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As filed with the Securities and Exchange Commission on July 26, 2005

Registration No. 333-124824

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Amendment No. 2
to

FORM S-1

REGISTRATION STATEMENT
Under the Securities Act of 1933

RBC BEARINGS INCORPORATED

(Exact Name of Registrant as Specified in its Charter)

Delaware	**3562**	**95-4372080**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code number)**	**(I.R.S. Employer Identification No.)**

One Tribology Center
Oxford, CT 06478
Telephone: (203) 267-7001
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Corporation Service Company
2711 Centerville Road
Suite 400
Wilmington, DE 19808
Telephone: (800) 927-9800

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: **o**

If this Form is filed to registered additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. **o**

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. **o**

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. **o**

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. **o**

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(1)
Common Stock, par value $0.01 per share(2)	$152,499,200	$17,949.16(3)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Includes amount attributable to shares of Common Stock that may be purchased by the underwriters under an option to purchase additional shares.

(3) Previously paid $17,700.10.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to such Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus dated July 26, 2005

PROSPECTUS

8,288,000 Shares

Common Stock

This is RBC Bearings Incorporated's initial public offering. RBC Bearings Incorporated is selling 6,273,000 shares and certain of our stockholders are selling 2,015,000 shares.

We expect the public offering price to be between $14.00 and $16.00 per share. Currently, no public market exists for the shares. Our common stock has been approved for quotation on the Nasdaq National Market under the symbol "ROLL."

Investing in the common stock involves risks that are described in the "Risk Factors" section beginning on page 10 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$
Proceeds, before expenses, to the selling stockholders	$	$

The underwriters may also purchase up to an additional 761,516 shares from us, and up to an additional 481,684 shares from the selling stockholders, at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover overallotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2005.

Merrill Lynch & Co.

KeyBanc Capital Markets

Jefferies & Company, Inc.

The date of this prospectus is , 2005.

Highly-engineered precision bearings
for industrial, aerospace, and military applications.

RBC Aerospac

Tail Rotor Pitch Link Bearing

Main Rotor Bearing

Main Rotor Pitch Link Bearing

Door Locking Mechanism and Landing Gear Bushings, Actuator Bearings

Tail Rotor Bearing

Door Linkage Bearing

Engine Bearings

Engine Bearings

Rod-end, Spherical and Journal Bearings for Landing Gear and Engines

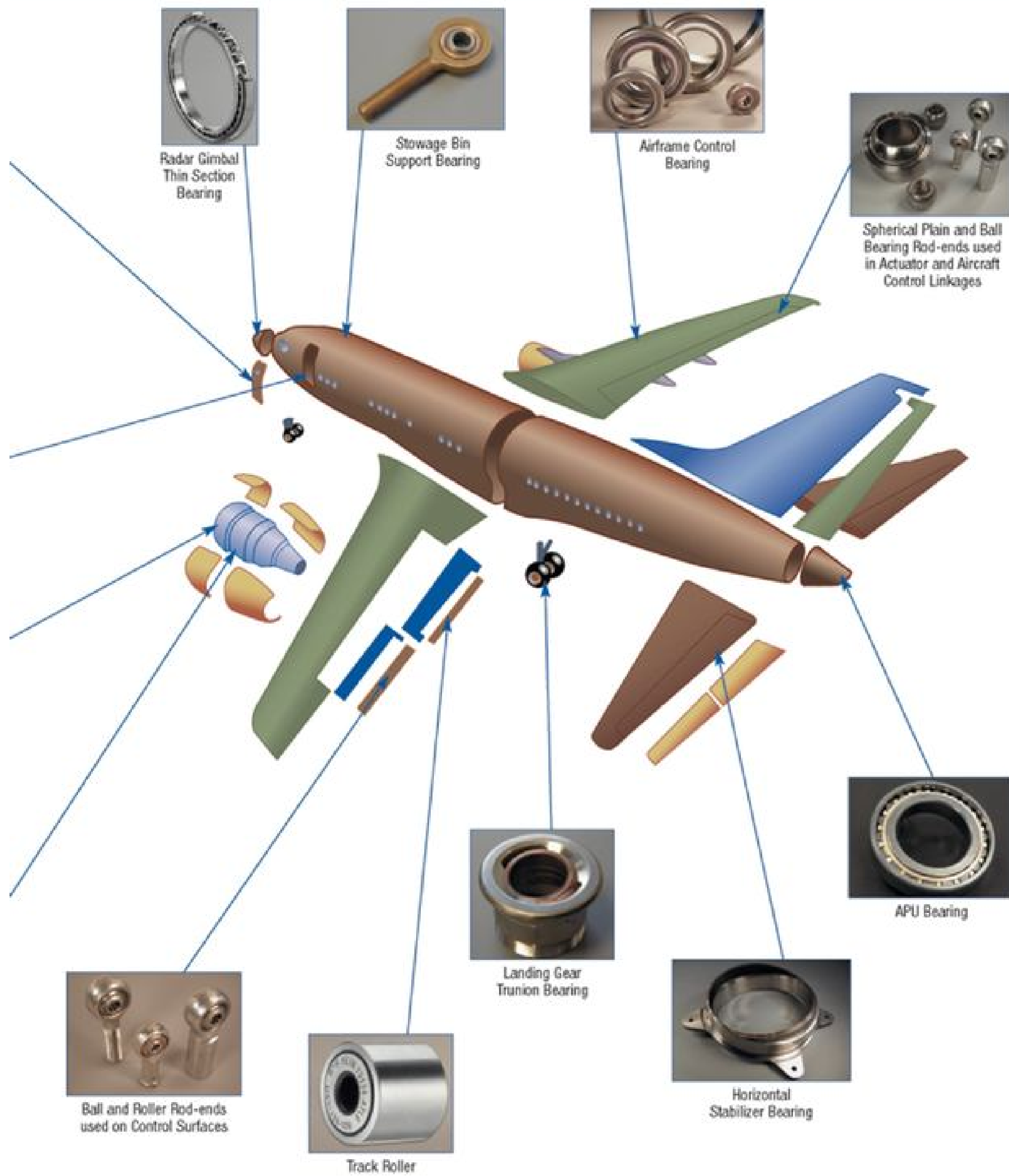
Self-lubricating Bushings for Doors and Landing Gear

Main Rotor Swashplate Slider Bearing

Thrust Reverser Linkage Bearing

Landing Gear Bearing

e Applications



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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

In this prospectus, unless the context otherwise requires, "Company," "RBCI," "we," "our" and "us" refer to RBC Bearings Incorporated and our subsidiaries; "RBCA" refers to Roller Bearing Company of America, Inc., our wholly-owned subsidiary and principal operating company; and "Whitney" refers to Whitney & Co., LLC, our principal equity sponsor. Our fiscal year consists of 52 or 53 weeks, ending on the Saturday closest to March 31; therefore, references to "fiscal 2005," "fiscal 2004," "fiscal 2003," "fiscal 2002" and "fiscal 2001" refer to our fiscal years ended April 2, 2005, April 3, 2004, March 29, 2003, March 30, 2002 and March 31, 2001, respectively.

This prospectus contains our registered and unregistered trademarks, service marks and trade names including: "Aerocres," "Heim," "Pitchlign," "Quadlube," "RBC Bearings," "RBC Roller," "Schaublin" and "Unibal." This prospectus also contains trademarks, service marks, copyrights and trade names of other companies.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. As a result, it does not contain all of the information that you should consider before investing in our common stock. You should read this entire prospectus, especially the section entitled "Risk Factors" and the consolidated financial statements and the related notes.

RBC Bearings Incorporated

We are a well known international manufacturer and marketer of highly engineered precision plain, roller and ball bearings. Bearings, which are integral to the manufacture and operation of most machines and mechanical systems, reduce wear to moving parts, facilitate proper power transmission and reduce damage and energy loss caused by friction. While we manufacture products in all major bearing categories, we focus primarily on highly technical or regulated bearing products for specialized markets that require sophisticated design, testing and manufacturing capabilities. We believe our unique expertise has enabled us to garner leading positions in many of the product markets in which we primarily compete. We estimate that over one-fourth of our net sales are derived from products for which we are the sole supplier and the only manufacturer able to provide the required bearing solution. We believe that being the sole supplier for these products provides us with a competitive advantage due to the lengthy and rigorous certification processes and/or approvals required by a majority of these customers or government agencies, which typically take anywhere from six months to six years to complete, and due to our long track record with most of these customers of delivering high quality and uniquely designed and engineered products in a timely manner. We estimate that approximately two-thirds of our net sales during fiscal 2005 were generated by products for which we hold the number one or two market position. We have been providing bearing solutions to our customers since 1919. Over the past ten years, under the leadership of our current management team, we have significantly broadened our end markets, products, customer base and geographic reach. We currently operate 16 manufacturing facilities in three countries.

We design, manufacture and market a broad portfolio of bearing products. The following table provides a summary of our product segments:

Segment	FY 2005 Sales	Representative Applications
Plain Bearings	$ 93,250 (38%)	• Aircraft engine controls and landing gear • Helicopter rotors and missile launchers • Mining and construction equipment
Roller Bearings	$ 92,281 (38%)	• Aircraft hydraulics • Military and commercial truck chassis • Packaging machinery and gear pumps
Ball Bearings	$ 41,881 (17%)	• Radar and night vision systems • Airframe control and actuation • Semiconductor equipment
Other	$15,604 (7%)	• Precision ground ball screws for robotic handling and missile guidance • Collets for machine tools

Our End Markets

We serve a broad range of end markets where we can add value with our specialty, precision bearing applications. We classify our customers into three principal categories: diversified industrial, aerospace and defense.

Diversified Industrial (64% of fiscal 2005 net sales). We manufacture bearing products for a wide range of diversified industrial markets, including construction and mining, heavy truck, packaging and semiconductor machinery. Our diversified industrial products target specialized market applications in which our engineering and manufacturing capabilities provide us with unique competitive advantages. We believe opportunities exist for growth and margin expansion in this market as a result of increasing demand for industrial machinery, the introduction of new products and the expansion of aftermarket sales.

Aerospace (28% of fiscal 2005 net sales). We manufacture bearing products for a wide range of aerospace applications, including commercial airframes, commercial aircraft engines and private aircraft applications. We supply bearings for many of the commercial aircraft currently operating world-wide and are the primary supplier for many of our product lines. Many of our aerospace bearing products are designed and certified during the original development of the aircraft being served, which often makes us the primary bearing supplier for the life of the aircraft. We believe that growth and margin expansion in this segment will be driven primarily by expanding our international presence, new aircraft builds and the refurbishment and maintenance of existing commercial aircraft.

Defense (8% of fiscal 2005 net sales). We manufacture bearing products used by the U.S. Department of Defense and certain foreign governments for use in fighter jets, troop transports, naval vessels, helicopters, gas turbine engines, armored vehicles, guided weaponry and satellites. Our bearing products are manufactured to conform to U.S. military specifications and are typically custom designed during the original product design phase which often makes us the sole or primary bearing supplier for the life of the product. We believe that our current installed base of bearing products and our sophisticated engineering and manufacturing capabilities position us to benefit from growing replacement part demand caused by increased equipment utilization as well as the introduction of new weapons and transport systems.

Our Competitive Strengths

Leading Market Positions. We compete in specialized markets where we believe we are often the only supplier with the manufacturing expertise, business plan and engineering resources required to provide the required bearing solution. We estimate that approximately two-thirds of our net sales during fiscal 2005 were generated by products for which we hold the number one or two market position.

Diversified Revenue Base. We sell a wide array of bearing products to customers across many diverse end markets, each of which is influenced by different fundamental economic factors. Our products are sold to more than 6,100 customers, including original equipment manufacturers, or OEMs, and aftermarket distributors and service providers.

Large Installed Product Base with Recurring Aftermarket Revenue Stream. We provide bearings to a large and growing number of applications for which our products have been tested and certified. Our bearing products are approved for over 32,000 applications, many of which are part of aerospace, defense and industrial platforms that can be in service for as long as several decades, thereby requiring continuing aftermarket support. Aftermarket sales of replacement parts for existing equipment platforms represented approximately 56% of our net sales for fiscal 2005.

Proprietary Design and Manufacturing Capabilities. We believe that our design and manufacturing capabilities will allow us to maintain a leadership position as our customers continue to rely on us to develop new bearing solutions that can be manufactured cost effectively.

Disciplined Acquisition Program with History of Successful Integration. We have demonstrated expertise in acquiring and integrating bearing and precision-engineered component manufacturers that have complementary products or distribution channels and provide significant potential for margin enhancement. Since October 1992 we have completed 12 acquisitions which have significantly broadened our end markets, products, customer base and geographic reach.

Experienced Management Team. Our management team possesses extensive managerial experience in the bearing industry, with our top five operating executives averaging over 20 years of bearing industry experience. We intend to retain and attract experienced professionals by leveraging our reputation as a premier provider of precision bearing solutions.

Our Growth Strategy

We intend to grow our business while continuing to focus on specialized markets for highly engineered bearing solutions. Key elements of our growth strategy include:

Continue to Develop Innovative Bearing Solutions. We intend to leverage our design and manufacturing expertise and our extensive customer relationships to continue to develop new products for markets where we believe there are substantial growth opportunities. Our ability to develop new custom engineered products strengthens existing customer relationships and creates new business opportunities for us.

Expand Customer Base and Penetrate End Markets. We continually seek opportunities to penetrate new customers, geographic locations and bearing platforms with existing products or profitable new product opportunities. We intend to continue to expand our sales force, customer base and end markets and have identified a number of attractive growth opportunities domestically and abroad, including current projects in semiconductor machinery, airframe controls and missile guidance systems. In addition, our OEM relationships, coupled with our design expertise, provide us with extensive cross-selling opportunities on platforms that we do not currently supply.

Increase Aftermarket Sales. We intend to increase the percentage of our revenues derived from the replacement market by continuing to implement several initiatives. First, we will continue to seek opportunities to increase our sales to key existing distributors as well as expand our base of third party customers. Second, our new product and new end market initiatives are focused on high-growth platforms, such as 300 millimeter semiconductor manufacturing systems and the U.S. government's Joint Strike Fighter program that we expect will be in service for long periods and therefore create significant demand for replacement parts. Additionally, we will seek opportunities to develop new products that can be used as replacement parts for existing platforms. We believe that increasing our aftermarket sales of replacement parts will further enhance the continuity and predictability of our revenues and increase our profitability.

Pursue Selective Acquisitions. We believe that there will continue to be consolidation within the bearing industry that may present us with acquisition opportunities, particularly within the industrial and aerospace markets. We regularly evaluate opportunities to acquire bearing and precision-engineered component manufacturers which have complementary products, customers or distribution channels, provide significant potential for margin enhancement and further expand the breadth of our product portfolio.

Whitney & Co., LLC

Whitney & Co., LLC is our major equity sponsor and provides financial consulting and management advisory services to us. Whitney was established in 1946 by John Hay Whitney as one of the first U.S. firms involved in the development of the private equity industry. Today, Whitney remains a private firm owned by investing professionals, and its main activities are to provide private equity and debt capital for middle market growth companies. Whitney manages approximately $4 billion of assets for endowments, foundations and pension plans and is currently investing its fifth outside equity fund, Whitney V, L.P., a fund with committed capital of $1.1 billion.

Our Corporate Profile

RBC Bearings Incorporated is a Delaware corporation, and our principal executive offices are located at One Tribology Center, Oxford, CT 06478. Our telephone number is (203) 267-7001. Our website address is *www.rbcbearings.com*. Information on our website is not deemed to be a part of this prospectus.

