statements of Income (Unaudited)

Three and Six months ended June 30, 2021 and 2020 ($ in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Revenues	166,958	126,704	335,923	274,054
Cost of sales	(110,770)	(89,584)	(221,815)	(188,262)
Gross profit	**56,188**	**37,120**	**114,108**	**85,792**
Selling, general and administrative expenses	(21,409)	(16,445)	(41,374)	(35,693)
Non-order related research and development expenses	(2,985)	(1,894)	(6,250)	(3,629)
Other income (expense), net	605	(14)	885	(297)
Interest and other finance income/ (expense)	(57)	87	57	319
Income from operations, before income taxes	**32,342**	**18,854**	**67,426**	**46,492**
Income tax expense	(7,988)	(4,668)	(16,654)	(11,509)
Net income	**24,354**	**14,186**	**50,772**	**34,983**

See accompanying Notes to the Condensed Combined Financial Statements

The Dodge Mechanical Power Transmission Business of ABB Asea Brown Boveri Ltd

Combined Statements of Comprehensive Income (Unaudited)

Three and Six months ended June 30, 2021 and 2020 ($ in thousands)

	Three months ended June 30,		Six months ended June 30,	
	2021	**2020**	**2021**	**2020**
Net income	24,354	14,186	50,772	34,983
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	(245)	84	(219)	401
Other, net	(183)	(261)	(405)	(505)
Other comprehensive income (loss)	(428)	(177)	(624)	(104)
Comprehensive income	**23,926**	**14,009**	**50,148**	**34,879**

See accompanying Notes to the Condensed Combined Financial Statements

The Dodge Mechanical Power Transmission Business of ABB Asea Brown Boveri Ltd

Combined Balance Sheets (Unaudited)

As of June 30, 2021 and December 31, 2020 ($ in thousands)

	June 30, 2021	December 31, 2020
Cash and cash equivalents	—	—
Receivables, net	90,744	61,052
Inventories, net	117,485	118,322
Other current assets	611	5,488
Total current assets	**208,840**	**184,862**
Property, plant and equipment, net	104,917	104,923
Operating lease right-of-use assets, net	15,873	16,998
Goodwill	809,907	809,907
Intangible assets, net	221,700	232,500
Deferred taxes	1,047	1,047
Other non-current assets	822	867
Total assets	**1,363,106**	**1,351,104**
Accounts payable	70,154	52,191
Accrued liabilities	30,721	21,947
Accrued distributor rebates	18,654	16,987
Right of return provision	5,656	5,993
Other current liabilities	11,222	9,018
Total current liabilities	**136,407**	**106,136**
Non-current finance leases	6,299	6,441
Non-current operating leases	14,806	17,534
Deferred taxes	45,526	48,629
Non-current other post-retirement obligations	10,700	11,132
Other non-current liabilities	541	555
Total liabilities	**214,279**	**190,427**
Equity:		
Parent company investment	1,132,880	1,144,106
Accumulated other comprehensive income	15,947	16,571
Total Equity	**1,148,827**	**1,160,677**
Total liabilities and equity	**1,363,106**	**1,351,104**

See accompanying Notes to the Condensed Combined Financial Statements

The Dodge Mechanical Power Transmission Business of ABB Asea Brown Boveri Ltd

Combined Statements of Changes in Equity (Unaudited)

Six month ended June 30, 2021 and 2020 ($ in thousands)

	Parent company investment	Accumulated other comprehensive income	Total Equity
Balance at January 1, 2020	1,155,624	18,657	1,174,281
Net income	34,983	—	34,983
Other comprehensive income (loss), net	—	(104)	(104)
Net transfers to Parent	(32,987)	—	(32,987)
Balance at June 30, 2020	**1,157,620**	**18,553**	**1,176,173**
Balance at January 1, 2021	1,144,106	16,571	1,160,677
Net income	50,772	—	50,772
Other comprehensive income (loss), net	—	(624)	(624)
Net transfers to Parent	(61,998)	—	(61,998)
Balance at June 30, 2021	**1,132,880**	**15,947**	**1,148,827**

See accompanying Notes to the Condensed Combined Financial Statements

The Dodge Mechanical Power Transmission Business of ABB Asea Brown Boveri Ltd

Combined Statements of Cash Flows (Unaudited)

Six month ended June 30, 2021 and 2020 ($ in thousands)

	Six months ended June 30,	
	2021	**2020**
Operating activities:	50,772	34,983
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	19,490	22,234
Deferred tax expense (benefit)	(2,983)	(2,765)
Other	(308)	(241)
Changes in operating assets and liabilities:		
Receivables, net	(29,528)	707
Inventories, net	985	(12,089)
Accounts payable	17,662	679
Accrued liabilities	10,030	(2,405)
Other assets and liabilities, net	5,656	1,736
Net cash provided by operating activities	71,776	42,839
Investing activities:		
Purchases of property, plant and equipment and intangible assets	(8,916)	(10,503)
Net cash used in investing activities	(8,916)	(10,503)
Financing activities:		
Finance lease payments	(399)	(377)
Changes in parent company investment	(61,998)	(32,987)
Other	(463)	1,028
Net cash used in financing activities	(62,860)	(32,336)
Effects of exchange rate changes on cash and cash equivalents	—	—
Net change in cash and cash equivalents	—	—
Cash and equivalents, beginning of period	—	—
Cash and cash equivalents, end of period	—	—

See accompanying Notes to the Condensed Combined Financial Statements

Notes to Condensed Combined Financial Statements (Unaudited)

Note 1—Basis of Presentation

The Condensed Combined Financial Statements and Notes have been derived from the interim consolidated financial information and accounting records of ABB Ltd. ("ABB" or "Parent") as the ultimate parent of ABB Asea Brown Boveri Ltd and the Business. These Condensed Combined Financial Statements reflect the combined historical results of operations, financial position and cash flows of the Business ("MOPT", "we", "us", "our") for the periods presented as historically managed within ABB in conformity with generally accepted accounting principles in the United States ("U.S. GAAP") for interim financial reporting and are presented in United States dollars ($ or USD) unless otherwise stated. As such, the Condensed Combined Financial Statements do not include all the information and notes required under U.S. GAAP for annual combined financial statements. Therefore, such financial statements should be read in conjunction with the Business' audited combined financial statements for the year ended December 31, 2020. The Condensed Combined Financial Statements may not be indicative of the Business' future performance and do not necessarily reflect what the results of operations, financial position or cash flows would have been had it operated as an independent business during the periods presented.

The Condensed Combined Financial Statements are prepared on a carve-out basis from financial information of the Parent. The operations of the Business are consistent with the components of the Parent which are planned to be divested. All amounts presented relate to companies or the relevant portions of companies which are directly controlled by the Parent and all intercompany accounts within the Business and transactions within the Business are eliminated. Intercompany transactions between us and the Parent are deemed to have been settled immediately through Parent company investment. Refer to Note 2 for additional information.

External debt, including any interest expense, associated with the debt of the Parent which is not directly attributable to the Business has been excluded from the Combined Statement of Income and Balance Sheet of the Business. The equity of the Business represents the net investment of the Parent in the Business. The Parent's historical retained earnings related to the Business are included within "Parent company investment."

Current and deferred income taxes have been determined based on the stand-alone results of the Business. However, because the Business has prepared and filed its tax returns as part of ABB's tax group in certain jurisdictions, the Business' actual tax balances may differ from those reported.

These Condensed Combined Financial Statements have been prepared with facts and circumstances that were known through September 13, 2021 and considered subsequent events through September 13, 2021. See Note 11 for additional information.

For further details regarding the basis of presentation or other information regarding the Dodge Mechanical Power Transmission Business of ABB Asea Brown Boveri Ltd, these Condensed Combined Financial Statements should be read in conjunction with the latest audited annual financial statements.

Note 2—Cost Allocations and Transactions with Related Parties

Cost Allocations

These Condensed Combined Financial Statements include general corporate expenses and shared expenses of the Parent that were historically incurred by or charged to the Business for certain support functions that are provided on a centralized basis, such as expenses related to information technology, finance and controlling, intellectual property, digital, communications, human resources, sales and marketing, health and safety and country management activities. These expenses are included in the Combined Statements of Income within "Cost of sales," "Selling, general and administrative expenses," and "Non-order related research and development expenses." These expenses have been allocated to the Business on the basis of direct usage, FTEs, square footage, or other measures that are utilized by the Parent for purposes of its consolidated financial statements.

These Condensed Combined Financial Statements may not reflect the actual expenses that would have been incurred and may not reflect the Business' combined results of operations, financial position and cash flows had it been a standalone business during the period presented. Actual costs that would have been incurred if the Business had been a standalone business would depend on multiple factors, including organizational structure, capital structure, and strategic decisions made in various areas, including information technology and infrastructure. Going forward, the Business may perform these functions using its own resources or outsourced services.

The following table reflects these allocations as described above:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
($ in thousands)	**2021**	**2020**	**2021**	**2020**
Cost of sales	2,724	3,856	5,593	8,010
Selling, general and administrative expenses	6,516	7,503	12,762	16,403
Non-order related research and development expenses	1,043	149	2,277	305
Total	**10,283**	**11,508**	**20,632**	**24,718**

Sales to the Parent and purchases from the Parent

The Business sells products to other businesses and companies controlled by the Parent. These transactions are executed at prices negotiated between the two parties. During the three months ended June 30, 2021 and June 30, 2020, the Business sold products of $3,660 thousand and $4,639 thousand, respectively, to the Parent. During the six months ended June 30, 2021 and June 30, 2020, the Business sold products of $8,206 thousand and $9,591 thousand, respectively, to the Parent.

The Business also purchases goods from the Parent with Cost of Sales measured based on the purchase price paid to the Parent. During the three months ended June 30, 2021 and June 30, 2020, the Business purchased $2,007 thousand and $1,014 thousand of certain inventory components, respectively. For the six month period ending June 30, 2021 and June 30, 2020, the Business purchased certain inventory components in the amount of $3,798 thousand and $2,613 thousand.

Outstanding amounts receivable from or payable to the Parent for goods and services sold to or purchased from the Parent are included in these Combined Financial Statements within "Receivables, net" and "Accounts payable." See Note 4 and Note 8 for specific amounts due to/from the Parent.

Transactions with equity method investees

The Business shares a warehousing facility with an equity method investee, CoLinx, LLC, and is charged for labor and occupancy costs at the shared facility. During the three months ended June 30, 2021 and June 30, 2020, the labor and warehouse occupancy charges were $3,984 thousand and $3,029 thousand, respectively. For the six months ended June 30, 2021 and June 30, 2020, the labor and warehouse occupancy charges were $8,154 thousand and $6,507 thousand, respectively. Additionally, the Business is a tenant of the shared facility leased by CoLinx, which is accounted for as an operating lease within the Condensed Combined Financial Statements. The operating lease liability at June 30, 2021 and December 31, 2020 was $3,632 thousand and $3,875 thousand, respectively. Rent expense on this operating lease during the three months ended June 30, 2021 and June 30, 2020 was $121 thousand and $117 thousand, respectively. Rent expense on this operating lease during the six months ended June 30, 2021 and June 30, 2020 was $243 thousand and $233 thousand, respectively.

Note 3—Receivables, net

"Receivables, net" consisted of the following:

($ in thousands)	June 30, 2021	December 31, 2020
Trade receivables, net	85,479	57,010
Receivables from Parent	4,512	3,465
Other receivables, net	753	577
Total	**90,744**	**61,052**

Allowances for expected credit losses and write-offs are not significant. The Business does not have significant contract assets or contract liabilities.

Note 4—Inventories, net

"Inventories, net" consisted of the following:

($ in thousands)	June 30, 2021	December 31, 2020
Raw materials	37,996	36,201
Work in process	21,068	18,401
Finished goods	58,421	63,720
Total	**117,485**	**118,322**

Note 5—Property, Plant and Equipment, net

"Property, plant and equipment, net" consisted of the following:

($ in thousands)	June 30, 2021	December 31, 2020
Land and buildings	44,261	44,647
Machinery and equipment	191,491	199,231
Construction in progress	13,144	10,102
	248,896	**253,980**
Accumulated depreciation	(143,979)	(149,057)
Total	**104,917**	**104,923**

Property, plant and equipment includes gross assets acquired under finance leases of $7,439 thousand and $6,990 thousand at June 30, 2021 and December 31, 2020, respectively, with related amounts in accumulated depreciation of $1,453 thousand and $1,054 thousand at June 30, 2021 and December 31, 2020, respectively.

Depreciation included within each Income Statement caption is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Cost of sales	4,267	5,003	8,494	9,776
Selling, general and administrative expenses	79	—	160	—
Non-order related research and development expenses	3	30	36	59
Total	**4,349**	**5,033**	**8,690**	**9,834**

Note 6—Goodwill and Other Intangible Assets

“Goodwill” and “Intangible assets, net” include amounts recognized by Parent in connection with its historical business acquisition of Baldor, of which MOPT was a component. There have been no historical impairments recorded against the goodwill recognized.

“Intangible assets, net” consisted of the following definite-lived intangibles assets:

	June 30, 2021			December 31, 2020		
($ in thousands)	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer-related	440,000	(218,300)	**221,700**	440,000	(207,800)	**232,200**
Tradename	38,000	(38,000)	—	38,000	(37,700)	**300**
Technology	72,000	(72,000)	—	72,000	(72,000)	—
Total	**550,000**	**328,300**	**221,700**	**550,000**	**(317,500)**	**232,500**

Amortization expense for the three and six months ended June 30, 2021 and June 30, 2020 was $5,200 thousand, $10,800 thousand, $6,200 thousand, and $12,400 thousand, respectively, recorded within “Cost of Sales” within the Combined Statements of Income.

At June 30, 2021, future amortization expense of intangible assets other than goodwill is estimated to be:

	($ in thousands)
2021	10,500
2022	21,000
2023	21,000
2024	21,000
2025	21,000
Thereafter	127,200
Total	**221,700**

Note 7—Accounts Payable

“Accounts payable” consisted of the following:

($ in thousands)	June 30, 2021	December 31, 2020
Trade payables	65,720	49,180
Payables to the Parent	2,729	2,128
Other payables	1,705	883
Total	**70,154**	**52,191**

Note 8—Income Taxes

For the three months ended June 30, 2021, we recorded income tax expense of $7,988 thousand or 24.70% of income from operations, before income taxes compared to $4,668 thousand or 24.75% during the three months ended June 20, 2020. For the three months ended June 30, 2021 and 2020, the effective tax rate is more than the federal statutory rate of 21% due principally to state income taxes assessed in the US.

For the six months ended June 30, 2021, we recorded income tax expense of $16,654 thousand or 24.70% of income from operations, before income taxes compared to $11,509 thousand or 24.75% during the six months ended June 30, 2020. For the six months ended June 30, 2021 and 2020, the effective tax rate is more than the federal statutory rate of 21% due principally to state income taxes assessed in the US.