The Offering

Common stock offered:	
By us	6,273,000 shares
By the selling stockholders	2,015,000 shares
Common stock outstanding after the offering	15,458,833 shares
Use of proceeds	We estimate that our net proceeds from this offering without exercise of the overallotment option will be approximately $85.7 million. We intend to use these net proceeds, together with the net proceeds of approximately $38.3 million from an increase in our term loan under our amended and restated senior credit facility, for:
	• repayment of certain indebtedness, including:
	• all of our $38.6 million in aggregate principal amount 13% Senior Subordinated Discount Debentures due 2009 plus redemption premium;
	• all of our outstanding indebtedness, plus prepayment fee, under our $45.0 million Second Lien Term Loan; and
	• redemption of all of our Class C preferred stock, including any accrued and unpaid dividends, for $30.5 million, and repurchase of 50% of our Class D preferred stock for $4.0 million.
	Any excess proceeds will be used to reduce outstanding indebtedness or for general corporate purposes. We will not receive any proceeds from the sale of the shares by the selling stockholders, including the exercise of options and warrants by them pursuant to a net share settlement. See "Use of Proceeds," "Pre-Offering Transactions" and "Related Party Transactions."
Risk factors	See "Risk Factors" and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of the common stock.
Nasdaq National Market symbol	"ROLL"

The number of shares of our common stock that will be outstanding after this offering as shown above is based on the number of shares outstanding after giving effect to the Pre-Offering Transactions, the exercise of options and warrants by certain selling stockholders pursuant to a net share settlement and this offering, and excludes:

- 3,071,653 shares of our common stock issuable upon the exercise of stock options under our stock option plans and warrants to purchase common stock that will be outstanding and unexercised after the consummation of this offering, at a weighted average exercise price of $5.42 per share; and

- 455,668 additional shares of our common stock reserved for future grants under our 2005 Long-Term Incentive Plan.

Unless otherwise specifically stated or the context otherwise requires, the information in this prospectus:

- assumes no exercise of the underwriters' overallotment option to purchase an aggregate of 1,243,200 shares of our common stock, consisting of 761,516 shares from us and 481,684 shares from the selling stockholders;

- gives effect to the redemption of all of our outstanding shares of preferred stock with cash or shares of common stock, which will occur concurrently with the closing of this offering;

- gives retroactive effect to a 5-for-2 stock split of our common stock, in the form of a stock dividend, which will occur immediately prior to the closing of this offering;

- reflects the filing of our amended and restated certificate of incorporation, referred to in this prospectus as our certificate of incorporation, and the adoption of our amended and restated bylaws, referred to in this prospectus as our bylaws, which will both occur prior to the closing of this offering; and

- assumes that this offering is consummated at an initial public offering price of $15.00 per share, the midpoint of the range on the front cover of this prospectus, on August 1, 2005.

See "Use of Proceeds" and "Pre-Offering Transactions."

Summary Financial Data

The summary financial data for the fiscal years ended March 29, 2003, April 3, 2004 and April 2, 2005 have been derived from our historical consolidated financial statements audited by Ernst & Young LLP, independent auditors. Historical results are not necessarily indicative of the results expected in the future. You should read the data presented below together with, and qualified by reference, to "Selected Consolidated Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements included elsewhere in this prospectus.

	Fiscal Year Ended		
	March 29, 2003	April 3, 2004	April 2, 2005
			(Restated)[3]
	(in thousands, except share and per share amounts)		
Statement of Operations Data:			
Net sales[1]	$ 172,860	$ 187,331	$ 243,016
Cost of sales	124,086	135,433	174,602
Gross margin	48,774	51,898	68,414
Selling, general and administrative	26,647	28,107	32,749
Other, net	1,424	1,662	3,526
Operating income	20,703	22,129	32,139
Interest expense, net	21,023	20,380	19,669
Loss (gain) on early extinguishment of debt[2]	(780)	—	6,950
Other non-operating expense (income)	298	16	(355)
Income before income taxes	162	1,733	5,875
Provision for (benefit from) income taxes	113	1,070	(1,385)
Net income	49	663	7,260
Preferred stock dividends	(1,313)	(2,144)	(2,280)
Participation rights of preferred stock in undistributed earnings	—	—	(1,142)
Net income (loss) available to common stockholders	$ (1,264)	$ (1,481)	$ 3,838
Net income (loss) per common share:			
Basic:			
Class A common stock	$ (0.20)	$ (0.24)	$ 0.62
Class B common stock	$ (0.20)	$ (0.24)	$ 0.62
Diluted:			
Class A common stock	$ (0.20)	$ (0.24)	$ 0.40
Class B common stock	$ (0.20)	$ (0.24)	$ 0.00
Weighted average number of common and common equivalent shares outstanding:			
Basic:			
Class A common stock	6,188,653	6,188,653	6,202,365
Class B common stock	250	250	250
Diluted:			
Class A common stock	6,188,653	6,188,653	9,552,579
Class B common stock	250	250	1,302,005

	Fiscal Year Ended		
	March 29, 2003	April 3, 2004	April 2, 2005
	(in thousands, except share and per share amounts)		
Pro Forma Data:(4)			
Pro forma net income			$10,765
Pro forma net income per common share:			
Basic			$ 0.70
Diluted			$ 0.62
Pro forma weighted average number of common and common equivalent shares outstanding:			
Basic			15,458,833
Diluted			17,421,506
Other Financial Data:			
EBITDA(5)	$ 29,224	$ 31,295	$41,279
Capital expenditures	6,522	4,951	9,526

	As of April 2, 2005	
	Actual	Pro Forma(4)
	(in thousands)	
Balance Sheet Data:		
Cash	$ 2,635	$ 6,802
Working capital	120,656	130,325
Total assets	250,169	261,481
Total debt	220,079	177,130
Total stockholders' equity (deficit)	(7,759)	46,502

(1) Net sales were $243.0 million in fiscal 2005 compared to $187.3 million in fiscal 2004, an increase of $55.7 million. Net sales in the compared periods included net sales of $19.3 million in fiscal 2005 and $6.1 million in fiscal 2004 for RBC-API, which was acquired in December 2003.

(2) Loss on extinguishment of debt of $7.0 million in fiscal 2005 included $4.3 million for non-cash write-off of deferred financing fees associated with retired debt, $1.8 million of redemption premium and $0.9 million of accrued interest for the 30 day call period related to the early extinguishment of $110.0 million of 9$^{5}/_{8}$% senior subordinated notes in July 2004.

(3) As more fully disclosed in Note 21 to the consolidated financial statements, certain amounts for fiscal 2005 have been restated to reflect a change with respect to the fiscal 2005 stock-based compensation expense calculation. The impact of the restatement on net income was to increase net income for fiscal 2005 from $7,083 to $7,260, or 2.5%.

(4) Assumes the following transactions were effected as of April 4, 2004 with respect to the Pro Forma Statement of Operations Data, and as of April 2, 2005 with respect to the Pro Forma Balance Sheet Data, presented above: (1) the Pre-Offering Transactions, (2) the sale by us of 6,273,000 shares in this offering at an assumed initial public offering price of $15.00 per share, (3) the repayment of all of our $38.6 million in aggregate principal amount of 13% Senior Subordinated Discount Debentures due 2009, (4) the repayment of all outstanding indebtedness under our $45.0 million Second Lien Term Loan; and (5) the Refinancing Transaction. In addition, pro forma amounts have been adjusted to reflect the exercise of options and warrants by some of the selling stockholders with respect to shares to be sold in the offering. These selling stockholders will exercise these options or warrants through a net share settlement. See "Unaudited Pro Forma Condensed Consolidated Financial Statements," "Pre-Offering Transactions," "Use of Proceeds" and "Prospectus Summary—The Offering."

(5) EBITDA consists of net income (loss), plus interest expense, net, loss (gain) on early extinguishment of debt, provision for (benefit from) income taxes and depreciation and amortization. EBITDA is not a measure of operating performance under generally accepted accounting principles in the United States, or GAAP, and should not be considered as an alternative or substitute for GAAP profitability measures such as operating earnings (loss) from continuing operations, discontinued operations, extraordinary items and net income (loss). EBITDA as an operating performance measure has material limitations since it excludes, among other things, the statement of operations impact of depreciation and

amortization expense, interest expense, net, loss (gain) on early extinguishment of debt and the provision for (benefit from) income taxes and therefore does not necessarily represent an accurate measure of profitability, particularly in situations where a company is highly leveraged or has a disadvantageous tax structure. We use a significant amount of capital assets and depreciation and amortization expense is a necessary element of our costs and ability to generate revenue and therefore its exclusion from EBITDA is a material limitation. We also have a significant amount of debt and interest expense is a necessary element of our costs and ability to generate revenue and therefore its exclusion from EBITDA is a material limitation. We generally incur significant U.S. federal, state and foreign income taxes each year and the provision for (benefit from) income taxes is a necessary element of the our costs and therefore its exclusion from EBITDA is a material limitation. As a result, EBITDA should be evaluated in conjunction with net income (loss) for a more complete analysis of our profitability, as net income (loss) includes the financial statement impact of these items and is the most directly comparable GAAP operating performance measure to EBITDA. As EBITDA is not defined by GAAP, our definition of EBITDA may differ from and therefore may not be comparable to similarly titled measures used by other companies, thereby limiting its usefulness as a comparative measure. Because of the limitations that EBITDA has as an analytical tool, investors should not consider it in isolation or as a substitute for analysis of our operating results as reported under GAAP.

We use EBITDA as a supplementary non-GAAP operating performance measure to assist with our overall evaluation of our and our subsidiaries' operating performance (including the performance of subsidiary management) relative to outside peer group companies. In addition, we use EBITDA as an operating performance measure in financial presentations to our board of directors, stockholders, the banks participating in our credit facility and rating agencies, among others, as a supplemental non-GAAP operating measure to assist them in their evaluation of our performance. We are also active in mergers, acquisitions and divestitures and use EBITDA as an additional operating performance measure to assess our, our subsidiaries' and potential acquisition target enterprise value and to assist in the overall evaluation of our, our subsidiaries' and potential acquisition target performance on an internal basis and relative to peer group companies. We use EBITDA in conjunction with traditional GAAP operating performance measures as part of our overall assessment of potential valuation and relative performance and therefore do not place undue reliance on EBITDA as our only measure of operating performance. We believe EBITDA is useful for our management and investors as it is a commonly used analytical measurement for comparing company profitability, which eliminates the effects of financing, differing valuations of fixed and intangible assets and tax structure decisions. We believe that EBITDA is specifically relevant to us, due to the different degrees of leverage among our competitors. We have included EBITDA as a supplemental operating performance measure, which should be evaluated by investors in conjunction with the traditional GAAP performance measures for a complete evaluation of our operating performance. The following table provides a reconciliation of net income, the most directly comparable GAAP measure, to EBITDA.

	Fiscal Year Ended		
	March 29, 2003	April 3, 2004	April 2, 2005
	(in thousands)		
Net income	$ 49	$ 663	$ 7,260
Add:			
Provision for (benefit from) income taxes	113	1,070	(1,385)
Interest expense, net	21,023	20,380	19,669
Loss (gain) on early extinguishment of debt	(780)	—	6,950
Depreciation and amortization	8,819	9,182	8,785
EBITDA	$ 29,224	$ 31,295	$ 41,279

RISK FACTORS

Our business, operating results or financial condition could be materially adversely affected by any of the following risks. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. You should carefully consider these risks before investing in shares of our common stock.

Risk Factors Related to Our Company

The bearing industry is highly competitive, and this competition could reduce our profitability or limit our ability to grow.

The global bearing industry is highly competitive, and we compete with many U.S. and non-U.S. companies, some of which benefit from lower labor costs and fewer regulatory burdens than us. We compete primarily based on product qualifications, product line breadth, service and price. Certain competitors are larger than us or subsidiaries of larger entities and may be better able to manage costs than us or may have greater financial resources than we have. Due to the competitiveness in the bearing industry we may not be able to increase prices for our products to cover increases in our costs, or we may face pressure to reduce prices, which could materially reduce our revenues, gross margin and profitability. Competitive factors, including changes in market penetration, increased price competition and the introduction of new products and technology by existing and new competitors could result in a material reduction in our revenues and profitability.

The loss of a major customer could result in a material reduction in our revenues and profitability.

Our top ten customers generated 32% of our net sales during fiscal 2005. Accordingly, the loss of one or more of those customers or a substantial decrease in such customers' purchases from us could result in a material reduction in our revenues and profitability.

In addition, the consolidation and combination of defense or other manufacturers may eliminate customers from the industry and/or put downward pricing pressures on sales of component parts. For example, the consolidation that has occurred in the defense industry in recent years has significantly reduced the overall number of defense contractors in the industry. In addition, if one of our customers is acquired or merged with another entity, the new entity may discontinue using us as a supplier because of an existing business relationship with the acquiring company or because it may be more efficient to consolidate certain suppliers within the newly formed enterprise. The significance of the impact that such consolidation may have on our business is difficult to predict because we do not know when or if one or more of our customers will engage in merger or acquisition activity. However, if such activity involved our material customers it could materially impact our revenues and profitability.

Weakness in any of the industries in which our customers operate, as well as the cyclical nature of our customers' businesses generally, could materially reduce our revenues and profitability.

The commercial aerospace, mining and construction equipment and other diversified industrial industries to which we sell our products are, to varying degrees, cyclical and tend to decline in response to overall declines in industrial production. Margins in those industries are highly sensitive to demand cycles, and our customers in those industries historically have tended to delay large capital projects, including expensive maintenance and upgrades, during economic downturns. As a result, our business is also cyclical, and the demand for our products by these customers depends, in part, on overall levels of industrial production, general economic conditions and business confidence levels. Downward economic cycles have affected our customers and reduced sales of our products resulting in reductions in our revenues and net earnings. Any future material weakness in demand in any of these industries could materially reduce our revenues and profitability.

In addition, many of our customers have historically experienced periodic downturns, which often have had a negative effect on demand for our products. For example, the severe downturn in 2001 in

the aerospace industry resulted in deferrals or cancellations in aircraft orders, which reduced the volume and price of orders placed for products used to manufacture commercial aircraft, including our bearings and other individual parts and components we manufacture. Previous industry downturns have negatively affected, and future industry downturns may negatively affect, our net sales, gross margin and net income.

Future reductions or changes in U.S. government spending could negatively affect our business.

In fiscal 2005, 8% of our sales were made directly, and we estimate that approximately an additional 11% of our sales were made indirectly, to the U.S. government to support military or other government projects. Our failure to obtain new government contracts, the cancellation of government contracts or reductions in federal budget appropriations regarding our products could result in materially reduced revenue. In addition, the funding of defense programs also competes with non-defense spending of the U.S. government. Our business is sensitive to changes in national and international priorities and the U.S. government budgets. A shift in government defense spending to other programs in which we are not involved or future reductions in U.S. government defense spending generally could materially reduce our revenues, cash flow from operations and profitability. If we, or our prime contractors for which we are a subcontractor, fail to win any particular bid, or we are unable to replace lost business as a result of a cancellation, expiration or completion of a contract, our revenues or cash flow could be reduced.

Fluctuating supply and costs of raw materials and energy resources could materially reduce our revenues, cash flow from operations and profitability.