Note 9—Revenues

The Business operates as a single segment. The following table presents “Revenues” during the three and six months ended:

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	2021	2020	2021	2020
Product type				
Bearings	83,919	60,568	166,993	132,663
Gearings	55,674	46,094	116,338	97,127
Pt components	24,552	16,940	45,970	37,421
Mechanical service and other	2,813	3,102	6,622	6,843
Total	**166,958**	**126,704**	**335,923**	**274,054**
Third-party revenues	163,298	122,065	327,717	264,463
Revenues with Parent	3,660	4,639	8,206	9,591
Total Revenues	**166,958**	**126,704**	**335,923**	**274,054**

Note 10—Other Post-Retirement Benefit Obligations

Post-retirement Benefits Other Than Pensions

The following summarizes the net periodic benefit costs for the three months ended June 30, 2021 and 2020 are as follows:

($ in thousands)	**2021**	**2020**
Service Cost	—	—
Interest Cost	64	98
Amortization:		
Prior service cost or (credit)	(156)	(156)
Actuarial loss or (gain)	(98)	(86)
Net Periodic Benefit Cost	**(190)**	**(144)**

The following summarizes the net periodic benefit costs for the six months ended June 30, 2021 and 2020 are as follows:

($ in thousands)	**2021**	**2020**
Service Cost	—	—
Interest Cost	128	196
Amortization:		
Prior service cost or (credit)	(312)	(312)
Actuarial loss or (gain)	(196)	(172)
Net Periodic Benefit Cost	**(380)**	**(288)**

The components of other postretirement benefit expenses are included in Other income (expense), net on the Combined Statement of Income.

Note 11—Subsequent Events

Sale of Business

On July 24, 2021, ABB Asea Brown Boveri Ltd entered into an agreement to sell the Business to RBC Bearings Incorporated for $2.9 billion in cash consideration, subject to certain adjustments based on the levels of cash, debt and working capital at closing and certain other items. This transaction is targeted to be completed by the fourth quarter of 2021, subject to market, regulatory and certain other customary conditions. Until the sale occurs, the Business will be wholly owned by ABB.

Exhibit 99.3

RBC BEARINGS INCORPORATED
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Introduction

On July 24, 2021, RBC Bearings Incorporated (together with its consolidated subsidiaries, the "Company" or "RBC") entered into a Stock and Asset Purchase Agreement (the "Purchase Agreement") with ABB Asea Brown Boveri Ltd ("ABB" or "Seller") pursuant to which the Company agreed to acquire (the "Pending Acquisition") the mechanical power transmission division of ABB operated under the Dodge brand ("Dodge"). In connection with the Pending Acquisition, the Company will purchase all of the outstanding equity interests in certain entities, and certain other assets relating to Dodge. The purchase price for the Pending Acquisition will be $2.9 billion in cash, subject to adjustments, as provided for in the Purchase Agreement. In connection with the Pending Acquisition, the Company intends to enter into certain financing transactions, including incurring new term loan and revolving credit facilities, issuing senior notes and engaging in certain offerings of the Company's common stock (the "Common Stock") and Series A Mandatory Convertible Preferred Stock (the "Preferred Stock") (collectively, the "Financing Transactions"). See "Description of the Financing Transactions" below for an explanation of the Financing Transactions.

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release 33-10786, "Amendments to Financial Disclosures about Acquired and Disposed Businesses."

The unaudited pro forma condensed combined balance sheet as of July 3, 2021 gives effect to the Pending Acquisition and the Financing Transactions as if those transactions had been completed on July 3, 2021 and combines the unaudited consolidated balance sheet of the Company as of July 3, 2021 with the unaudited combined balance sheet of Dodge as of June 30, 2021.

The unaudited pro forma condensed combined statements of operations for the fiscal year ended April 3, 2021 and the three months ended July 3, 2021 give effect to the Pending Acquisition and the Financing Transactions as if they had occurred on March 29, 2020, the first day of the Company's fiscal year 2021 and the beginning of the Company's annual period presented. The unaudited pro forma condensed combined statement of operations for the fiscal year ended April 3, 2021 combines the audited consolidated statement of operations of the Company for the fiscal year ended April 3, 2021 and Dodge's audited combined statement of income for the year ended December 31, 2020. The unaudited pro forma condensed combined statement of operations for the three months ended July 3, 2021 combines the unaudited consolidated statement of operations of the Company for the three months ended July 3, 2021 with Dodge's unaudited combined statement of income for the three months ended June 30, 2021.

RBC has a fiscal year consisting of 52 or 53 weeks, ending on the Saturday closest to March 31. By contrast, the fiscal year for Dodge ends on December 31 of each year. As a result of the different year ends, Dodge's combined statement of income for the three months ended March 31, 2021 is excluded from the unaudited pro forma condensed combined statements of operations. Dodge revenues and net income for the three months ended March 31, 2021 were $169.0 million and $26.4 million, respectively.

The historical financial statements of RBC and Dodge have been adjusted in the accompanying unaudited pro forma condensed combined financial information to give effect to pro forma events that are transaction accounting adjustments, which are necessary to account for the Pending Acquisition and the Financing Transactions in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). The unaudited pro forma adjustments are based upon available information and certain assumptions that the Company's management believes are reasonable.

The unaudited pro forma condensed combined financial information should be read in conjunction with:

- The accompanying notes to the unaudited pro forma condensed combined financial information;
- The separate audited consolidated financial statements of RBC as of and for the fiscal year ended April 3, 2021 and the related notes, included in RBC's Annual Report on Form 10-K for the fiscal year ended April 3, 2021;
- The separate unaudited consolidated financial statements of RBC as of and for the three months ended July 3, 2021 and the related notes, included in RBC's Quarterly Report on Form 10-Q for the period ended July 3, 2021;
- Dodge's audited combined financial statements and related notes (the "Dodge Audited Financial Statements") as of December 31, 2020 and 2019 and for the years then ended and the related report of KPMG AG, its independent auditors included as Exhibit 99.1 to the Current Report of RBC on Form 8-K being used to file the unaudited pro forma condensed combined financial information contained herein with the Securities and Exchange Commission ("SEC"); and

- Dodge's unaudited condensed combined financial statements and related notes (the "Dodge Unaudited Interim Financial Statements" and, together with the Dodge Audited Financial Statements, the "Dodge Financial Statements") as of June 30, 2021 and for the three and six months ended June 30, 2021 and 2020, respectively, included as Exhibit 99.2 to the Current Report of RBC on Form 8-K being used to file the unaudited pro forma condensed combined financial information contained herein with the SEC.

The unaudited pro forma condensed combined financial information has been prepared solely for informational purposes. As a result, the unaudited pro forma condensed combined financial information is not intended to represent and does not purport to be indicative of what the combined company financial condition or results of operations would have been had the Pending Acquisition and the Financing Transactions occurred at an earlier date or on the dates assumed. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial condition and results of operations of the Company. The actual results of the Company may differ significantly from those reflected in the unaudited pro forma condensed combined financial information.

Description of the Financing

The closing of the Pending Acquisition is not subject to any financing condition and the Company's obligation to pay the purchase price is supported by a $2.8 billion bridge loan commitment provided by Goldman Sachs Bank USA and by the Company's cash and marketable securities on hand. The Company intends to enter into the Financing Transactions to permanently finance the Pending Acquisition with a mix of debt and equity financing. The Company intends to use the net proceeds from the Financing Transactions to fund a portion of the cash purchase price for the Pending Acquisition, to pay acquisition-related fees and expenses, and for general corporate purposes. However, no assurance can be given that the Company will be successful in consummating any or all of the Financing Transactions. Furthermore, this Exhibit 99.3 is being provided purely for informational purposes and is not an offer to sell or the solicitation of an offer to buy any security.

As part of the Financing Transactions, the Company's subsidiary, Roller Bearing Company of America, Inc. ("RBC America"), intends to issue $500.0 million in aggregate principal amount of senior notes (the "Senior Notes") and enter into certain senior secured term loan facilities in an aggregate principal amount not to exceed $1,300.0 million ("Term Facility") and a senior secured revolving credit facility in an aggregate principal amount not to exceed $500.0 million (the "Revolving Facility") (collectively, the "Debt Financing"). In addition, the Company intends to raise approximately $1,000.0 million in gross proceeds through the issuance and sale of shares of Common Stock and Preferred Stock (the "Equity Financing") in separate registered underwritten public offerings. The unaudited pro forma condensed combined financial information assumes that RBC will issue 3,000,000 shares of Common Stock and 4,000,000 shares of Preferred Stock in connection with the Equity Financing with no exercise of the option granted to the underwriters of the separate registered underwritten public offerings to purchase additional shares of Common Stock and Preferred Stock, as applicable. The foregoing summary of the anticipated terms of the Financing Transactions reflects certain assumptions of the Company as of the date hereof and remains subject to change. No assurances can be given that the Financing Transactions will be consummated on the terms anticipated by the Company, if at all.

RBC BEARINGS INCORPORATED
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of July 3, 2021
($ in thousands, except share and per share data)

	RBC Historical As of July 3, 2021	Dodge Reclassed As of June 30, 2021 (Note 2)	Dodge Transaction Accounting Adjustments	(Note 4)	Transaction Accounting Adjustments - Financing	(Note 4)	Pro Forma Combined As of July 3, 2021
ASSETS							
Current assets:							
Cash and cash equivalents	$ 175,771	$ -	$ (2,872,823)	(a)	$ 2,836,720	(a)	$ 139,668
Marketable securities	120,320	-	(52,983)	(a)	(67,337)	(a)	-
Accounts receivable, net of allowance for doubtful accounts	105,756	90,744	-		-		196,500
Inventories	369,854	117,485	23,307	(b)	-		510,646
Prepaid expenses and other current assets	14,423	611	-		-		15,034
Total current assets	786,124	208,840	(2,902,499)		2,769,383		861,848
Property, plant & equipment, net	206,276	104,917	33,688	(d)	-		344,881
Operating lease assets, net	34,671	15,873	-		-		50,544
Goodwill	277,930	809,907	673,951	(e)	-		1,761,788
Intangible assets, net	153,756	221,700	1,293,300	(c)	-		1,668,756
Other assets	31,842	1,869	-		4,565	(g)	38,276
Total assets	$ 1,490,599	$ 1,363,106	$ (901,560)		$ 2,773,948		$ 4,726,093
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current liabilities:							
Accounts payable	$ 42,687	$ 70,154	$ -		$ -		$ 112,841
Accrued expenses and other current liabilities	46,724	62,517	-		-		109,241
Current operating lease liabilities	5,586	3,736	-		-		9,322
Current portion of long-term debt	505	-	-		65,000	(g)	65,505
Total current liabilities	95,502	136,407	-		65,000		296,909
Long-term debt, less current portion	10,249	-	-		1,716,195	(g)	1,726,444
Long-term operating lease liabilities	29,142	14,806	-		-		43,948
Deferred income taxes	17,956	45,526	291,671	(f)	-		355,153
Other noncurrent liabilities	63,374	17,540	-		-		80,914
Total liabilities	216,223	214,279	291,671		1,781,195		2,503,368
Stockholders' equity							
Preferred stock, $0.01 par value	-	-	-		40	(h)	40
Common stock, $0.01 par value	263	-	-		30	(h)	293
Additional paid-in capital	467,524	-	-		992,683	(h)	1,460,207
Accumulated other comprehensive loss	(8,172)	15,947	(15,947)	(i)	-		(8,172)
Retained earnings	884,851	-	(44,404)	(k)	-		840,447
Parent Company Investment		1,132,880	(1,132,880)	(j)			
Treasury stock	(70,090)	-	-		-		(70,090)
Total stockholders' equity	1,274,376	1,148,827	(1,193,231)		992,753		2,222,725
Total liabilities and stockholders' equity	$ 1,490,599	$ 1,363,106	$ (901,560)		$ 2,773,948		$ 4,726,093

See the accompanying notes to the unaudited pro forma condensed combined financial information

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the Three Months Ended July 3, 2021
($ in thousands, except share and per share data)

	RBC Three Months Ended July 3, 2021	Dodge Reclassed Three Months Ended June 30, 2021 (Note 2)	Dodge Transaction Accounting Adjustments	(Note 5)	Transaction Accounting Adjustments - Financing	(Note 5)	Pro Forma Combined Three Months Ended July 3, 2021
Net sales	$ 156,205	$ 166,958	$ -		$ -		$ 323,163
Cost of sales	92,432	105,570	991	(a)	-		198,993
Gross margin	63,773	61,388	(991)		-		124,170
Operating expenses:							
Selling, general and administrative	29,802	24,394	-		-		54,196
Other, net	3,248	4,595	10,328	(b)	-		18,171
Total operating expenses	33,050	28,989	10,328		-		72,367
Operating income	30,723	32,399	(11,319)		-		51,803
Interest expense, net	319	247	-		12,943	(c)	13,509
Other non-operating (income)/expense	(465)	(190)	254	(d)	-		(401)
Income before income taxes	30,869	32,342	(11,573)		(12,943)		38,695
Provision for income taxes	4,870	7,988	(2,778)	(e)	(3,106)	(e)	6,974
Net income	$ 25,999	$ 24,354	$ (8,795)		$ (9,837)		$ 31,721
Dividends on Preferred Stock	-	-	-		(5,000)	(f)	(5,000)
Net income (loss) available to the stockholders	$ 25,999	$ 24,354	$ (8,795)		$ (14,837)		$ 26,721
Net income per common share:							
Basic	$ 1.04					(g)	$ 0.95
Diluted	$ 1.03					(g)	$ 0.94

See the accompanying notes to the unaudited pro forma condensed combined financial information

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the Year Ended April 3, 2021
($ in thousands, except share and per share data)

	RBC Historical Year Ended April 3, 2021	Dodge Reclassed Year Ended December 31, 2020 (Note 2)	Dodge Transaction Accounting Adjustments	(Note 5)	Transaction Accounting Adjustments - Financing	(Note 5)	Pro Forma Combined Year Ended April 3, 2021
Net sales	$ 608,984	$ 549,997	$ -		$ -		$ 1,158,981
Cost of sales	374,878	356,936	27,270	(a)	-		759,084
Gross margin	234,106	193,061	(27,270)		-		399,897
Operating expenses:							
Selling, general and administrative	106,000	78,289	-		-		184,289
Other, net	16,648	25,249	81,714	(b)	-		123,611
Total operating expenses	122,648	103,538	81,714		-		307,900
Operating income (loss)	111,458	89,523	(108,984)		-		91,997
Interest expense, net	1,430	356	-		52,552	(c)	54,338
Other non-operating (income) expense	(31)	(576)	966	(d)	-		359
Income (loss) before income taxes	110,059	89,743	(109,950)		(52,552)		37,300
Provision (benefit) for income taxes	20,426	22,179	(24,299)	(e)	(12,612)	(e)	5,694
Net income (loss)	$ 89,633	$ 67,564	$ (85,651)		$ (39,940)		$ 31,606
Dividends on Preferred Stock	-	-	-		(20,000)	(f)	(20,000)
Net income (loss) available to the stockholders	$ 89,633	$ 67,564	$ (85,651)		$ (59,940)		$ 11,606
Net income (loss) per common share:							
Basic	$ 3.61					(g)	$ 0.42
Diluted	$ 3.58					(g)	$ 0.41

See the accompanying notes to the unaudited pro forma condensed combined financial information

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Note 1 - Basis of Presentation

The unaudited pro forma condensed combined financial information and related notes are prepared in accordance with Article 11 of Regulation S-X, as amended by the final rule, Release No. 33-10786, “Amendments to Financial Disclosures about Acquired and Disposed Businesses.”