Our business is dependent on the availability and costs of energy resources and raw materials, particularly steel, generally in the form of stainless and chrome steel, which are commodity steel products. Raw materials represented approximately 30% of our overall costs for fiscal 2005, the majority of which consisted of steel and related products. The availability and prices of raw materials and energy sources may be subject to curtailment or change due to, among other things, new laws or regulations, suppliers' allocations to other purchasers, interruptions in production by suppliers, changes in exchange rates and worldwide price levels. Although we currently maintain alternative sources for raw materials, our business is subject to the risk of price fluctuations and periodic delays in the delivery of certain raw materials. Disruptions in the supply of raw materials and energy resources could temporarily impair our ability to manufacture our products for our customers or require us to pay higher prices in order to obtain these raw materials or energy resources from other sources, which could thereby affect our sales and profitability.

For example, we purchase steel at market prices, which during the past 24 months have increased to historical highs as a result of a relatively low level of supply and a relatively high level of demand, and we have recently received notices of additional price increases from our suppliers. As a result, we are currently being assessed surcharges on certain of our purchases of steel, and under certain circumstances, we have experienced difficulty in identifying steel for purchase. If we are unable to purchase steel for our operations for a significant period of time, our operations would be disrupted, which could reduce or delay sales of our products, and, in turn, could result in a material reduction in our revenues, cash flow from operations and profitability. In addition, we may be unable to pass on the increased costs of raw materials to our customers, which could materially reduce our cash flow from operations and profitability.

We seek to pass through a significant portion of our additional costs to our customers through steel surcharges or price increases. However, even if we are able to pass these steel surcharges or price increases to our customers, there may be a time lag of up to 12 weeks between the time a cost increase goes into effect and our ability to implement surcharges or price increases, particularly for orders already in our backlog. As a result our gross margin percentage may decline, and we may not be able to implement other price increases for our products. We cannot provide assurances that we will be able

to continue to pass these additional costs on to our customers at all or on a timely basis or that our customers will not seek alternative sources of supply if there are significant or prolonged increases in the price of steel or other raw materials or energy resources.

We may not be able to address technological advances or maintain customer relationships which are necessary to remain competitive within our businesses.

We believe that our customers rigorously evaluate their suppliers on the basis of product quality, price competitiveness, technical expertise, new product innovation, reliability and timeliness of delivery, product design capability, manufacturing expertise, operational flexibility and customer service. Our success will depend on our ability to continue to meet our customers' changing specifications with respect to these criteria. We must remain committed to product research and development, advanced manufacturing techniques and service to remain competitive. We may not be able to address technological advances in metallurgy or in materials science or introduce new products that may be necessary to remain competitive within our businesses, or our competitors may develop products superior to our products. Furthermore, we may be unable to adequately protect any of our own technological developments to produce a sustainable competitive advantage.

Our products are subject to certain approvals, and the loss of such approvals could materially reduce our revenues and profitability.

Essential to servicing the aerospace market is the ability to obtain product approvals. We have in excess of 32,000 product approvals, which enable us to provide products used in virtually all domestic aircraft platforms presently in production or operation. Product approvals are typically issued by the Federal Aviation Administration, or FAA, to designated OEMs who are Production Approval Holders of FAA approved aircraft. These Production Approval Holders provide quality control oversight and generally limit the number of suppliers directly servicing the commercial aerospace aftermarket. Regulations enacted by the FAA provide for an independent process (the Parts Manufacturer Approval, or PMA, process), which enables suppliers who currently sell their products to the Production Approval Holders, to sell products to the aftermarket. We have received over 2,400 PMA application approvals to date. Our foreign sales may be subject to similar approvals. Although we have not lost any material product approvals in the past, we cannot assure you that we will not lose approvals for our products in the future. The loss of product approvals could result in lost sales and materially reduce our revenues and profitability.

Under certain circumstances, the U.S. government has the right to debar or suspend us from acting as a U.S. government contractor or subcontractor, and if we are suspended or debarred from acting as a government supplier for any reason, such an action would materially reduce our revenues and profitability.

In connection with our performance of government contracts, the federal government audits and reviews our performance, pricing practices and compliance with applicable laws, regulations and standards. It is possible that as a result of these audits, our revenues, cash flow or results of operations could be materially reduced as a result of lost sales or penalties. For example, the government could disallow certain costs that it originally reimbursed, and we may be required to refund cash already collected. It is also possible that a government audit, review or investigation could uncover improper or illegal activities that would subject us to civil, criminal and/or administrative sanctions, including, but not limited to, termination of contracts, reimbursement of payments received, fines, forfeiture of profits and suspension or debarment from doing business with federal government agencies. If any allegations of impropriety were made against us, whether or not true, our reputation could be adversely affected. If we were suspended or debarred from contracting with the federal government, or any specific agency, if our reputation was impaired or if the government ceased or significantly decreased the amount of business it does with us, our revenues and cash flow could be reduced. As a government

contractor, we are also subject to various federal laws, regulations and standards. New laws, regulations or standards or changes to existing laws, regulations or standards could subject us to additional costs of compliance or liabilities and could result in material reductions to our results of operations, cash flow or revenues.

We have outstanding debt, and may incur additional debt in the future for acquisitions or other purposes, which could materially impact our business.

As of April 2, 2005, our total outstanding debt was $220.1 million, of which $114.2 million was outstanding under our $165.0 million senior credit facility, referred to as our Senior Credit Facility, comprised of a $55.0 million revolving credit facility, or Revolving Credit Facility, and a $110.0 million term loan, or Term Loan, which will be increased by $40.0 million to $150.0 million, in connection with the amendment and restatement of our Senior Credit Facility in connection with the Refinancing Transaction. As of April 2, 2005, on a pro forma basis after giving effect to the Pre-Offering Transactions, including the Refinancing Transaction, and this offering, our total outstanding debt would have been $177.1 million, of which $154.2 million would have been outstanding under our $205.0 million amended and restated Senior Credit Facility. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Pre-Offering Transactions—Refinancing Transaction."

To service our debt, we will require a significant amount of cash. Our ability to generate cash, make scheduled payments or to refinance our obligations depends on our successful financial and operating performance. Our financial and operating performance, cash flow and capital resources depend upon prevailing economic conditions and certain financial, business and other factors, many of which are beyond our control.

We may incur additional indebtedness in the future for acquisitions and other purposes, and the significant debt servicing costs associated with that indebtedness could have significant effects on our operations, including:

- limit our ability to obtain additional financing to operate our business;
- require us to dedicate a substantial portion of our cash flow to payments on our debt, reducing our ability to use our cash flow to fund working capital, capital expenditures and other general operational requirements;
- limit our flexibility to plan for and react to changes in our business or industry;
- place us at a competitive disadvantage relative to some of our competitors that have less debt than us; and
- increase our vulnerability to general adverse economic and industry conditions, including changes in interest rates or a downturn in our business or the economy.

The occurrence of any one of these events could materially impact our business, financial condition, results of operations and ability to grow our business.

Restrictions in our indebtedness agreements could limit our growth and our ability to respond to changing conditions.

The Senior Credit Facility, our $45.0 million second lien term loan, or Second Lien Term Loan, and our swiss franc 14.0 million Swiss credit facility (approximately $11.6 million as of April 2, 2005), or Swiss Credit Facility, contain a number of restrictive covenants that limit our ability, among other things, to:

- incur additional indebtedness and issue preferred stock and guarantee indebtedness;
- create liens on our assets;
- pay dividends or make other equity distributions;

- purchase or redeem capital stock;
- create restrictions on payments of dividends or other amounts to us by our restricted subsidiaries;
- make investments;
- merge, consolidate or sell assets;
- engage in activities unrelated to our current business;
- engage in transactions with our affiliates; and
- sell or issue capital stock of certain subsidiaries.

In addition, the Senior Credit Facility and the Second Lien Term Loan contain other financial covenants requiring us to maintain a minimum fixed charge coverage ratio and maximum senior leverage ratios and to satisfy certain other financial conditions. Our Second Lien Term Loan prohibits us from incurring capital expenditures of more than $10 million per year. These restrictions could limit our ability to obtain future financings, make needed capital expenditures, withstand a future downturn in our business or the economy in general or otherwise conduct necessary corporate activities. In connection with the refinancing of our Senior Credit Facility, the amended and restated Senior Credit Facility will incorporate substantially similar restrictive covenants to those in our existing Senior Credit Facility and Second Lien Term Loan.

As of April 2, 2005, we had outstanding borrowings of $5.0 million and letters of credit of $20.3 million under our $55.0 million Revolving Credit Facility. Under the Revolving Credit Facility, we had borrowing availability of $26.1 million as of April 2, 2005. Under the revolving credit facility under our Swiss Credit Facility, or Swiss Revolver, we had borrowing availability of approximately $3.5 million (4.0 million SFr) as of April 2, 2005.

If interest rates increase, interest expense will increase and could materially reduce our profitability and cash flow.

As of April 2, 2005, after giving effect to the offering and the Pre-Offering Transactions, including the Refinancing Transaction, substantially all of our debt will be variable rate debt. On December 31, 2004, we entered into a Rate Cap Transaction Agreement capping LIBOR at 5.00% on a notional amount of $50.0 million. This agreement expires on December 31, 2005. We may or may not enter into similar agreements in the future. An increase in interest rates will increase our interest expense and could materially reduce our profitability and cash flow and our ability to service our indebtedness and to make distributions to our stockholders. In addition, an increase in interest rates may inhibit our ability to incur additional debt in the future, which may impair our ability to consummate desirable acquisitions. A 1% increase in interest rates would increase our interest expense by approximately $1.8 million over a 12-month period.

Work stoppages and other labor problems could materially reduce our ability to operate our business.

As of April 2, 2005, approximately 29% of our hourly employees in the U.S. and abroad were represented by labor unions. While we believe our relations with our employees are satisfactory, a lengthy strike or other work stoppage at any of our facilities, particularly at some of our larger facilities, could materially reduce our ability to operate our business. We most recently experienced a four-month work stoppage in calendar years 2003-2004 at our Nice Bearings facility. This strike did not materially impact our operations, but we cannot assure you that a work stoppage at one or more of our facilities will not materially impair our ability to operate our business in the future. In addition, any attempt by our employees not currently represented by a union to join a union could result in additional expenses, including with respect to wages, benefits and pension obligations. One of our collective bargaining agreements covering approximately 50 employees was originally due to expire in July 2004 and was extended to October 29, 2005. Of our remaining four collective bargaining

agreements, one agreement covering approximately 51 employees will expire in June of 2007, two agreements covering approximately 121 employees will expire in January of 2008 and one agreement covering approximately 125 employees will expire in June of 2008.

Negotiations for the extension of these agreements may result in modifications to the terms of these agreements, and these modifications could cause us to incur increased costs relating to our labor force.

In addition, work stoppages at one or more of our customers or suppliers, including suppliers of transportation services, many of which have large unionized workforces, for labor or other reasons could also cause disruptions to our business that we cannot control, and these disruptions may materially reduce our revenues and profitability.

Our business is capital intensive and may consume cash in excess of cash flow from our operations.

Our ability to remain competitive, sustain our growth and expand our operations largely depends on our cash flow from operations and our access to capital. We intend to fund our cash needs through operating cash flow and borrowings under our Senior Credit Facility. We may require additional equity or debt financing to fund our growth and debt repayment obligations. In addition, we may need additional capital to fund future acquisitions. Our business may not generate sufficient cash flow, and we may not be able to obtain sufficient funds to enable us to pay our debt obligations and capital expenditures or we may not be able to refinance on commercially reasonable terms, if at all. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Liquidity."

Unexpected equipment failures, catastrophic events or capacity constraints may increase our costs and reduce our sales due to production curtailments or shutdowns.

Our manufacturing processes are dependent upon critical pieces of equipment, such as furnaces, continuous casters and rolling equipment, as well as electrical equipment, such as transformers, and this equipment may, on occasion, be out of service as a result of unanticipated failures. In addition to equipment failures, our facilities are also subject to the risk of catastrophic loss due to unanticipated events such as fires, explosions, earthquakes or violent weather conditions. In the future, we may experience material plant shutdowns or periods of reduced production as a result of these types of equipment failures or catastrophes. Interruptions in production capabilities will inevitably increase our production costs and reduce sales and earnings for the affected period.

Certain of our facilities are operating at a single shift with light second and third shifts, and additional demand may require additional shifts and/or capital investments at these facilities. We cannot assure you that we will be able to add additional shifts as needed in a timely way and production constraints may result in lost sales. In certain markets we refrain from making additional capital investments to expand capacity where we believe market expansion in a particular end market is not sustainable or otherwise does not justify the expansion or capital investment. Our assumptions and forecasts regarding market conditions in these end markets may be erroneous and may result in lost earnings and inhibit our growth.

The occurrence of extraordinary events, such as a major terrorist attack in the U.S., may adversely affect our business, resulting in a decrease in our revenues.

Future terrorist attacks cannot be predicted, and their occurrence can be expected to negatively affect the economy of the U.S. and other countries in which we do business. Such attacks may have a material impact on the markets in which we operate, particularly commercial aerospace, as increased terrorist activity around the world is likely to cause a reduction in air travel. For example, in the period following September 11, 2001, aircraft orders declined significantly and materially reduced our sales to the aerospace market. Similar effects are likely to result if there is a significant increase in terrorist activity around the world, particularly if commercial airliners are again involved in one or more major terrorist incidents. Other kinds of significant terror incidents may also impair our ability to conduct our manufacturing and other business activities for extended periods depending on the nature and severity of the event.

We may not be able to continue to make the acquisitions necessary for us to realize our growth strategy.

The acquisition of businesses that complement or expand our operations has been and continues to be an important element of our business strategy. We cannot assure you that we will be successful in identifying attractive acquisition candidates or completing acquisitions on favorable terms in the future. Our inability to acquire businesses, or to operate them profitably once acquired, could have a material adverse effect on our business, financial position, cash flow and growth.

The costs and difficulties of integrating acquired businesses could impede our future growth.

We cannot assure you that any future acquisition will enhance our financial performance. Our ability to effectively integrate any future acquisitions will depend on, among other things, the adequacy of our implementation plans, the ability of our management to oversee and operate effectively the combined operations and our ability to achieve desired operating efficiencies and sales goals. The integration of any acquired businesses might cause us to incur unforeseen costs, which would lower our future earnings and would prevent us from realizing the expected benefits of these acquisitions.

Even if we are able to integrate future acquired businesses with our operations successfully, we cannot assure you that we will realize all of the cost savings, synergies or revenue enhancements that we anticipate from such integration or that we will realize such benefits within the expected time frame.

We depend heavily on our senior management and other key personnel, the loss of whom could materially affect our financial performance and prospects.

Our business is managed by a small number of key executive officers, including Dr. Michael J. Hartnett. Our future success will depend on, among other things, our ability to keep the services of these executives and to hire other highly qualified employees at all levels. Dr. Hartnett is the only member of our senior management team with a long-term employment contract. The remainder of our key executives are at-will employees.

We compete with other potential employers for employees, and we may not be successful in hiring and retaining executives and other skilled employees that we need. Our ability to successfully execute our business strategy, market and develop our products and serve our customers could be adversely affected by a shortage of available skilled employees or executives.

Our international operations are subject to risks inherent in such activities.

We have established operations in certain countries outside the U.S., including Mexico, France and Switzerland. Of our 18 facilities, 4 are located outside the U.S., including 2 manufacturing facilities.