RBC and Dodge’s historical financial statements were prepared in accordance with U.S. GAAP and are presented in U.S. dollars. As discussed in Note 2, certain reclassifications were made to align the presentation of Dodge’s financial statements with those of RBC. RBC is currently in the process of evaluating Dodge’s accounting policies, which will be finalized upon completion of the Pending Acquisition, or as more information becomes available. As a result of that review, additional differences could be identified between the accounting policies of the two companies. With the information currently available, RBC has determined that no significant adjustments are necessary to conform Dodge’s financial statements to the accounting policies used by RBC.

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting in accordance with ASC 805, with RBC as the accounting acquirer, using the fair value concepts defined in ASC Topic 820, *Fair Value Measurement*, and based on the historical consolidated financial statements of RBC and Dodge. Under ASC 805, all assets acquired and liabilities assumed in a business combination are recognized and measured at their assumed acquisition date fair value, while transaction costs associated with the business combination are expensed as incurred. The excess of acquisition consideration over the estimated fair value of assets acquired and liabilities assumed, if any, is allocated to goodwill.

The allocation of the aggregate acquisition consideration depends upon certain estimates and assumptions, all of which are preliminary. The allocation of the aggregate acquisition consideration has been made for the purpose of developing the unaudited pro forma condensed combined financial information. The final determination of fair values of assets acquired and liabilities assumed relating to the Pending Acquisition could differ materially from the preliminary allocation of aggregate acquisition consideration. The final valuation will be based on the actual net tangible and intangible assets of Dodge existing at the acquisition date.

The unaudited pro forma condensed combined balance sheet as of July 3, 2021, the unaudited pro forma condensed combined statement of operations for the year ended April 3, 2021 and the unaudited pro forma condensed combined statement of operations for the three months ended July 3, 2021 presented herein are based on the historical financial statements of RBC and Dodge. While RBC and Dodge have different fiscal period ends, Rule 11-02(c)(3) of Regulation S-X permits fiscal period ends to be within one quarter between the acquirer and acquiree, and thus the following financial information was combined:

- The unaudited pro forma condensed combined balance sheet as of July 3, 2021 is presented as if the Pending Acquisition and the Financing Transactions had occurred on July 3, 2021 and combines the historical consolidated balance sheet of RBC as of July 3, 2021 with the historical combined balance sheet of Dodge as of June 30, 2021.

- The unaudited pro forma condensed combined statement of operations for the year ended April 3, 2021 has been prepared as if the Pending Acquisition and the Financing Transactions had occurred on March 29, 2020, the first day of at the beginning of RBC’s fiscal year 2021 and the beginning of RBC’s annual period presented, and combines RBC’s historical consolidated statement of operations for the fiscal year ended April 3, 2021 with Dodge’s historical combined statement of income for the year ended December 31, 2020.

- The unaudited pro forma condensed combined statement of operations for the three months ended July 3, 2021 has been prepared as if the Pending Acquisition had occurred on March 29, 2020 and combines RBC's historical unaudited consolidated statement of operations for the three months ended July 3, 2021 with Dodge's historical condensed combined statement of income for the three months ended June 30, 2021.

Dodge's historical financial information has been presented on a "carve-out" basis from ABB's consolidated financial statements using the historical results of operations, cash flows, assets and liabilities of Dodge and includes allocations of corporate expenses and shared expenses from ABB. These allocations reflect significant assumptions, and the financial statements may not fully reflect what Dodge's financial position, results of operations or cash flows would have been had it been a standalone company during the periods presented. As a result, historical financial information is not necessarily indicative of Dodge's future results of operations, financial position or cash flows.

Additionally, the face of the unaudited pro forma condensed combined financial statements does not include any adjustments to these corporate and shared expense allocations from ABB nor the realization of any costs from operating efficiencies, synergies or other restructuring activities that might result from the Pending Acquisition. Further, there may be additional charges related to restructuring or other integration activities resulting from the Pending Acquisition, the timing, nature and amount of which management cannot currently identify, and thus, such charges are not reflected in the unaudited pro forma condensed combined financial statements. The pro forma adjustments represent management's best estimates and are based upon currently available information and certain assumptions that RBC believes are reasonable under the circumstances. RBC is not aware of any material transactions between RBC and Dodge during the periods presented. Accordingly, adjustments to eliminate transactions between RBC and Dodge have not been reflected in the unaudited pro forma condensed combined financial information.

Note 2 – RBC and Dodge Reclassification Adjustments

During the preparation of the unaudited pro forma condensed combined financial information, RBC management performed a preliminary analysis of Dodge's financial information to identify differences in accounting policies as compared to those of RBC and differences in financial statement presentation as compared to the financial statement presentation of RBC. With the information currently available, RBC has determined that no significant adjustments are necessary to conform Dodge's financial statements to the accounting policies used by RBC. However, certain reclassification adjustments have been made to conform Dodge's historical financial statement presentation to RBC's financial statement presentation. Following the Pending Acquisition, the combined company will finalize the review of accounting policies and reclassifications, which could be materially different from the amounts set forth in the unaudited pro forma condensed combined financial information presented herein.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

A) Refer to the table below for a summary of reclassification adjustments made to present Dodge's balance sheet as of June 30, 2021 to conform with RBC's balance sheet as of July 3, 2021:

(in thousands)	**Dodge Historical Combined Balance Sheet Line Items**	**RBC Historical Consolidated Balance Sheet Line Items**	**Dodge Historical Combined Balances As of June 30, 2021**	**Reclassification**		**Dodge Reclassed As of June 30, 2021**
	Cash and cash equivalents	Cash and cash equivalents	$ -	$ -		$ -
	Receivables, net	Accounts receivable, net	90,744	-		90,744
	Inventories, net	Inventory	117,485	-		117,485
	Other current assets	Prepaid and other current assets	611	-		611
	Property, plant and equipment, net	Property, plant and equipment, net	104,917	-		104,917
	Operating lease right-of-use assets, net	Operating leases, net	15,873	-		15,873
	Goodwill	Goodwill	809,907	-		809,907
	Intangible assets, net	Intangible assets, net	221,700	-		221,700
	Deferred taxes		1,047	(1,047)	(e)	-
	Other non-current assets	Other assets	822	1,047	(e)	1,869
	Accounts payable	Accounts payable	70,154	-		70,154
	Accrued liabilities	Accrued expenses and other current liabilities	30,721	31,796	(a)(b)(c)	62,517
		Current operating lease liabilities	-	3,736	(g)	3,736
	Accrued distributor rebates		18,654	(18,654)	(a)	-
	Right of return provision		5,656	(5,656)	(b)	-
	Other current liabilities		11,222	(11,222)	(c)(g)	-
	Non-current finance leases		6,299	(6,299)	(d)	-
	Non-current operating leases	Long-term operating lease liabilities	14,806	-		14,806
	Deferred taxes	Deferred income taxes	45,526	-		45,526
	Non-current other post-retirement obligations		10,700	(10,700)	(f)	-
	Other non-current liabilities	Other non-current liabilities	541	16,999	(d)(f)	17,540
	Parent company investment		1,132,880	-		1,132,880
	Accumulated other comprehensive income	Accumulated other comprehensive loss	15,947	-		15,947

(a) Reclassification of $18.7 million of accrued distributor rebates to accrued expenses and other current liabilities.
(b) Reclassification of $5.7 million of right of return provisions to accrued expenses and other current liabilities.
(c) Reclassification of $7.5 million of other current liabilities to accrued expenses and other current liabilities.
(d) Reclassification of $6.3 million of non-current finance leases to other non-current liabilities.
(e) Reclassification of $1.0 million of deferred tax assets to other assets.
(f) Reclassification of $10.7 million of non-current other post-retirement obligations to other non-current liabilities.
(g) Reclassification of $3.7 million of other current liabilities to current operating lease liabilities.

B) Refer to the table below for a summary of adjustments made to present Dodge's statement of income for the three months ended June 30, 2021 to conform with that of RBC's statement of operations for the three months ended July 3, 2021. Note the amounts presented in this table may not represent the arithmetic summation or calculation of the figures that precede them due to different signage presentation for expense items within the Dodge Historical Combined Statement of Income:

(in thousands)	**Dodge Historical Combined Statement of Income Line Items**	**RBC Historical Consolidated Statement of Operations Line Items**	**Dodge Historical Combined Balances Three Months ended June 30, 2021**	**Reclassification**		**Dodge Reclassed Three Months ended June 30, 2021**
	Revenues	Net sales	$ 166,958			$ 166,958
	Cost of sales	Cost of sales	(110,770)	$ (5,200)	(b)	105,570
	Selling, general and administrative expenses	Selling, general and administrative	(21,409)	2,985	(a)	24,394
	Non-order related research and development expenses		(2,985)	(2,985)	(a)	-
	Other income (expenses), net	Other, net	605	5,200	(b)	4,595
		Other non-operating (income)/expenses	-	(190)	(c)	(190)
	Interest and other finance expense	Interest expense, net	(57)	190	(c)	247
	Income tax expense	Provision for income taxes	(7,988)	-		7,988

(a) Reclassification of $3.0 million of non-order related research and development expenses to selling, general and administrative expenses.
(b) Reclassification of $5.2 million of amortization expenses from cost of sales to other, net.
(c) Reclassification of $0.2 million of net periodic benefit costs related to the Dodge pension plan from interest expense to other income (expense).

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

C) Refer to the table below for a summary of adjustments made to present Dodge's statement of income for the year ended December 31, 2020 to conform with RBC's statement of operations for the year ended April 3, 2021. Note the amounts presented in this table may not represent the arithmetic summation or calculation of the figures that precede them due to different signage presentation for expense items within the Dodge Historical Combined Statement of Income:

(in thousands)	**Dodge Historical Combined Statement of Income Line Items**	**RBC Historical Consolidated Statement of Operations Line Items**	**Dodge Historical Combined Balances Year Ended December 31, 2020**	**Reclassification**		**Dodge Reclassed Year Ended December 31, 2020**
	Revenues	Net sales	$ 549,997			$549,997
	Cost of sales	Cost of sales	(381,736)	$ (24,800)	(b)	356,936
	Selling, general and administrative expenses	Selling, general and administrative	(70,850)	7,439	(a)	78,289
	Non-order related research and development expenses		(7,439)	(7,439)	(a)	-
	Other income (expenses), net	Other, net	(449)	24,800	(b)	25,249
		Other non-operating (income)/expenses	-	(576)	(c)	(576)
	Interest and other finance expense	Interest expense, net	220	576	(c)	356
	Income tax expense	Provision for income taxes	(22,179)	-		22,179

(a) Reclassification of $7.4 million of non-order related research and development expenses to selling, general and administrative expenses.
(b) Reclassification of $24.8 million of amortization expenses from cost of sales to other, net.
(c) Reclassification of $0.6 million of net periodic benefit costs related to the Dodge pension plan from interest expense to other income (expense).

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Note 3 – Preliminary Purchase Price Allocation

Estimated Aggregate Acquisition Consideration

The estimated aggregate acquisition consideration for Dodge is $2.9 billion, subject to certain closing adjustments. The following table summarizes the preliminary calculation of the aggregate acquisition consideration:

(in thousands)	**Amount**
Base purchase price as defined in the Purchase Agreement	$ 2,900,000
Less: Dodge closing indebtedness (i)	(18,598)
Preliminary estimated aggregate purchase consideration	**$ 2,881,402**

(i) Reflects approximately $11.9 million related to an unfunded post-retirement benefit plan recorded within both other noncurrent liabilities and other current liabilities and approximately $6.7 million related to finance leases recorded within both other noncurrent liabilities and other current liabilities, in each case, that are being assumed in connection with the Pending Acquisition and are categorized as closing indebtedness in accordance with the Purchase Agreement. Pursuant to the Purchase Agreement, the amount of consideration to be funded to ABB is reduced by any Dodge closing indebtedness.

Preliminary Aggregate Acquisition Consideration Allocation

The assumed accounting for the Pending Acquisition, including the aggregate acquisition consideration, is based on provisional amounts, and the associated purchase accounting is not final. The preliminary allocation of the purchase price to the acquired assets and assumed liabilities was based upon the preliminary estimate of fair values. As of the date of this filing, the Company has not completed the detailed valuations necessary to finalize the required estimated fair values and estimated useful lives of Dodge’s assets to be acquired and liabilities to be assumed and the related allocation of the purchase price for the Pending Acquisition. The Company anticipates completing its purchase price allocation subsequent to the closing of the Pending Acquisition, and within the measurement period permissible under the acquisition method of accounting, as it completes its assessment about facts and circumstances that existed as of the acquisition date. Accordingly, the final acquisition accounting adjustments may be materially different from the unaudited pro forma adjustments reflected herein.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following table summarizes the preliminary aggregate acquisition consideration allocation, as if the Pending Acquisition had been completed on July 3, 2021:

(in thousands)		**Amount**
Assets:		
Accounts receivable	$	90,744
Inventories		140,792
Prepaid expenses and other current assets		611
Property, plant & equipment, net		138,605
Operating lease assets, net		15,873
Goodwill		1,483,858
Intangible assets, net		1,515,000
Other assets		1,869
Liabilities:		
Accounts payable		70,154
Accrued expenses and other current liabilities		62,517
Current and long-term operating lease liabilities		18,542
Deferred income taxes		337,197
Other non-current liabilities		17,540
Estimated aggregate purchase consideration	**$**	**2,881,402**

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Note 4 – Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet

Adjustments included in the Dodge Transaction Accounting Adjustments column and Transaction Accounting Adjustments – Financing column in the accompanying unaudited pro forma condensed combined balance sheet as of July 3, 2021 are as follows:

(a) Reflects adjustment to cash and cash equivalents and marketable securities. All marketable securities were assumed to be liquidated to help fund the Pending Acquisition and pay acquisition-related expenses, as well as expenses related to the Financing Transactions.