Approximately one-fifth of our sales were derived directly or indirectly from sales outside the U.S. during fiscal year 2005. We expect that this proportion is likely to increase as we seek to increase our penetration of foreign markets, particularly within the aerospace and defense markets. Our foreign operations are subject to the risks inherent in such activities such as: currency devaluations, logistical and communications challenges, costs of complying with a variety of foreign laws and regulations, greater difficulties in protecting and maintaining our rights to intellectual property, difficulty in staffing and managing geographically diverse operations, acts of terrorism or war or other acts that may cause social disruption which are difficult to quantify or predict and general economic conditions in these foreign markets. We are not aware of any proposed material regulatory changes, but our international operations may be negatively impacted by changes in government policies, such as changes in laws and regulations (or the interpretation thereof), restrictions on imports and exports, sources of supply, duties or tariffs, the introduction of measures to control inflation and changes in the rate or method of taxation. To date we have not experienced significant difficulties with the foregoing risks associated with our international operations, however, as the size of our international operations has continued to grow, we expect these risks to become increasingly important to our business operations.

Currency translation risks may have a material impact on our results of operations.

Our Swiss operations utilize the Swiss franc as the functional currency and our French operations utilize the Euro as the functional currency. Foreign currency transaction gains and losses are included in earnings. Foreign currency transaction exposure arises primarily from the transfer of foreign currency from one subsidiary to another within the group and to foreign currency denominated trade receivables. Unrealized currency translation gains and losses are recognized upon translation of the foreign subsidiaries' balance sheets to U.S. dollars. Because our financial statements are denominated in U.S. dollars, changes in currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, an impact on our earnings. While we monitor exchange rates, we currently do not have exchange rate hedges in place to reduce the risk of an adverse currency exchange movement. Although currency fluctuations have not had a material impact on our financial performance in the past, such fluctuations may affect our financial performance in the future. The impact of future exchange rate fluctuations on our results of operations cannot be accurately predicted. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Foreign Currency Exchange Rates."

Our pension plans are underfunded, and we may be required to make significant future contributions to the plans.

As of April 2, 2005, we maintained noncontributory defined benefit pension plans covering substantially all of our union employees in our Heim division plant in Fairfield, Connecticut, our Nice subsidiary plant in Kulpsville, Pennsylvania, our Bremen subsidiary plant in Plymouth, Indiana and our Tyson subsidiary plant in Glasgow, Kentucky. As of April 2, 2005, our plans were underfunded by $3.4 million, which is the amount by which the accumulated benefit obligations exceed the sum of the fair market value of plans' assets. We are required to make cash contributions to our pension plans to the extent necessary to comply with minimum funding requirements imposed by employee benefit and tax laws. The amount of any such required contributions is determined based on annual actuarial valuation of the plans as performed by the plan's actuaries. The amount of future contributions will depend upon asset returns, then-current discount rates and a number of other factors, and, as a result, the amount we may elect or be required to contribute to our pension plans in the future may increase significantly. Additionally, there is a risk that if the Pension Benefit Guaranty Corporation concludes that its risk with respect to our pension plan may increase unreasonably if the plan continues to operate, if we are unable to satisfy the minimum funding requirement for the plans or if the plans become unable to pay benefits, then the Pension Benefit Guaranty Corporation could terminate the plans and take control of their assets. In such event, we may be required to make an immediate

payment to the Pension Benefit Guaranty Corporation of all or a substantial portion of the underfunding as calculated by the Pension Benefit Guaranty Corporation based upon its own assumptions. The underfunding calculated by the Pension Benefit Guaranty Corporation could be substantially greater than the underfunding we have calculated because, for example, the Pension Benefit Guaranty Corporation may use a significantly lower discount rate. If such payment is not made, then the Pension Benefit Guaranty Corporation could place liens on a material portion of our assets and the assets of any members of our controlled group. Such action could result in a material increase in our pension related expenses and a corresponding reduction in our cash flow and net income. For additional information concerning our pension plans and plan liabilities, see Note 13 to our consolidated financial statements attached to this prospectus.

We may incur material losses for product liability and recall related claims.

We are subject to a risk of product and recall related liability in the event that the failure of any of our products results in personal injury or death, property damage or does not conform to our customers' specifications. In particular, our products are installed in a number of types of vehicle fleets, including airplanes, trains, automobiles, heavy trucks and farm equipment, many of which are subject to government ordered as well as voluntary recalls by the manufacturer. If one of our products is found to be defective, causes a fleet to be disabled or otherwise results in a product recall, significant claims may be brought against us. Although we have not had any material product liability or recall related claims made against us, and we currently maintain product liability insurance coverage for product liability, although not for recall related claims, we cannot assure you that product liability or recall related claims, if made, would not exceed our insurance coverage limits or would be covered by insurance which, in turn, may result in material losses related to these claims, increased future insurance costs and a corresponding reduction in our cash flow and net income.

Environmental regulations impose substantial costs and limitations on our operations, and environmental compliance may be more costly than we expect.

We are subject to various federal, state and local environmental laws and regulations, including those governing discharges of pollutants into the air and water, the storage, handling and disposal of wastes and the health and safety of employees. These laws and regulations could subject us to material costs and liabilities, including compliance costs, civil and criminal fines imposed for failure to comply with these laws and regulations and litigation costs. We also may be liable under the federal Comprehensive Environmental Response, Compensation, and Liability Act, or similar state laws, for the costs of investigation and clean-up of contamination at facilities currently or formerly owned or operated by us or at other facilities at which we have disposed of hazardous substances. In connection with such contamination, we may also be liable for natural resource damages, government penalties and claims by third parties for personal injury and property damage. Compliance with these laws and regulations may prove to be more limiting and costly than we anticipate. New laws and regulations, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or the imposition of new clean-up requirements could require us to incur costs or become the basis for new or increased liabilities that could cause a material increase in our environmental related compliance costs and a corresponding reduction in our cash flow and net income. Investigation and remediation of contamination at some of our sites is ongoing. Actual costs to clean-up these sites may exceed our current estimates. Although we have indemnities for certain pre-closing environmental liabilities from the prior owners in connection with our acquisition of several of our facilities, we cannot assure you that the indemnities will be adequate to cover known or newly discovered pre-closing liabilities.

The interests of certain stockholders, particularly Whitney Investor and Dr. Hartnett, could conflict with those of other holders of our securities.

When this offering is completed, our executive officers, directors and stockholders who beneficially owned more than 5% of our common stock before the completion of this offering, will, in aggregate, beneficially own shares representing approximately 50.9% of our capital stock assuming exercise of options and warrants only by such persons. Whitney RBHC Investor, LLC, or Whitney Investor, and Dr. Hartnett and his affiliates will control 44.7% and 10.8% of our common stock, respectively, assuming exercise of options and warrants only by such persons. In addition, if these stockholders were to choose to act together, or with other significant stockholders, they could control, and will, in any event, have a large degree of influence over, matters submitted to our stockholders for approval, as well as our management and affairs. For example, these persons, if they choose to act together, could control the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of voting power could delay or prevent an acquisition of our company on terms that other stockholders may desire.

Our intellectual property and other proprietary rights are valuable, and any inability to protect them could adversely affect our business and results of operations; in addition, we may be subject to infringement claims by third parties.

Our ability to compete effectively is dependent upon our ability to protect and preserve the intellectual property and other proprietary rights and materials owned, licensed or otherwise used by us. We have numerous U.S. and foreign patents, U.S. trademark registrations and U.S. copyright registrations. Our issued patents are expected to expire by their own terms at various dates and most such patents will not expire for at least 5 years. We also have U.S. trademark and patent applications pending. We cannot assure you that our pending trademark and patent applications will result in trademark registrations and issued patents, and our failure to secure rights under these applications may limit our ability to protect the intellectual property rights that these applications were intended to cover. Although we have attempted to protect our intellectual property and other proprietary rights both in the United States and in foreign countries through a combination of patent, trademark, copyright and trade secret protection and non-disclosure agreements, these steps may be insufficient to prevent unauthorized use of our intellectual property and other proprietary rights, particularly in foreign countries where the protection available for such intellectual property and other proprietary rights may be limited. To date we are not currently engaged in and have not had any material infringement or other claims pertaining to our intellectual property brought by us or against us in recent years. We cannot assure you that any of our intellectual property rights will not be infringed upon or that our trade secrets will not be misappropriated or otherwise become known to or independently developed by competitors. We may not have adequate remedies available for any such infringement or other unauthorized use. We cannot assure you that any infringement claims asserted by us will not result in our intellectual property being challenged or invalidated, that our intellectual property will be held to be of adequate scope to protect our business or that we will be able to deter current and former employees, contractors or other parties from breaching confidentiality obligations and misappropriating trade secrets. In addition, we may become subject to claims against us which could require us to pay damages or limit our ability to use certain intellectual property and other proprietary rights found to be in violation of a third party's rights, and, in the event such litigation is successful, we may be unable to use such intellectual property and other proprietary rights at all or on reasonable terms. Regardless of its outcome, any litigation, whether commenced by us or third parties, could be protracted and costly and could result in increased litigation related expenses, the loss of intellectual property rights or payment of money or other damages, which may result in lost sales and reduced cash flow and decrease our net income. See "Business—Intellectual Property."

Cancellation of orders in our backlog of orders could negatively impact our revenues.

As of April 2, 2005, we had an order backlog of $134.8 million, which we estimate will be fulfilled within the next 12 months. However, orders included in our backlog are subject to cancellation, delay or other modifications by our customers prior to fulfillment. For these reasons, we cannot assure you that orders included in our backlog will ultimately result in the actual receipt of revenues from such orders.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. Any inability to provide reliable financial reports or prevent fraud could harm our business. We are in the process of instituting changes to our internal procedures to satisfy the requirements of the Sarbanes-Oxley Act of 2002, which require management and our auditors to evaluate and assess the effectiveness of our internal controls by March 31, 2007. Implementing these changes may take a significant amount of time and may require specific compliance training of our directors, officers and other personnel. To date we have not detected any material weakness or significant deficiencies in our internal control over financial reporting. However, we are continuing to evaluate and, where appropriate, enhance our policies, procedures and internal controls. If we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we could be subject to regulatory scrutiny, civil or criminal penalties or shareholder litigation. In addition, failure to maintain adequate internal controls could result in financial statements that do not accurately reflect our financial condition. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock. We cannot assure you that we will be able to complete the work necessary to fully comply with the requirements of the Sarbanes-Oxley Act or that management or our auditors will conclude that our internal controls are effective.

We will face new challenges and increased costs as a public company.

Our management team has historically operated our business as a privately held company. We expect that the obligations of being a public company, including substantial public reporting and investor relations obligations, will require significant legal, accounting and other additional expenditures, as well as stock exchange listing requirements, which will place additional demands on our management and may require the hiring of additional personnel. These obligations and related expenses will increase our operating expenses and could divert our management's attention from our operations. We also expect these new rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these new rules, and we cannot accurately predict the amount of additional costs we may incur or the timing of such costs, but we have estimated for purposes of our Unaudited Pro Forma Condensed Consolidated Financial Statements that such costs would be equal to approximately $1.5 million per year.

Risk Factors Related to this Offering

Provisions in our charter documents and under Delaware law may prevent or frustrate attempts by our stockholders to change our management and hinder efforts to acquire a controlling interest in us.

Provisions of our certificate of incorporation and bylaws may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. These provisions include:

- a classified board of directors;
- advance notice requirements for stockholder proposals and nominations;
- the inability of stockholders to act by written consent or to call special meetings; and
- the ability of our board of directors to designate the terms of and issue new series of preferred stock without stockholder approval.

The affirmative vote of the holders of at least $66^2/3$% of our shares entitled to vote is necessary to amend or repeal the above provisions of our certificate of incorporation. In addition, absent approval of our board of directors, many of our bylaw provisions may only be amended or repealed by the affirmative vote of the holders of at least $66^2/3$% of our shares entitled to vote.

Our certificate of incorporation authorizes the issuance of "blank check" preferred stock with such designations, rights and preferences as may be determined from time to time by our board of directors. Accordingly, the board of directors is empowered, without shareholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights that could materially adversely affect the voting power or other rights of the holders of our common stock, including purchasers in this offering. Holders of the common stock will not have preemptive rights to subscribe for a pro rata portion of any capital stock which may be issued by us. In the event of issuance, such preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of RBCI. Although we have no present intention to issue any new shares of preferred stock, we may do so in the future.

In addition, Section 203 of the Delaware General Corporation Law prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. Accordingly, Section 203 may discourage, delay or prevent a change in control of our company.

If you purchase shares of common stock in this offering, you will suffer immediate and substantial dilution of your investment.

Purchasers of common stock in this offering will pay a price per share that substantially exceeds the per share value of our tangible assets after subtracting our liabilities and the per share price paid by our existing stockholders and by persons who exercise currently outstanding options and warrants to acquire our common stock. Accordingly, based on the initial public offering price of $15.00 per share, you will experience immediate and substantial dilution of $13.84 per share, representing the difference between our pro forma net tangible book value per share after giving effect to the Pre-Offering Transactions and this offering at the initial public offering price. If the underwriters exercise their overallotment option, or if outstanding options and warrants to purchase our common stock are exercised, you will experience additional dilution. See "Dilution."

An active trading market for our common stock may not develop.

Prior to this offering, there has been no public market for our common stock. Although our common stock has been approved for quotation on the Nasdaq National Market, an active trading market for our shares may never develop or be sustained following this offering. The initial public offering price for our common stock was determined through negotiations with the underwriters. This initial public offering price may vary from the market price of our common stock after the offering. Investors may not be able to sell their common stock at or above the initial public offering price. We cannot assure you that a market will develop for our common stock or what the market price of our common stock will be. If a market does not develop or is not sustained, it may be difficult for you to sell your shares of common stock at an attractive price or at all. We cannot predict the prices at which our common stock will trade.

If there are substantial sales of our common stock, our stock price could decline.

If our existing stockholders sell a large number of shares of our common stock or the public market perceives that existing stockholders might sell shares of our common stock, the market price of our common stock could decline significantly. Substantially all of the existing holders of our equity securities prior to the completion of this offering have executed 180-day lock-up agreements (or 90-day lock-up agreements with respect to 2.5% of our pro forma fully diluted shares of common stock) for their shares. The shares will be eligible for sale pursuant to Rule 144 upon the expiration of the lock-up agreements. See "Shares Eligible for Future Sale."

Upon completion of this offering, Whitney Investor will have rights to require us to register its shares of common stock with the SEC. If we register Whitney Investor's shares of common stock following the expiration of the lock-up agreement, Whitney Investor can sell those shares in the public market. See "Related Party Transactions—Amended and Restated Stockholders Agreement—Registration Rights."

Not earlier than 90 days following this offering, we intend to register approximately 3,071,653 shares of common stock that are authorized for issuance under our stock option plans and outstanding warrants. We will also be able to issue 455,668 additional options after this offering under our 2005 Long-Term Incentive Plan. Once we register the shares authorized for issuance under our stock option plans, they can be freely sold in the public market upon issuance, subject to the lock-up agreements referred to above and the restrictions imposed on our affiliates under Rule 144.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements." All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; future growth rates in the markets we serve; increases in foreign sales; supply and cost of raw materials, any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include the words "may," "estimate," "intend," "continue," "believe," "expect" or "anticipate" and other similar words.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, such as those disclosed in this prospectus. Factors that could cause our actual results, performance and achievements or industry results to differ materially from estimates or projections contained in forward-looking statements include, among others, the following:

- weakness and cyclicality in any of the industries in which our customers operate;
- changes in marketing, product pricing and sales strategies or developments of new products by us or our competitors;
- future reductions in U.S. governmental spending;
- suspension or debarment from acting as a government supplier;
- our ability to obtain and retain product approvals;
- supply and costs of raw materials, particularly steel, and energy resources and our ability to pass through these costs on a timely basis;
- our ability to address technological advances in metallurgy or in material advances and introduce new products to remain competitive;
- our ability to acquire and integrate complementary businesses;
- unexpected equipment failures, catastrophic events or capacity constraints;
- development of new litigation;
- our ability to attract and retain our management team and other highly-skilled personnel;
- increases in interest rates;
- work stoppages and other labor problems for us and our customers or suppliers;
- contractual limitations on our ability to expand our business;
- regulatory developments in the U.S. and foreign countries;
- developments or disputes concerning patents or other proprietary rights;
- actual or anticipated changes in our earnings, fluctuations in our operating results or the failure to meet the expectations of financial market analysts and investors;
- changes in accounting standards, policies, guidance, interpretation or principles;
- risks associated with operating internationally, including currency translation risks;

- the operating and stock performance of comparable companies;
- acts of terrorism or major catastrophic events;
- investors' perceptions of us and our industry; and
- general economic, geopolitical, industry and market conditions.

Additional factors that could cause actual results to differ materially from our forward-looking statements are set forth in this prospectus, including under the headings "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and in our "Summary Financial Data" and our "Unaudited Pro Forma Condensed Consolidated Financial Statements" and related notes. We do not intend, and undertake no obligation, to update any forward-looking statement. The Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act do not protect forward-looking statements we make in connection with this offering.

Before deciding whether to invest in our common shares, you should carefully consider the matters set forth under the heading "Risk Factors" and all other information contained in this prospectus. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements.

USE OF PROCEEDS

Assuming a public offering price of $15.00 per share, the midpoint of the range on the front cover of this prospectus, we estimate that the net proceeds from this offering (without exercise of the overallotment option), after deducting the underwriting discount and estimated expenses of the offering, will be approximately $85.7 million. If the underwriters' overallotment option is exercised in full, we estimate that we will receive net proceeds of approximately $96.3 million. We will not receive any of the proceeds from the sale of shares by the selling stockholders, including the exercise of options and warrants by them pursuant to a net share settlement. We intend to use these net proceeds, together with net proceeds of approximately $38.3 million from an increase in our Term Loan under our amended and restated Senior Credit Facility, to:

- redeem all of our $38.6 million in aggregate principal amount 13% Senior Subordinated Discount Debentures due 2009 plus redemption premium;

- repay all of our outstanding indebtedness, plus prepayment fee, under our $45.0 million Second Lien Term Loan, which had an interest rate equal to 11.6% as of April 2, 2005 and matures in 2011; and

- redeem all of our Class C preferred stock for $30.5 million, including any accrued and unpaid dividends, and repurchase 50% of our Class D preferred stock for $4.0 million, in connection with our Pre-Offering Transactions. See "Pre-Offering Transactions."

Any remaining proceeds will be used to repay outstanding indebtedness or for general corporate purposes.

INDUSTRY AND MARKET DATA

The data included in this prospectus regarding markets, product categories, ranking and percentage of our sales to the aftermarket, including, but not limited to, the size of certain markets, product categories and sales volumes and our position and the positions of our competitors within these markets and product categories, are based on our estimates and definitions, which have been derived from management's knowledge and experience in the areas in which the relevant businesses operate. Estimates for the anticipated rate of growth for the bearing industry have been obtained from a report titled *Freedonia Focus on Bearings* published in November 2004 by The Freedonia Group, Inc. We believe that these sources, in each case, provide reasonable estimates. However, market share data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market shares. In addition, consumption patterns and customer preferences can and do change. In addition, we may define our markets in a way that may be different from how our competitors or others define their markets. References herein to our being a leader in a certain market or product category refer to our having a leading position based on sales in fiscal year 2005 of bearing products in such market or product category, unless the context otherwise requires.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our common stock and do not expect to pay cash dividends for the foreseeable future. Our current policy is to retain all of our earnings to finance future growth. In addition, covenants in our credit facilities restrict our ability to pay dividends. Any future declaration of dividends will be determined by our board of directors, based upon our earnings, capital requirements, financial condition, debt covenants, tax consequences and other factors deemed relevant by our board of directors.

PRE-OFFERING TRANSACTIONS

The following transactions, referred to as the Pre-Offering Transactions, will occur immediately prior to the completion of this offering:

Recapitalization

We currently have three classes of capital stock outstanding: Class B preferred stock, Class A common stock and Class B common stock. Immediately prior to the consummation of this offering, we will effectuate a series of transactions in order to, among other things, simplify our capital structure. Our simplified capital structure will have two classes of authorized capital stock (common stock and preferred stock), of which only shares of common stock will be outstanding after the offering. The recapitalization transaction will involve a number of steps to be effectuated contemporaneously with the consummation of the Refinancing Transaction (discussed below) and this offering. These steps will be as follows:

Stock Split. We will amend and restate our certificate of incorporation to effect a 5-for-2 stock split of our common stock.

Conversion of Class B Preferred Stock. Immediately prior to the consummation of the Recapitalization, all outstanding shares of Class B preferred stock will be converted in accordance with their terms into 1,846,396 (on a post stock split basis) shares of Class A common stock, shares of Class C preferred stock and shares of Class D preferred stock. All shares of Class C and Class D preferred stock will be redeemed with cash or common stock as described below.

Redemption of Class C Preferred Stock. Immediately after the conversion of the Class B preferred stock, we shall use proceeds from this offering and the Refinancing Transaction to redeem all outstanding Class C preferred stock, including any accrued and unpaid dividends, for an aggregate redemption price determined in accordance with our pre-offering certificate of incorporation. Assuming a August 1, 2005 redemption date, the aggregate redemption price of the Class C preferred stock would be approximately $30.5 million. This amount will increase at a rate of approximately 0.02% for each additional day that the Class C preferred stock remains outstanding as a result of preferred dividends which will continue to accrue thereon.

Repurchase of Class D Preferred Stock. Immediately after the conversion of the Class B preferred stock, we shall repurchase all of the outstanding Class D preferred stock for an aggregate repurchase price equal to $8.0 million payable as follows: $4.0 million of the repurchase price shall be paid in cash using proceeds from this offering and the Refinancing Transaction, and $4.0 million shall be paid in shares of our Class A common stock based on the offering price (before giving effect to underwriters' discounts or commissions).

Reclassification of Class A Common Stock and Class B Common Stock. Immediately after the transactions described above, we will amend and restate our certificate of incorporation to provide for, among other things, authorized capital stock of 60.0 million shares of common stock and 10.0 million shares of preferred stock after giving effect to a 5-for-2 stock split. As a result, all of our Class A common stock and Class B common stock (including shares of Class A common stock issued upon conversion of the Class B preferred stock and repurchase of the Class D preferred stock) will be reclassified as common stock, on a one-for-one basis.

Stock Options and Warrants. Following the reclassification of our shares, all outstanding options and warrants to purchase our Class A common stock and Class B common stock will become exercisable into shares of our newly created common stock in accordance with the terms of our stock option plans and stock option and warrant agreements. We will freeze our existing 1998 Stock Option Plan and 2001 Stock Option Plan such that no further awards or grants may be made under them. We will establish a new 2005 Long-Term Incentive Plan which will provide for the issuance of stock options or other equity awards equal to 1,139,170 shares of common stock. Of these options, 683,502 will be awarded to Dr. Hartnett upon the consummation of this offering at the offering price, subject to vesting, and the remainder will be reserved for grants to our employees (other than Dr. Hartnett) at the discretion of our compensation committee. With the exception of options and warrants that are exercised in connection with this offering, substantially all outstanding options and warrants to purchase common stock will be subject to a lock-up period of not less than 180 days (2.5% of our pro forma fully diluted shares of common stock will be subject to a lock-up period of 90 days) following the date of this prospectus. See "Use of Proceeds" and "Related Party Transactions—Pre-Offering Transactions."

Refinancing Transaction

We have entered into a commitment letter with GE Capital to amend and restate our existing Senior Credit Facility to increase borrowings under our Term Loan by $40.0 million and to reduce the interest rate on our Revolving Credit Facility and Term Loan by approximately 1.00%, referred to as the Refinancing Transaction. The Refinancing Transaction is subject to customary terms and conditions, including consummation of this offering. We expect to close the Refinancing Transaction simultaneously with the closing of this offering. The proceeds from the Refinancing Transaction and the proceeds from this offering will be used for the purposes described under "Use of Proceeds."

CAPITALIZATION

The following table sets forth our cash and capitalization as of April 2, 2005 on an actual and pro forma basis to give effect to the offering and Pre-Offering Transactions, as if they had occurred on that date.

This table should be read in conjunction with "Use of Proceeds," "Summary Financial Data," "Selected Consolidated Historical Financial Data" and the historical financial statements and related notes thereto included elsewhere in this prospectus. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources," "Description of Certain Indebtedness," "Pre-Offering Transactions" and "Unaudited Pro Forma Condensed Consolidated Financial Statements."

	As of April 2, 2005	
	Actual	Pro Forma
	(in thousands)	
Cash	$ 2,635	$ 6,802
Debt		
Term loan	$ 109,175	$ 149,175
Revolving credit facility[1]	5,000	5,000
Discount debentures	37,949	—
Second lien term loan	45,000	—
Other debt[2]	22,955	22,955
Total debt	220,079	177,130
Stockholders' equity[3]		
Preferred stock	2	—
Common stock	62	155
Additional paid-in capital	34,252	85,293
Deferred compensation	(349)	4,519
Accumulated other comprehensive loss	(2,532)	(2,532)
Accumulated deficit	(39,194)	(40,933)
Total stockholders' equity (deficit)	(7,759)	46,502
Total capitalization	$ 212,320	$ 223,632

(1) The amount shown for the Revolving Credit Facility excludes $20.3 million of letters of credit drawn under our $25.0 million letter of credit subfacility under our Senior Credit Facility.

(2) Other debt consists of $6.2 million outstanding under the Swiss Term Loan, $16.7 million aggregate principal amount of our industrial revenue bonds and other debt of $0.1 million.

(3) Reflects the filing of our amended and restated certificate of incorporation upon completion of this offering, authorizing 60.0 million shares of common stock, 15,458,833 of which will be issued and outstanding after the consummation of this offering, and 10.0 million shares of undesignated preferred stock, none of which will be issued or outstanding as of the consummation of this offering. As of April 2, 2005, there were 6,202,519 shares of our Class A common stock and 250 shares of our Class B common stock outstanding. Additionally, as of such date, there were outstanding (a) warrants and options to purchase up to an additional 1,911,235 shares of our Class A common stock, (b) warrants and options to purchase 1,372,865 shares of our Class B common stock, and (c) 240,000 shares of our Class B exchangeable convertible participating preferred stock, or Class B preferred stock. All of our then outstanding classes of Class A and Class B common stock and Class B preferred stock will be converted into common stock, redeemed or repurchased for cash or for common stock in connection with the Pre-Offering Transactions. See "Pre-Offering Transactions."

DILUTION

Our pro forma net tangible book value as of April 2, 2005 was approximately ($65.9) million, or ($7.18) per share of common stock. Pro forma net tangible book value per share represents total tangible assets less total liabilities, divided by the number of outstanding shares of common stock after giving effect to the Pre-Offering Transactions and the exercise of options and warrants pursuant to a net share settlement by the selling stockholders. See "Pre-Offering Transactions." After giving effect to the Pre-Offering Transactions, the exercise of options and warrants by the selling stockholders pursuant to a net share settlement, the sale of the shares of common stock offered by us at an assumed initial public offering price of $15.00 per share, the midpoint of the range on the front cover of this prospectus, after deducting underwriting discounts and estimated offering expenses, and giving effect to the use of proceeds from this offering, the pro forma as adjusted net tangible book value as of April 2, 2005 would have been $18.0 million, or approximately $1.16 per share of common stock. This represents an immediate increase in net tangible book value of $8.34 per share to existing stockholders and an immediate dilution in net tangible book value of $13.84 per share to new investors in this offering. The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		$15.00
Pro forma net tangible book value per share as of April 2, 2005	($7.18)	
Increase per share attributable to new investors	8.34	
Pro forma as adjusted net tangible book value per share after this offering		1.16
Dilution per share to new investors		$13.84

The following table summarizes, as of April 2, 2005, and, after giving pro forma effect to the Pre-Offering Transactions, the exercise of options and warrants by the selling stockholders pursuant to a net share settlement and this offering as if these transactions had occurred as of such date, the differences between existing stockholders and the new investors with respect to the number of shares of common stock purchased from us, the total consideration paid and the average price per share paid before deducting the underwriting discount and commissions and our estimated offering expenses, at an assumed initial public offering price of $15.00 per share.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing Stockholders	9,185,833	59.4%	$ 83,936,264	47.1%	$ 9.14
New Investors	6,273,000	40.6%	94,095,000	52.9%	15.00
Total	15,458,833	100.0%	$ 178,031,264	100.0%	

If the underwriters' overallotment option is exercised in full:

- the percentage of our shares of common stock held by our existing holders of capital stock will decrease to approximately 41.9% of the total number of common shares outstanding immediately after this offering; and

- the number of shares of common stock held by investors purchasing common stock in this offering will increase to 9,531,200 shares, or approximately 58.1% of the total number of shares of common stock outstanding immediately after this offering; in each case, based upon shares outstanding as of April 2, 2005 and calculated on a pro forma basis as described above.

The discussion and tables above assume no exercise of stock options or warrants, or the options to be granted to Dr. Hartnett under our 2005 Long-Term Incentive Plan simultaneously with the closing of this offering, outstanding as of April 2, 2005, other than options and warrants exercised on a net share

settlement basis, in each case by the selling stockholders in connection with this offering. After giving effect to the Pre-Offering Transactions and this offering and the options to be granted to Dr. Hartnett under our 2005 Long-Term Incentive Plan simultaneously with the closing of this offering, we will have options and warrants outstanding to purchase a total of 3,071,653 shares of common stock, with a weighted average exercise price of $5.42 per share. Assuming the exercise in full of these stock options and warrants, the number of shares purchased by existing stockholders would increase to 12,257,486, total consideration paid by them would increase to $100.6 million and the average price per share paid by them would be decreased to $8.20 per share.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated financial statements are based on our historical consolidated financial statements included elsewhere in this prospectus, adjusted to give effect to the following transactions:

- Pre-Offering Transactions, including the Refinancing Transaction, pursuant to which we will amend and restate our Senior Credit Facility to increase borrowings under our Term Loan by $40.0 million and lower our interest rate under such facility;

- sale of 6,273,000 shares of common stock by us in this offering at an assumed public offering price of $15.00 per share, less the underwriting discount and estimated offering expenses payable by us;

- application of net proceeds from this offering, together with net proceeds from the Refinancing Transaction, to (i) redeem all of our $38.6 million in aggregate principal amount 13% Senior Subordinated Discount Debentures plus redemption premium; (ii) repay all of our outstanding indebtedness, plus prepayment fee, under our $45.0 million Second Lien Term Loan; and (iii) redeem all of our Class C preferred stock for $30.5 million, including any accrued and unpaid dividends, and repurchase 50% of our Class D preferred stock for $4.0 million, in connection with the Pre-Offering Transactions. See "Use of Proceeds" and "Pre-Offering Transactions"; and

- exercise of 895,949 employee stock options and warrants by certain selling stockholders pursuant to a net share settlement, resulting in 870,000 newly issued shares of common stock at an assumed public offering price of $15.00 per share, all of which are sold in this offering by the selling stockholders.

The unaudited pro forma condensed consolidated balance sheet as of April 2, 2005 and the unaudited pro forma condensed consolidated statement of operations for the year ended April 2, 2005 give effect to the transactions described above as if they had occurred on April 2, 2005 and April 4, 2004, respectively.