(in thousands)		**Amount**
Pro forma transaction accounting adjustments:		
Liquidation of marketable securities	$	52,983
Transaction costs related to the Pending Acquisition (i)		(44,404)
Cash paid to acquire Dodge		(2,881,402)
Net pro forma transaction accounting adjustment to cash and cash equivalents	$	(2,872,823)
Pro forma transaction accounting adjustments - financing:		
Liquidation of marketable securities	$	67,337
Cash from new Debt Financing, net of debt issuance costs		1,776,630
Cash from issuance of Common Stock and Preferred Stock, net of equity issuance costs		992,753
Net pro forma transaction accounting adjustment - financing to cash and cash equivalents	$	2,836,720

(i) These costs consist of legal advisory, financial advisory, accounting, consulting costs, one-time bridge financing transaction costs, and other one-time costs associated with the Pending Acquisition.

(b) Reflects the preliminary purchase accounting adjustment for inventories based on the acquisition method of accounting. Represents the adjustment of acquired inventories to its preliminary estimated fair value. Subject to and following the closing of the Pending Acquisition, the step up in inventories to fair value will increase cost of goods sold as the inventories are sold, which for purposes of these unaudited pro forma condensed combined financial statements is assumed to occur within the first year after the consummation of the Pending Acquisition.

(in thousands)		**Amount**
Pro forma transaction accounting adjustments:		
Elimination of Dodge's inventories - carrying value	$	(117,485)
Preliminary fair value of acquired inventories		140,792
Net pro forma transaction accounting adjustment to inventories	$	23,307

(c) Reflects the preliminary purchase accounting adjustment for estimated intangibles based on the acquisition method of accounting. Preliminary identifiable intangible assets in the unaudited pro forma condensed combined financial information consisted of customer relationships and trade names with useful lives of 25 years and 20 years, respectively.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

(in thousands)		Amount
Pro forma transaction accounting adjustments:		
Elimination of Dodge's historical net book value of intangible assets	$	(221,700)
Customer relationships		1,364,000
Trade name		151,000
Preliminary fair value of acquired intangibles		1,515,000
Net pro forma transaction accounting adjustment to intangible assets, net	$	1,293,300

(d) Reflects the preliminary purchase accounting adjustment for property, plant and equipment (consisting of land and buildings, and machinery and equipment) based on the acquisition method of accounting.

(in thousands)		Amount
Pro forma transaction accounting adjustments:		
Elimination of Dodge's historical net book value of property, plant & equipment, net	$	(104,917)
Preliminary fair value of acquired property, plant & equipment, net		138,605
Net pro forma transaction accounting adjustments to property, plant & equipment, net	$	33,688

(e) Preliminary goodwill adjustment of $674.0 million, which represents the elimination of historical goodwill and excess of the estimated aggregate acquisition consideration over the preliminary fair value of the underlying assets acquired and liabilities assumed.

(in thousands)		Amount
Pro forma transaction accounting adjustments:		
Elimination of Dodge's historical goodwill	$	(809,907)
Goodwill per purchase price allocation (Note 3)		1,483,858
Net pro forma transaction accounting adjustment to goodwill	$	673,951

(f) Reflects originating deferred taxes resulting from pro forma fair value adjustments primarily related to the acquired intangibles based on the applicable statutory tax rate with the respective estimated purchase price allocation of $291.7 million. The effective tax rate of the combined company could be significantly different (either higher or lower) depending on post-acquisition activities, including cash needs, the geographical mix of income and changes in tax law. Because the tax rates used for the pro forma financial information are estimated, the blended rate will likely vary from the actual effective rate in periods subsequent to completion of the Pending Acquisition. This determination is preliminary and subject to change based upon the final determination of the fair value of the acquired assets and assumed liabilities.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

(g) Reflects the anticipated issuance of the Senior Notes and incurrence of the Term Facility and Revolving Facility, net of unamortized debt issuance costs, to fund a portion of the Pending Acquisition. The Revolving Facility is expected to remain undrawn at closing of the Pending Acquisition. RBC anticipates incurring approximately $1,800.0 million of gross indebtedness to fund a portion of the purchase price. The adjustment to long-term debt consists of the following items:

(in thousands)		**Amount**
Pro forma transaction accounting adjustments - financing:		
Gross proceeds from new Debt Financing:		
Term Facility	$	1,300,000
Senior Notes(i)		500,000
Revolving Facility		-
Debt issuance costs related to new Debt Financing		(23,370)
Net pro forma transaction accounting adjustments—financing to debt	**$**	**1,776,630**
Pro forma transaction accounting adjustments - financing to prepaid and other current assets:		
Other assets (ii)	$	4,565
Pro forma transaction accounting adjustments - financing to debt:		
Current portion of long-term debt	$	65,000
Long-term debt, less current portion	$	1,716,195

(i) The aggregate principal amount of Senior Notes that may be issued as part of the Financing Transactions may be higher or lower than the amount presented based on various factors.

(ii) Other assets represents $4.6 million of fees related to the establishment of the $500.0 million Revolving Credit Facility.

(h) Reflects the assumed issuance by RBC of 3,000,000 shares of Common Stock and 4,000,000 shares of Preferred Stock in the Equity Financing, net of equity issuance costs. The net proceeds from such issuances are expected to be used to fund a portion of the purchase price and acquisition-related fees and expenses:

(amounts in thousands except for per share and share data)		**Amount**
Pro forma transaction accounting adjustments - financing:		
Common Stock issued		3,000,000
Stock price	$	212.24
Equity proceeds from Common Stock		636,720
Equity issuance costs related to Equity Financing		(31,166)
Net equity proceeds from Common Stock	$	605,554
Equity proceeds from Preferred Stock	$	400,000
Equity issuance costs related to Equity Financing		(12,801)
Net equity proceeds from Preferred Stock	$	387,199

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The preliminary estimated Common Stock to be issued is based on the closing price of the Common Stock as of September 16, 2021 on the Nasdaq Global Select Market and the actual amount issued in the Equity Financing could differ significantly from the amounts presented due to various factors, including market conditions, the trading price and volatility of the Company's stock price and various other factors. A sensitivity analysis related to the fluctuation in RBC's stock price was performed to assess the dilution impact that a hypothetical change of $1.00 on the closing price of the Common Stock on September 16, 2021 would have on the estimated net proceeds received as of the closing date of the Equity Financing after deducting underwriting discounts and commissions and estimated offering expenses:

	Stock Price	**Total Estimated Net Proceeds from Common Stock**
$1.00 increase	213.24	608,411
$1.00 decrease	211.24	602,696

(i) Reflects the impact on the common stock financial statement line item related to the contemplated issuance of Common Stock in the Equity Financing:

(in thousands)	**Amount**
Pro forma transaction accounting adjustments - financing:	
Issuance of new Common Stock in connection with Equity Financing	$ 30
Net pro forma adjustment to Common Stock	$ 30

(ii) Reflects the impact on the preferred stock financial statement line item related to the contemplated issuance of Preferred Stock in the Equity Financing:

(in thousands)	**Amount**
Pro forma transaction accounting adjustments - financing:	
Issuance of new Preferred Stock in connection with Equity Financing	$ 40
Net pro forma adjustment to Preferred Stock	$ 40

(iii) Reflects the impact on the additional paid-in capital financial statement line item related to the contemplated issuance of Common Stock in the Equity Financing:

(in thousands)	
Pro forma transaction accounting adjustments - financing:	
Issuance of new Common Stock in connection with Equity Financing	$ 605,524
Issuance of new Preferred Stock in connection with Equity Financing	387,159
Net pro forma transaction accounting adjustment to additional paid-in capital	$ 992,683

(i) Reflects the elimination of Dodge's historical accumulated other comprehensive income.

(j) Reflects the elimination of Dodge's historical parent company investment.

(k) Reflects the adjustment to retained earnings related to the incurrence of incremental transaction costs expected to be incurred subsequent to July 3, 2021.

(in thousands)		**Amount**
Pro forma transaction accounting adjustments:		
Estimated transaction costs to be incurred	$	(44,404)
Pro forma transaction accounting adjustments to retained earnings	$	(44,404)

Note 5 – Pro Forma Adjustments to the Unaudited Condensed Combined Statements of Operations

Adjustments included in the Transaction Accounting Adjustments column and Transaction Accounting Adjustments – Financing column in the accompanying unaudited pro forma condensed combined statements of operations for the three months ended July 3, 2021 and the fiscal year ended April 3, 2021 are as follows:

(a) Reflects the adjustments to cost of goods sold, including the estimated fair value of inventories recognized through cost of goods sold during the first year after the Pending Acquisition and incremental depreciation expense related to the step-up in fair value of property, plant, and equipment, net.

(in thousands)		**For the Three Months Ended July 3, 2021**		**For the Year Ended April 3, 2021**
Pro forma transaction accounting adjustments:				
Inventory step-up flowing through cost of goods sold (i)	$	-	$	23,307
Property, plant and equipment, net depreciation step-up (ii)		991		3,963
Net pro forma transaction accounting adjustment to cost of goods sold	$	991	$	27,270

(i) These costs are anticipated to be recognized within the first 12 months after the acquisition date as the acquired inventory turns over.

(ii) The additional depreciation expense is computed with the assumption that the various categories of assets will be depreciated over a useful life of 7 to 10 years on a straight-line basis.

(b) Reflects the adjustments to other, net expenses to include the amortization of the estimated fair value of intangibles and additional transaction costs to be incurred.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

(in thousands)	For the Three Months Ended July 3, 2021	For the Year Ended April 3, 2021
Pro forma transaction accounting adjustments:		
Removal of historical Dodge amortization of intangible assets	$ (5,200)	$ (24,800)
Amortization of intangible assets (i)	15,528	62,110
Transaction costs (ii)	-	44,404
Net pro forma transaction accounting adjustment to other, net	$ 10,328	$ 81,714

(i) A 10% change in the valuation of intangible assets would cause a corresponding increase or decrease in the amortization expense of approximately $1.6 million for the three months ended July 3, 2021 and $6.2 million for the year ended April 3, 2021. Pro forma amortization is preliminary and based on the use of straight-line amortization. The amount of amortization following the Pending Acquisition may differ significantly between periods based upon the final value assigned and amortization methodology used for each identifiable intangible asset.

(ii) Represents additional transaction costs to be incurred subsequent to July 3, 2021 related to the Pending Acquisition. These costs consist of legal advisory, financial advisory, accounting, consulting costs, bridge financing fees, and other one-time costs associated with the Pending Acquisition. These costs will not affect the Company's unaudited pro forma condensed combined statements of operations beyond 12 months after the acquisition date.

(c) Reflects the interest expense adjustments related to the Debt Financing:

(in thousands)	For the Three Months Ended July 3, 2021	For the Year Ended April 3, 2021
Pro forma transaction accounting adjustments - financing:		
New interest expense on transaction financing (i):	$ 12,943	$ 52,552

(i) The new interest expense on transaction financing adjustments included in the unaudited pro forma condensed combined statements of operations reflect the interest expense and amortization of debt issuance costs associated with the Debt Financing, as well as the commitment fee associated with the Revolving Facility that is expected to remain undrawn at the closing of the Pending Acquisition. The interest expense recognized in the unaudited pro forma condensed combined statement of operations reflects a weighted average interest rate of 2.64% for the Term Facility and Senior Notes. Actual interest rates may vary significantly from the pro forma amounts for various reasons, including prevailing interest rates, market conditions and other factors.

A sensitivity analysis on interest expense for the year ended April 3, 2021 and the three months ended July 3, 2021 has been performed to assess the effect of a 12.5 basis point change of the hypothetical interest on the Debt Financing with a variable interest rate. The following table shows the change in the interest expense for the Debt Financing transaction described above:

(in thousands)	For the Three Months Ended July 3, 2021	For the Year Ended April 3, 2021
Interest expense assuming:		
Increase of 0.125%	$ 384	$ 1,585
Decrease of 0.125%	$ (384)	$ (1,585)

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

(d) The pro forma adjustments represent the impact of eliminating the amortization of deferred actuarial gains and losses and prior unrecognized service credits that were previously recorded within accumulated other comprehensive income.

(e) To record the income tax impact of the pro forma adjustments utilizing a statutory income tax rate in effect of 24% for the year ended April 3, 2021 and for the three months ended July 3, 2021, adjusted for any estimated non deductible transaction costs. The effective tax rate of the combined company could be significantly different (either higher or lower) depending on activities following the consummation of the Pending Acquisition, including cash needs, the geographical mix of income and changes in tax law.

(f) Reflects the adjustment to record the dividends to anticipated holders of Preferred Stock, which are assumed to accrue dividends at a 5% annual rate. The assumed dividends related to the Preferred Stock are as follows:

(in thousands)	**For the Three Months Ended July 3, 2021**	**For the Year Ended April 3, 2021**
Pro forma transaction accounting adjustments - financing:		
Dividend on Preferred Stock	$ 5,000	$ 20,000
Pro forma accounting adjustment - financing for dividends on Preferred Stock	$ 5,000	$ 20,000

(g) The pro forma basic and diluted weighted average shares outstanding are a combination of historic weighted average shares of the Common Stock and the Equity Financing. The pro forma basic and diluted weighted average shares outstanding are as follows:

	For the Three Months Ended July 3, 2021	**For the Year Ended April 3, 2021**
Pro forma weighted average shares – basic		
Historical RBC weighted average shares – basic	25,021,063	24,851,344
Issuance of Common Stock in connection with Equity Financing(i)	3,000,000	3,000,000
Pro forma weighted average shares – basic	28,021,063	27,851,344

(i) The unaudited pro forma condensed combined financial information assumes that RBC will issue 3,000,000 shares of Common Stock and 4,000,000 shares of Preferred Stock in connection with the Equity Financing at a price of $212.24 and $100.00, respectively. If approximately $5.7 million, or 57,000 shares, of Preferred Stock were replaced with approximately $5.7 million, or 26,856 shares, of Common Stock, basic earnings per share would increase by $0.01. If approximately $5.8 million, or 27,328 shares, of Common Stock were replaced with approximately $5.8 million, or 58,000 shares, of Preferred Stock, basic earnings per share would decrease by $0.01. Other than the impact on basic weighted average shares outstanding, there is no incremental impact on diluted earnings per share for changes in the mix of Common Stock and Preferred Stock as the Preferred Stock is anti-dilutive at issuance.

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	For the Three Months Ended July 3, 2021	For the Year Ended April 3, 2021
Pro forma weighted average shares – diluted		
Historical RBC weighted average shares – basic	25,021,063	24,851,344
Effect of dilution due to employee stock options	287,660	197,107
Historical RBC weighted average shares – diluted	25,308,723	25,048,451
Issuance of Common Stock in connection with Equity Financing	3,000,000	3,000,000
Pro forma weighted average shares – diluted	28,308,723	28,048,451