The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The unaudited pro forma condensed consolidated financial statements do not purport to represent what our financial condition or results of operations would actually have been had these transactions in fact occurred as of the dates indicated above or to project our results of operations for these periods indicated or for any other period. This unaudited pro forma condensed consolidated financial information should be read in conjunction with "Prospectus Summary—The Offering," "Use of Proceeds," "Pre-Offering Transactions," "Selected Consolidated Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes appearing elsewhere in this prospectus.

RBC Bearings Incorporated

Unaudited Pro Forma Condensed Consolidated Balance Sheet

April 2, 2005

	Historical	Pro Forma Adjustments	Pro Forma
	(Restated)(16)		
		(in thousands)	
ASSETS			
Current assets:			
Cash	$ 2,635	$ 4,167(1)(2)(3)	$ 6,802
Accounts receivable, net of allowance for doubtful accounts of $628	53,967		53,967
Inventory	95,654		95,654
Deferred income taxes	4,509	5,902(4)(5)	10,411
Prepaid expenses and other current assets	2,226		2,226
Total current assets	158,991	10,069	169,060
Property, plant and equipment, net	55,343		55,343
Goodwill	25,150		25,150
Intangible assets, net of accumulated amortization of $949	3,333		3,333
Deferred financing costs, net of accumulated amortization of $1,280	4,755	1,243(6)	5,998
Other assets	2,597		2,597
Total assets	$ 250,169	$ 11,312	$ 261,481

See accompanying notes.

	Historical	Pro Forma Adjustments	Pro Forma
	(Restated)[16]		
	(in thousands, except share and per share amounts)		
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable	$ 19,243		$ 19,243
Accrued expenses and other current liabilities	10,621		10,621
Current portion of long-term debt	8,245	$ 400 [7]	8,645
Capital lease obligations	226		226
Total current liabilities	38,335	400	38,735
Long-term debt, less current portion	211,834	(43,349)[7][8]	168,485
Capital lease obligations, less current portion	205		205
Other non-current liabilities	7,554		7,554
Total liabilities	257,928	(42,949)	214,979
Class C redeemable preferred stock, $0.01 par value; authorized shares: 900,000; none issued and outstanding	—		—
Stockholders' equity (deficit):			
Class A preferred stock, $0.01 par value; authorized shares: 15,500; none issued and outstanding	—		—
Class B exchangeable convertible participating preferred stock, $0.01 par value; authorized shares: 240,000; issued and outstanding shares: 240,000	2	(2)[9]	—
Class D preferred stock, $0.01 par value; authorized shares: 240,000; none issued and outstanding	—		—
Class A voting common stock, $0.01 par value; authorized shares: 20,000,000; issued and outstanding shares: 6,202,519	62	(62)[9]	—
Class B super voting common stock, $0.01 par value; authorized shares: 2,500,000; issued and outstanding shares: 250	—		—
Common stock, $0.01 par value; authorized shares: 60,000,000; issued and outstanding shares: 15,458,833	—	155 [9]	155
Preferred stock, $0.01 par value; authorized shares: 10,000,000; none issued and outstanding	—		—
Additional paid-in capital	34,252	51,041 [9]	85,293
Deferred compensation	(349)	4,868 [4]	4,519
Accumulated other comprehensive loss	(2,532)		(2,532)
Accumulated deficit	(39,194)	(1,739)[5][10]	(40,933)
Total stockholders' equity (deficit)	(7,759)	54,261	46,502
Total liabilities and stockholders' equity (deficit)	$ 250,169	$ 11,312	$ 261,481

See accompanying notes.

RBC Bearings Incorporated

Unaudited Pro Forma Condensed Consolidated Statement of Operations

Fiscal Year Ended April 2, 2005

	Historical	Pro Forma Adjustments	Pro Forma
	(Restated)[16]		
	(in thousands, except share and per share amounts)		
Net sales	$243,016		$243,016
Cost of sales	174,602		174,602
Gross margin	68,414		68,414
Operating expenses:			
Selling, general and administrative	32,749	$ 1,500 [11]	34,249
Other, net	3,526	(474)[12]	3,052
Total operating expenses	36,275		37,301
Operating income	32,139		31,113
Interest expense, net	19,669	(9,389)[13]	10,280
Loss on early extinguishment of debt	6,950	2,773 [10]	9,723
Other non-operating (income)	(355)		(355)
Income before income taxes	5,875		11,465
Provision for (benefit from) income taxes	(1,385)	2,085 [14]	700
Net income	7,260	3,505	10,765
Preferred stock dividends	(2,280)	2,280 [15]	—
Participation rights of preferred stock in undistributed earnings	(1,142)	1,142 [15]	—
Net income available to common stockholders	$ 3,838	$ 6,927	$ 10,765
Net income per common share:			
Basic:			
Class A common stock	$ 0.62		
Class B common stock	$ 0.62		
Common stock			$ 0.70
Diluted:			
Class A common stock	$ 0.40		
Class B common stock	$ 0.00		
Common stock			$ 0.62
Weighted average common shares:			
Basic:			
Class A common stock	6,202,365		
Class B common stock	250		
Common stock			15,458,833
Diluted:			
Class A common stock	9,552,579		
Class B common stock	1,302,005		
Common stock			17,421,506

See accompanying notes.

Notes to the unaudited pro forma condensed consolidated financial statements (in thousands, except share and per share amounts):

1. Reflects the estimated net proceeds from the issuance of 6,273,000 shares of common stock by us in this offering at an assumed public offering price of $15.00 per share, after deducting the underwriting discount and estimated fees and expenses of collectively approximately $8,427.

2. Reflects the estimated net proceeds to us from the Refinancing Transaction of approximately $38,300, after deducting estimated fees and expenses of approximately $1,700.

3. Reflects the use of net proceeds by us from this offering, together with net proceeds from the Refinancing Transaction, to: (i) redeem all of our $38,562 in aggregate principal amount 13% Senior Subordinated Discount Debentures plus redemption premium of $1,253; (ii) repay all of our outstanding indebtedness, plus prepayment fee of $450, under our $45,000 Second Lien Term Loan; and (iii) redeem all of our Class C preferred stock for $30,536, including any accrued and unpaid dividends, and repurchase 50% of our Class D preferred stock for $4,000.

4. Reflects a balance sheet adjustment for the income tax benefit of $4,868 in connection with compensation expense related to exercise of employee non-qualified stock options and warrants by the selling stockholders via a net share settlement.

5. Reflects the income tax benefit of $1,034 related to the loss on early extinguishment of debt as described in Note (10) below.

6. Reflects new deferred financing fees of $1,700 in connection with the Refinancing Transaction and the write-off of remaining deferred financing fees of $457 related to our 13% Senior Subordinated Discount Debentures and Second Lien Term Loan.

7. Reflects the Refinancing Transaction to increase our Term Loan borrowings under our Senior Credit Facility by $40,000.

8. Reflects the redemption of all of our $38,562 in aggregate principal amount 13% Senior Subordinated Discount Debentures with a carrying value of $37,949 as of April 2, 2005, and repayment of all of our outstanding indebtedness under our $45,000 Second Lien Term Loan.

9. Reflects adjustments related to the Pre-Offering Transactions, exercise of employee stock options and warrants by the selling stockholders pursuant to a net share settlement, this offering and the use of proceeds as described in Note (3) above. Specifically, such adjustments consist of the following:

   - conversion of 240,000 shares of Class B preferred stock with $0.01 par value into 1,846,396 shares of Class A common stock with $0.01 par value;

   - redemption of Class C preferred stock, including any accrued and unpaid dividends, for an aggregate cash redemption price of $30,536;

   - repurchase of all outstanding Class D preferred stock for an aggregate repurchase price of $8,000, $4,000 of which will be paid in cash with proceeds from this offering and the Refinancing Transaction, and the remainder will be paid in shares of Class A common stock based on the offering price before giving effect to underwriters' discount or commissions. Based on an assumed offering price of $15.00, the midpoint of the range on the front cover of this prospectus, we will issue in aggregate 266,668 shares of Class A common stock for the portion of the repurchase price funded with common stock;

   - reclassification of all of our outstanding Class A and Class B common stock (including shares of Class A common stock issued upon conversion of the Class B preferred stock and repurchase of the Class D preferred stock) as common stock on a 1-for-1 basis;

- exercise of 895,949 employee stock options and warrants by certain selling stockholders pursuant to a net share settlement, resulting in 870,000 newly issued shares of common stock at an assumed public offering price of $15.00 per share;

- sale of 6,273,000 shares of common stock with $0.01 par value by us in this offering at an assumed public offering price of $15.00 per share; and

- deduction of the underwriting discount and estimated fees and expenses of collectively approximately $8,427. The following table illustrates these adjustments to each related stockholders' equity account.

	Class B Preferred Stock	Class A Common Stock	Common Stock	Additional Paid-in Capital
Conversion of Class B preferred stock	$(2)	$ —	$ 18	$ (16)
Redemption of Class C preferred stock	—	—	—	(30,536)
Repurchase of Class D preferred stock	—	—	3	(4,003)
Reclassification of Class A common stock and Class B common stock	—	(62)	62	—
Exercise of employee stock options and warrants pursuant to a net share settlement	—	—	9	(9)
Sale of common stock by us in this offering	—	—	63	94,032
Deduction of underwriting discount and estimated fees and expenses	—	—	—	(8,427)
Total adjustments	$(2)	$ (62)	$ 155	$ 51,041

10. Reflects $1,253 redemption premium and write-off of $613 unamortized bond discount related to the redemption of our 13% Senior Subordinated Discount Debentures, $450 prepayment fee related to repayment of all of our $45,000 Second Lien Term Loan and the write-off of the remaining $457 deferred financing fees.

11. Reflects an income statement adjustment for the estimated annual incremental costs of $1,500 to operate as a public company, consisting of the following: (i) an increase in directors and officers insurance premium of approximately $400; (ii) professional services fees incurred in connection with the implementation of Section 404 of the Sarbanes-Oxley Act of approximately $400; (iii) an increase in legal and public company audit fees of approximately $200; (iv) public company listing and investor relations services fees of approximately $200; (v) an increase in compensation expense of approximately $200 for additional accounting personnel; and (vi) financial printing and other professional services fees of approximately $100. These amounts are based on actual market quotations and management's estimates.

12. Reflects the elimination of management fees payable to Whitney, which will terminate upon consummation of this offering.

13. The following table illustrates the adjustments to interest expense after giving effect to the Pre-Offering Transactions, including the Refinancing Transaction, this offering and the use of proceeds thereof.

	Fiscal Year Ended April 2, 2005
Elimination of historical interest expense:	
Interest on 13% senior subordinated discount debentures	$ (5,013)
Interest on second lien term loan with an average interest rate of 11.2%	(3,782)
Interest on $9^{5}/8$% senior subordinated notes	(2,559)
Interest on prior and existing senior credit facilities	(5,745)
Amortization of related deferred financing costs and discounts	(1,076)
	(18,175)
Interest on new borrowings:	
Interest on $150,000 borrowings under amended and restated Term Loan	8,503
Amortization of related deferred financing costs	283
Net interest expense adjustment	$ (9,389)

For computing interest expense on $150,000 borrowings under our amended and restated Term Loan, we assumed an interest rate of 5.67%. On a pro forma basis as of April 2, 2005 after giving effect to the Pre-Offering Transactions, including the Refinancing Transaction, and this offering, our total outstanding debt would have been $177,130. If our weighted average interest rate increases by 0.125%, our interest expense will increase by $221, lowering net income by $139 at an assumed tax rate of 37.3%.

14. Reflects the tax provision related to the pro forma adjustments for this offering at an assumed tax rate of 37.3%.

15. Reflects the elimination of preferred stock dividends and participation rights of preferred stock in undistributed earnings after giving effect to the conversion of all outstanding Class B preferred stock and the redemption and repurchase of all of the outstanding Class C and Class D preferred stock with cash or common stock in connection with the Pre-Offering Transactions. See "Pre-Offering Transactions."

16. As more fully disclosed in Note 21 to the consolidated financial statements, certain amounts for fiscal 2005 have been restated to reflect a change with respect to the fiscal 2005 stock-based compensation expense calculation. The impact of the restatement on net income was to increase net income for fiscal 2005 from $7,083 to $7,260, or 2.5%.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA

The following table sets forth our selected consolidated historical financial and other data as of the dates and for the periods indicated. The selected financial data as of and for the years ended March 30, 2002, March 29, 2003, April 3, 2004 and April 2, 2005 have been derived from our historical consolidated financial statements audited by Ernst & Young LLP, independent auditors. The selected financial data as of and for the fiscal year ended March 31, 2001 have been derived from our historical consolidated financial statements. Historical results are not necessarily indicative of the results expected in the future. You should read the data presented below together with, and qualified by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements included elsewhere in this prospectus.

	Fiscal Year Ended				
	March 31, 2001	March 30, 2002	March 29, 2003	April 3, 2004	April 2, 2005
					(Restated)[4]
	(in thousands, except share and per share amounts)				
Statement of Operations Data:					
Net sales[1]	$ 176,435	$ 168,331	$ 172,860	$ 187,331	$243,016
Cost of sales	116,245	114,575	124,086	135,433	174,602
Gross margin	60,190	53,756	48,774	51,898	68,414
Selling, general and administrative	27,043	25,641	26,647	28,107	32,749
Other, net	776	937	1,424	1,662	3,526
Operating income	32,371	27,178	20,703	22,129	32,139
Interest expense, net	23,335	23,440	21,023	20,380	19,669
Financing costs	3,600	—	—	—	—
Loss (gain) on early extinguishment of debt[2]	—	—	(780)	—	6,950
Other non-operating expense (income)	16	17	298	16	(355)
Income before income taxes	5,420	3,721	162	1,733	5,875
Provision for (benefit from) income taxes	2,326	2,052	113	1,070	(1,385)
Income before extraordinary gain	3,094	1,669	49	663	7,260
Extraordinary gain, net	521	—	—	—	—
Net income	3,615	1,669	49	663	7,260
Preferred stock dividends	—	—	(1,313)	(2,144)	(2,280)
Participation rights of preferred stock in undistributed earnings	—	—	—	—	(1,142)
Net income (loss) available to common stockholders	$ 3,615	$ 1,669	$ (1,264)	$ (1,481)	$ 3,838
Net income (loss) per common share:					
Basic:					
Class A common stock	$ 1.04	$ 0.27	$ (0.20)	$ (0.24)	$ 0.62
Class B common stock	$ 1.04	$ 0.27	$ (0.20)	$ (0.24)	$ 0.62
Diluted:					
Class A common stock	$ 0.48	$ 0.22	$ (0.20)	$ (0.24)	$ 0.40
Class B common stock	$ 0.25	$ 0.00	$ (0.20)	$ (0.24)	$ 0.00
Weighted average number of common and common equivalent shares outstanding:					
Basic:					
Class A common stock	2,788,107	6,188,653	6,188,653	6,188,653	6,202,365
Class B common stock	674,573	250	250	250	250
Diluted:					
Class A common stock	6,045,762	7,607,418	6,188,653	6,188,653	9,552,579
Class B common stock	2,775,001	1,284,227	250	250	1,302,005
Pro Forma Data:[3]					
Pro forma net income					$ 10,765
Pro forma net income per common share:					
Basic					$ 0.70
Diluted					$ 0.62
Pro forma weighted average number of common and common equivalent shares outstanding:					
Basic				15,458,833	
Diluted				17,421,506	

	Fiscal Year Ended				
	March 31, 2001	March 30, 2002	March 29, 2003	April 3, 2004	April 2, 2005
	(in thousands)				
Other Financial Data:					
EBITDA[5]	$ 37,917	$ 36,266	$ 29,224	$ 31,295	$ 41,279
Capital expenditures	6,619	5,941	6,522	4,951	9,526

	As of				As of April 2, 2005	
	March 31, 2001	March 30, 2002	March 29, 2003	April 3, 2004	Actual	Pro Forma[3]
	(in thousands)					
Balance Sheet Data:						
Cash	$ 4,071	$ 7,185	$ 3,553	$ 3,250	$ 2,635	$ 6,802
Working capital	56,980	70,957	89,411	105,550	120,656	130,325
Total assets	209,372	219,376	232,356	234,746	250,169	261,481
Total debt	218,249	226,713	210,933	215,224	220,079	177,130
Total stockholders' equity (deficit)	(38,134)	(37,567)	(17,649)	(16,285)	(7,759)	46,502

(1) Net sales were $168.3 million in fiscal 2002 compared to $176.4 million in fiscal 2001, a decrease of $8.1 million, or 4.6%. Net sales related to the RBC Oklahoma acquisition, which was effective on August 20, 2001, were $3.7 million in fiscal 2002. Net sales, excluding the RBC Oklahoma acquisition, decreased $11.8 million or 6.7% from fiscal 2001, primarily due to softness in the OEM heavy truck market, the industrial aftermarkets and the aerospace market after September 11, 2001.

Net sales were $172.9 million in fiscal 2003 compared to $168.3 million in fiscal 2002, an increase of $4.6 million, or 2.7%. Net sales in the compared periods included net sales totaling $2.1 million in fiscal 2003 for RBC France, which was acquired in December 2002, and $5.2 million in fiscal 2003 and $3.7 million in fiscal 2002 generated by RBC Oklahoma, which was acquired effective August 2001. Excluding RBC France and RBC Oklahoma's sales, our net sales increased $1.0 million or 0.6% from period to period.

Net sales were $243.0 million in fiscal 2005 compared to $187.3 million in fiscal 2004, an increase of $55.7 million. Net sales in the compared periods included net sales of $19.3 million in fiscal 2005 and $6.1 million in fiscal 2004 for RBC-API, which was acquired in December 2003.

(2) Loss on extinguishment of debt of $7.0 million in fiscal 2005 included $4.3 million for non-cash write-off of deferred financing fees associated with retired debt, $1.8 million of redemption premium and $0.9 million of accrued interest for the 30 day call period related to the early extinguishment of $110.0 million of 9⁵/8% senior subordinated notes in July 2004.

(3) Assumes the following transactions were effected as of April 4, 2004 with respect to the Pro Forma Statement of Operations Data, and as of April 2, 2005 with respect to the Pro Forma Balance Sheet Data, presented above: (1) the Pre-Offering Transactions, (2) the sale by us of 6,273,000 shares in this offering at an assumed initial public offering price of $15.00 per share, (3) the repayment of all of our $38.6 million in aggregate principal amount of 13% Senior Subordinated Discount Debentures due 2009, (4) the repayment of all outstanding indebtedness under our $45.0 million Second Lien Term Loan and (5) the Refinancing Transaction. In addition, pro forma amounts have been adjusted to reflect the exercise of options and warrants by some of the selling stockholders with respect to shares to be sold in the offering. These selling stockholders will exercise these options or warrants through a net share settlement. See "Unaudited Pro Forma Condensed Consolidated Financial Statements," "Pre-Offering Transactions," "Use of Proceeds" and "Prospectus Summary—The Offering."

(4) As more fully disclosed in Note 21 to the consolidated financial statements, certain amounts for fiscal 2005 have been restated to reflect a change with respect to the fiscal 2005 stock-based compensation expense calculation. The impact of the restatement on net income was to increase net income for fiscal 2005 from $7,083 to $7,260, or 2.5%.

(5) EBITDA consists of net income (loss), plus interest expense, net, loss (gain) on early extinguishment of debt, provision for (benefit from) income taxes and depreciation and amortization. EBITDA is not a measure of operating performance under generally accepted accounting principles in the United States, or GAAP, and should not be considered as an alternative or substitute for GAAP profitability measures such as operating earnings (loss) from continuing operations, discontinued operations, extraordinary items and net income (loss). EBITDA as an operating performance measure has material limitations since it excludes, among other things, the statement of operations impact of depreciation and amortization expense, interest expense, loss (gain) on early extinguishment of debt and the provision for (benefit from) income taxes and therefore does not necessarily represent an accurate measure of profitability, particularly in situations where a company is highly leveraged or has a disadvantageous tax structure. We use a significant amount of capital assets and depreciation and amortization expense is a necessary element of our costs and ability to generate revenue and

therefore its exclusion from EBITDA is a material limitation. We also have a significant amount of debt and interest expense is a necessary element of our costs and ability to generate revenue and therefore its exclusion from EBITDA is a material limitation. We generally incur significant U.S. federal, state and foreign income taxes each year and the provision for (benefit from) income taxes is a necessary element of the our costs and therefore its exclusion from EBITDA is a material limitation. As a result, EBITDA should be evaluated in conjunction with net income (loss) for a more complete analysis of our profitability, as net income (loss) includes the financial statement impact of these items and is the most directly comparable GAAP operating performance measure to EBITDA. As EBITDA is not defined by GAAP, our definition of EBITDA may differ from and therefore may not be comparable to similarly titled measures used by other companies, thereby limiting its usefulness as a comparative measure. Because of the limitations that EBITDA has as an analytical tool, investors should not consider it in isolation or as a substitute for analysis of our operating results as reported under GAAP.

We use EBITDA as a supplementary non-GAAP operating performance measure to assist with our overall evaluation of our and our subsidiaries' operating performance (including the performance of subsidiary management) relative to outside peer group companies. In addition, we use EBITDA as an operating performance measure in financial presentations to our board of directors, stockholders, the banks participating in our credit facility and rating agencies, among others, as a supplemental non-GAAP operating measure to assist them in their evaluation of our performance. We are also active in mergers, acquisitions and divestitures and use

EBITDA as an additional operating performance measure to assess our, our subsidiaries' and potential acquisition target enterprise value and to assist in the overall evaluation of our, our subsidiaries' and potential acquisition target performance on an internal basis and relative to peer group companies. We use EBITDA in conjunction with traditional GAAP operating performance measures as part of our overall assessment of potential valuation and relative performance and therefore do not place undue reliance on EBITDA as our only measure of operating performance. We believe EBITDA is useful for our management and investors as it is a commonly used analytical measurement for comparing company profitability, which eliminates the effects of financing, differing valuations of fixed and intangible assets and tax structure decisions. We believe that EBITDA is specifically relevant to us, due to the different degrees of leverage among our competitors. We have included EBITDA as a supplemental operating performance measure, which should be evaluated by investors in conjunction with the traditional GAAP performance measures for a complete evaluation of our operating performance. The following table provides a reconciliation of net income, the most directly comparable GAAP measure, to EBITDA.

	Fiscal Year Ended				
	March 31, 2001	**March 30, 2002**	**March 29, 2003**	**April 3, 2004**	**April 2, 2005**
	(in thousands)				
Net income	$ 3,615	$ 1,669	$ 49	$ 663	$ 7,260
Add:					
Provision for (benefit from) income taxes	2,326	2,052	113	1,070	(1,385)
Interest expense, net	23,335	23,440	21,023	20,380	19,669
Loss (gain) on early extinguishment of debt	—	—	(780)	—	6,950
Depreciation and amortization	8,641	9,105	8,819	9,182	8,785
EBITDA	$ 37,917	$ 36,266	$ 29,224	$ 31,295	$ 41,279

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the "Selected Consolidated Historical Financial Data," "Description of Certain Indebtedness" and our consolidated financial statements and the related notes included elsewhere in this prospectus. This prospectus contains, in addition to historical information, forward-looking statements that include risks, uncertainties and assumptions. See "Disclosure Regarding Forward-Looking Statements" for information about our presentation of forward-looking information in this prospectus. Factors that could cause such differences include those described under "Risk Factors."

Overview

We are a well known international manufacturer of highly engineered precision plain, roller and ball bearings. Our precision solutions are integral to the manufacture and operation of most machines and mechanical systems, reduce wear to moving parts, facilitate proper power transmission and reduce damage and energy loss caused by friction. While we manufacture products in all major bearing categories, we focus primarily on the higher end of the bearing market where we believe our value added manufacturing and engineering capabilities enable us to differentiate ourselves from our competitors and enhance profitability. We estimate that approximately two-thirds of our net sales during fiscal 2005 were generated by products for which we hold the number one or two market position. We have been providing bearing solutions to our customers since 1919. Over the past ten years, under the leadership of our current management team, we have significantly broadened our end markets, products, customer base and geographic reach. We currently operate 16 manufacturing facilities in three countries.

Demand for bearings generally follows the market for products in which bearings are incorporated and the economy as a whole. Purchasers of bearings include industrial equipment and machinery manufacturers, producers of commercial and military aerospace equipment such as missiles and radar systems, agricultural machinery manufacturers, construction and specialized equipment manufacturers and automotive and commercial truck manufacturers. The markets for our products are cyclical, and general market conditions could negatively impact our operating results. We have endeavored to mitigate the cyclicality of our product markets by entering into sole-source relationships and long-term purchase orders, through diversification across multiple market segments within the aerospace, defense and diversified industrial segments, by increasing sales to the aftermarket and by focusing on developing highly customized solutions.

During fiscal 2005, the world economy continued to emerge from the slowdown experienced from 2000 to 2003, and we experienced favorable conditions across our three major markets: diversified industrial, aerospace and defense. In particular the economy of our diversified industrial market has been driven by strong requirements in non-residential construction, mining and the oil and gas sectors. These conditions have resulted in robust demand for bearings for both OEM and replacement markets. In the aerospace market a very strong recovery began, and we believe it is at its early stages. Expansion of the commercial aircraft sector, in response to increased passenger demand and the need of the carriers to upgrade the worldwide fleet, drove increased build schedules at Boeing and Airbus. In addition, demand for corporate aircraft remained strong. The defense sector continued to replace and develop its weapons and cargo platforms. This sector demonstrated increased requirements for replacement bearings for combat systems strained by extensive use in harsh environments over the past $3^1/_2$ years. For fiscal year 2005, approximately one-fifth of our revenues were derived from sales directly or indirectly outside the U.S. We expect this component of our business to increase in response to our emphasis on continued penetration of foreign markets, particularly those in aerospace and defense. These factors have resulted in favorable customer order volume resulting in total order bookings for fiscal 2005 of $281.8 million, an increase of $91.3 million, or 47.9%, compared to $190.5 million for the

comparable period last year. Excluding our RBC-API unit acquired from The Timken Company in December 2003, total order bookings for fiscal 2005, were $256.2 million, an increase of $68.0 million, or 36.1%, compared to $188.2 million for fiscal 2004.

Approximately 30% of our costs are attributable to raw materials, a majority of which are related to steel and related products. During the past 24 months, steel prices have increased to historically high levels, responding to unprecedented levels of world demand. To date, we have generally been able to pass through these costs to our customers through price increases and the assessment of surcharges, although there can be a time lag of up to 12 weeks.

Competition in specialized bearing markets is based on engineering design, brand, lead times and reliability of product and service. These markets are generally not as price sensitive as the markets for standard bearings.

We have demonstrated expertise in acquiring and integrating bearing and precision-engineered component manufacturers that have complementary products or distribution channels and provide significant potential for margin enhancement. We have consistently increased the profitability of acquired businesses through a process of methods and systems improvement coupled with the introduction of complementary and proprietary new products. Since October 1992 we have completed 12 acquisitions which have significantly broadened our end markets, products, customer base and geographic reach.

Sources of Revenue

Revenue is generated primarily from sales of bearings to the diversified industrial market, the aerospace market and the defense market. Sales are often made pursuant to sole-source relationships, long-term agreements and purchase orders with our clients. We recognize revenues principally from the sale of products at the point of passage of title, which is at the time of shipment. In certain instances, however, we recognize revenues under the contract method of accounting.

Sales to the diversified industrial market accounted for 64% of our net sales for fiscal 2005. Sales to the aerospace and defense markets accounted for 36% of our net sales for the same period. We anticipate that sales to the aerospace and defense markets will increase as a percentage of our net sales.

Aftermarket sales of replacement parts for existing equipment platforms represented approximately 56% of our net sales for fiscal 2005. We continue to develop our OEM relationships which have established us as a leading supplier on many important aerospace and defense platforms. Over the past several years, we have experienced increased demand from the replacement parts market, particularly within the aerospace and defense sectors; one of our business strategies has been to increase the proportion of sales derived from this segment. We believe these activities increase the stability of our revenue base, strengthen our brand identity and provide multiple paths for revenue growth.

Approximately one-fifth of our sales were derived from sales directly or indirectly outside the U.S. for fiscal 2005, an increase from 19% in fiscal 2004. We expect that this proportion will increase as we seek to increase our penetration of foreign markets, particularly within the aerospace and defense sectors. In fiscal 2005, our top ten customers, six of which were OEMs and the remaining four were distributors, generated 32% of our net sales. Out of the 32% of net sales generated by our top ten customers during fiscal 2005, 19% was generated by our top four customers. No single customer was responsible for generating more than 5% of our net sales for the same period.

Cost of Revenues

Cost of sales includes employee compensation and benefits, materials, outside processing, depreciation of manufacturing machinery and equipment, supplies and manufacturing overhead.

During fiscal 2005 our gross margin was impacted by rising raw material prices, in particular, steel and related products. In response, we have, to date, managed to pass on the majority of these price increases of raw materials to our customers through steel surcharges assessed on, or price increases of, our bearing products. However, we have from time to time experienced a time lag of up to 12 weeks in our ability to pass through steel surcharges to our customers, which has negatively impacted our gross margin. We will continue to pass on raw material price increases as competitive conditions allow.

We have not been significantly impacted by recent increases in energy prices because energy costs, the most significant component of which is natural gas used in heat treating operations, represent less than 4% of our overall costs.

We monitor gross margin performance through a process of monthly operation management reviews. We will develop new products to target certain markets allied to our strategies by first understanding volume levels and product pricing and then constructing manufacturing strategies to achieve defined margin objectives. We only pursue product lines where we believe that the developed manufacturing process will yield the targeted margins. Management monitors gross margins of all product lines on a monthly basis to determine which manufacturing processes or prices should be adjusted.

Selling, General and Administrative Expenses

Selling, general and administrative, or SG&A, expenses relate primarily to the compensation and associated costs of selling, general and administrative personnel, professional fees, insurance, facility costs and information technology. We expect SG&A expenses will increase in absolute terms as we increase our sales efforts and incur increased costs related to the anticipated growth of our business and the additional costs associated with operating as a public company.

Results of Operations

The following table sets forth the various components of our consolidated statements of operations, expressed as a percentage of net sales, for the periods indicated that are used in connection with the discussion herein.

	Fiscal Year Ended		
	March 29, 2003	April 3, 2004	April 2, 2005
Statement of Operations Data:			
Net sales	100.0%	100.0%	100.0%
Gross margin	28.2	27.7	28.2
Selling, general and administrative	15.4	15.0	13.5
Other, net	0.8	0.9	1.5
Operating income	12.0	11.8	13.2
Interest expense, net	12.2	10.9	8.1
Loss (gain) on early extinguishment of debt	(0.5)	—	2.9
Other non-operating expense (income)	0.2	0.0	(0.2)
Income before income taxes	0.1	0.9	2.4
Provision for (benefit from) income taxes	0.1	0.6	(0.6)
Net income	0.0	0.3	3.0

Segment Information

We have four reportable product segments: Plain Bearings, Roller Bearings, Ball Bearings and Other. Other consists primarily of precision ball screws and machine tool collets. The following table shows our net sales and operating income with respect to each of our reporting segments plus Corporate for the last three fiscal years:

	Fiscal Year Ended		
	March 29, 2003	April 3, 2004	April 2, 2005
	(in thousands)		
Net External Sales			
Plain	$ 67,448	$ 77,578	$ 93,250
Roller	60,788	63,106	92,281
Ball	34,038	35,801	41,881
Other	10,586	10,846	15,604
Total	$ 172,860	$ 187,331	$ 243,016
Operating Income			
Plain	$ 16,782	$ 18,573	$ 22,647
Roller	8,459	11,259	17,030
Ball	7,009	6,676	9,070
Other	1,779	378	797
Corporate	(13,326)	(14,757)	(17,405)
Total	$ 20,703	$ 22,129	$ 32,139

Geographic Information

The following table summarizes our sales, by destination, for the periods shown:

	Fiscal Year Ended		
	March 29, 2003	April 3, 2004	April 2, 2005
	(in thousands)		
Geographic Revenues			
Domestic	$ 155,579	$ 166,763	$ 215,381
Foreign	17,281	20,568	27,635
Total	$ 172,860	$ 187,331	$ 243,016

For additional information concerning our business segments see Note 20 to our Consolidated Financial Statements.

Fiscal 2005 Compared to Fiscal 2004

Net Sales. Our net sales for fiscal 2005 were $243.0 million, an increase of $55.7 million, or 29.7%, compared to $187.3 million for fiscal 2004. During fiscal 2005, we experienced net sales growth in each of our four segments, driven by strong demand across our end markets as well as our continued efforts to supply new products to existing and new customers. Overall, we experienced significant growth in net sales to our diversified industrial and aerospace customers, driven principally by increased build rates of industrial machinery and commercial and military aircraft, respectively. We believe these trends will continue for the near future and we believe opportunities exist for our expansion within each of these markets. In particular, we expect to benefit from the current acceleration in aerospace build rates and anticipate that net sales from the aerospace market will represent a larger percentage of our overall net sales going forward.

Our Plain Bearing segment achieved net sales of $93.3 million for fiscal 2005, an increase of $15.7 million, or 20.2%, compared to $77.6 million for the prior year. Net sales to our diversified industrial customers accounted for $9.0 million of the increase, driven primarily by strong demand in the construction and mining heavy equipment sectors, strong aftermarket demand for rail products, and several new product introductions we made during the year targeted at both existing and new customers. The commercial and military aerospace market accounted for $8.2 million of the increase due to an increase in airframe and aerospace engine bearing shipments resulting from better penetration of existing customers and a number of new contract wins as well as recovering build rates and maintenance requirements for commercial aircraft. Direct sales to the defense market decreased by $1.5 million due to exceptionally strong demand in the last six months of fiscal 2004 compared to the same period for fiscal 2005.

Our Roller Bearing segment achieved net sales of $92.3 million for fiscal 2005, an increase of $29.2 million, or 46.2%, compared to $63.1 million for the prior year. $13.2 million of the increase was attributable to the inclusion of a full year of results for the RBC-API business unit which was purchased in December 2003. Excluding RBC-API, net sales for the Roller Bearing segment were $73.0 million for fiscal 2005, an increase of $16.0 million, or 28.1%, compared to $57.0 million for fiscal 2004. $14.8 million of this increase was attributable to sales to our customers in the industrial market, where we have selectively increased our penetration of the class 8 truck market, and benefited from strong demand from mining, construction equipment and general industrial applications. The aerospace market accounted for the remaining $1.2 million of the increase, driven primarily by increasing build rates and maintenance requirements for military aircraft.

Our Ball Bearing segment achieved net sales of $41.9 million for fiscal 2005, an increase of $6.1 million, or 17.0%, compared to $35.8 million for the prior year. $3.4 million of the increase was attributable to sales to our customers in the industrial market, driven primarily by increased demand from semiconductor applications and by increased demand from industrial distributors for aftermarket parts. Commercial and military aerospace accounted for the remaining $2.7 million of the increase, driven principally by increased demand from airframe, electro-optical, and satellite and communications applications and our increased penetration of the airframe market.

Our Other segment, which is focused mainly on the sale of precision ball screws and machine tool collets, achieved net sales of $15.6 million, an increase of $4.8 million, or 43.9%, compared to $10.8 million for the same period last year. This increase was primarily due to increased sales of our machine tool collets as a result of our increased penetration of the U.S. machine tool collet market and due to increasing overall market demand.

Gross Margin. Our gross margin was $68.4 million, or 28.2% of net sales, for fiscal 2005, versus $51.9 million, or 27.7% of net sales, for fiscal 2004. The increase in our gross margin as a percentage of net sales was primarily the result of an overall increase in volume, slightly higher prices, and a shift in mix toward higher margin products, partially offset by increased raw material and labor costs which negatively impacted gross margin by 4.0%. We were able to grow our gross margin percentage through price increases and raw material surcharges to customers which offset the impact of raw material price increases of up to 40%.

Selling, General and Administrative. Our SG&A expenses increased by $4.6 million, or 16.5%, to $32.7 million for fiscal 2005 compared to $28.1 million for fiscal 2004. Excluding the RBC-API acquisition, SG&A increased by $4.1 million in fiscal 2005, or 14.7%, compared to fiscal 2004. The $4.1 million increase was primarily due to an increase in personnel necessary to support our increased volume, higher professional service fees and $0.4 million of compensation expense recorded for the intrinsic value of options issued during fiscal 2005. As a percentage of net sales, SG&A declined to 13.5% for fiscal 2005 compared to 15.0% for fiscal 2004. The decline was primarily due to continued control of fixed costs and controlled expansion of headcount. We expect our SG&A to remain relatively

constant as a percentage of net sales over the next few years, including the anticipated costs associated with operating as a public company.

Other, net. Other, net for fiscal 2005 was $3.5 million compared to $1.7 million for fiscal 2004. For fiscal 2005, other, net included an expense of $2.0 million for the disposal of manufacturing fixed assets, $0.5 million of Whitney management fees, $0.5 million of bad debt expense and $0.6 million of other expenses. For fiscal 2004, other, net consisted of $0.5 million of Whitney management fees, fixed asset disposals of $0.2 million, $0.4 million of acquisition costs and $0.5 million of other expenses.

Operating Income. Operating income was $32.1 million, or 13.2% of net sales, for fiscal 2005 compared to $22.1 million, or 11.8% of net sales for fiscal 2004. Operating income for the Plain Bearing segment was $22.6 million, or 24.3% of net sales, compared to the prior year's $18.6 million, or 23.9% of net sales. Our Roller Bearing segment achieved an operating income of $17.0 million, or 18.5% of net sales, compared to $11.3 million, or 17.8% of net sales, for the prior year, owing primarily to the full year inclusion of RBC-API. Our Ball Bearing segment achieved an operating income of $9.1 million, or 21.7% of net sales, for fiscal 2005, compared to $6.7 million, or 18.6% of net sales, for fiscal 2004. Our Other segment achieved an operating income of $0.8 million, or 5.1% of net sales, for fiscal 2005, compared to $0.4 million, or 3.5% of net sales, for fiscal 2004. The increase in operating income in each of our segments was driven primarily by an increase in net sales. In addition, our operating income as a percentage of net sales increased for each of our segments primarily as a result of leveraging our fixed cost base over higher net sales.

Interest Expense, net. Interest expense, net decreased by $0.7 million to $19.7 million for fiscal 2005 compared to $20.4 million for fiscal 2004. Amortization of deferred financing costs and debt discount are recorded as a component of net interest expense. Amortization expenses included in interest expense, net were $1.1 million for fiscal 2005 compared to $1.6 million for fiscal 2004.

Loss on Early Extinguishment of Debt. For fiscal 2005, loss on extinguishment of debt of $7.0 million included $4.3 million for non-cash write-off of deferred financing fees associated with retired debt, $1.8 million of redemption premium and $0.9 million in interest expense for the 30 day call period related to the early extinguishment of our $110.0 million of $9^{5}/8$% senior subordinated notes in July of 2004.

Income Before Income Taxes. Income before taxes increased by $4.2 million, to $5.9 million in fiscal 2005 compared to $1.7 million in fiscal 2004 primarily as a result of higher gross margin, partially offset by higher operating expenses, disposal of manufacturing fixed assets, and loss on extinguishment of debt.

Income Taxes. Income tax for fiscal 2005 provided a benefit of $1.4 million compared to an expense of $1.1 million for fiscal 2004. Our effective income tax rate for fiscal 2005 was a benefit of 23.6% compared to an effective rate of 61.7% for fiscal 2004. In fiscal 2005, the income tax benefit was impacted predominantly by the reduction of income tax expense by $3.8 million for the undistributed earnings of our foreign subsidiaries on which income taxes were previously recorded. We have reassessed our needs internationally and have determined that our undistributed foreign earnings of approximately $18.0 million as of April 2, 2005 will be re-invested indefinitely as further described in Note 15 to our consolidated financial statements. Additionally, our effective tax rate for fiscal 2005 was impacted by a foreign tax rate differential of $0.4 million and adjustments of taxes to correspond to tax returns as filed of $0.8 million. Our effective tax rate for fiscal 2004 was impacted predominantly by the adjustments of taxes to correspond to tax returns as filed and other miscellaneous permanent differences. As of April 2, 2005, net operating loss carry forwards were approximately $5.5 million (federal) and $7.0 million (state) to offset future income taxes, which expire at various dates through 2024. Alternative minimum tax credit carry forwards totaled approximately $1.9 million as of April 2, 2005.

Net Income. Net income increased by $6.6 million to $7.3 million for fiscal 2005 compared to $0.7 million for fiscal 2004.

Fiscal 2004 Compared to Fiscal 2003

Net sales. Our net sales for fiscal 2004 were $187.3 million, an increase of $14.4 million, or 8.4%, compared to $172.9 million for fiscal 2003. We acquired RBC-API in December 2003, which contributed $6.1 million to the Roller Bearing segment in fiscal 2004. Overall we began experiencing increased demand from our diversified industrial and aerospace customers in the fourth quarter of fiscal 2004.

Our Plain Bearing segment achieved net sales of $77.6 million for fiscal 2004, an increase of $10.1 million, or 15.0%, compared to $67.4 million in fiscal 2003. $6.4 million of this increase was due to the inclusion of a full year of net sales for the RBC France business unit which was acquired in December 2002. Net sales to our commercial and military aerospace customers accounted for $4.2 million of the increase due to an increase in aerospace engine bearing shipments, mainly for military applications. Net sales to our diversified industrial customers declined $0.5 million, driven mainly by low industrial activity in the first nine months of the year.

Our Roller Bearing segment achieved net sales of $63.1 million for fiscal 2004, an increase of $2.3 million, or 3.8%, compared to $60.8 million for fiscal 2003. Included in fiscal 2004 were net sales for the RBC-API business unit which was acquired in December 2003. Excluding RBC-API, net sales for the Roller Bearing segment decreased by $3.8 million in fiscal 2004 due principally to the continued contraction in the industrial and heavy truck markets for these bearings in the first nine months of the fiscal year.

Our Ball Bearing segment achieved net sales of $35.8 million for fiscal 2004, an increase of $1.8 million, or 5.2%, compared to $34.0 million for fiscal year 2003. Net sales to our diversified industrial customers accounted for $1.0 million of the increase, driven by increased demand from industrial distributors for aftermarket parts and increased penetration of the industrial distributor market. The remaining $0.8 million of the increase was driven by increased demand for airframe applications.

Our Other segment achieved net sales of $10.8 million for fiscal 2004, an increase of $0.2 million, or 2.5%, compared to $10.6 million for fiscal year 2003. This increase was primarily due to increased sales of our machine tool collets to the machine tool industry.

Gross Margin. Our gross margin was $51.9 million in fiscal 2004, or 27.7% of net sales, versus $48.8 million, or 28.2% of net sales, for fiscal 2003. Gross margins for fiscal 2004 and fiscal 2003 reflected one-time expenses associated with the start-up of our Mexican manufacturing operations, the reengineering of manufacturing operations at our Tyson facility, and the relocation of our Bremen, Indiana manufacturing facility to Plymouth, Indiana. These charges totaled $1.7 million in fiscal 2004 and $2.3 million in fiscal 2003. Excluding these costs, and the additive gross margin in fiscal 2004 from our RBC-API acquisition, our gross margin decreased $0.5 million, primarily the result of a shift in mix toward lower margin products.

Selling, General and Administrative Expenses. SG&A expenses increased by approximately 5.5%, or $1.5 million, to $28.1 million in fiscal 2004 from $26.6 million in fiscal 2003. The increase of $1.5 million was mainly due to the addition of RBC-API in December 2003. Excluding the effects of the RBC-API acquisition in fiscal year 2004, SG&A expenses increased $0.7 million, or 2.6%. As a percentage of net sales, SG&A expenses were 15.0% for fiscal 2004 compared to 15.4% for fiscal 2003.

Other, net. Other, net for fiscal 2004 was $1.7 million compared to $1.4 million for fiscal 2003. Fiscal 2004 expenses consisted of Whitney management fees of $0.5 million, fixed asset disposals of $0.2 million, acquisition expenses of $0.4 million and $0.6 million of other expenses. Fiscal 2003 expenses included Whitney management fees of $0.4 million, fixed asset disposals of $0.9 million

associated with the relocation of our Bremen, Indiana manufacturing facility and $0.2 million of other expenses.

Operating Income. Operating income was $22.1 million, or 11.8% of net sales, for fiscal 2004 compared to $20.7 million, or 12.0% of net sales in fiscal 2003. Operating income for the Plain Bearing segment was $18.6 million, or 23.9% of sales, compared to the prior year's $16.8 million, or 24.9% of net sales. Our Roller Bearing segment achieved an operating income of $11.3 million, or 17.8% of net sales, compared to the prior year's $8.5 million, or 13.9% of net sales. Our Ball Bearing segment achieved an operating income of $6.7 million, or 18.6% of net sales, compared to the prior year's $7.0 million, or 20.6% of net sales. Our Other segment achieved an operating income of $0.4 million, or 3.5% of net sales, compared to the prior year's $1.8 million, or 16.8% of sales. Changes in operating income in our Plain Bearing and Roller Bearing segments were driven primarily by changes in net sales. Changes in operating income in our Ball Bearing and Other segments were driven by changes in net sales, offset by increased SG&A expenses and a shift in mix toward lower margin products.

Interest Expense, net. Interest expense, net decreased by $0.6 million to $20.4 million in fiscal 2004 as compared to $21.0 million in fiscal 2003. Amortization of deferred financing costs and debt discount are recorded as a component of net interest expense. Amortization expenses included in interest expense, net were $1.6 million in fiscal 2004 and $3.3 million in fiscal 2003. Excluding the amortization of deferred financing costs and debt discount, interest expense, net increased by $1.1 million.

Gain on Early Extinguishment of Debt. In fiscal 2003 we retired early $28.8 million of debentures which resulted in a gain of $0.8 million.

Income Before Income Taxes. Income before income taxes increased by $1.5 million to $1.7 million in fiscal 2004 from $0.2 million in fiscal 2003. This increase was primarily due to fiscal 2004 higher operating income of $1.4 million.

Income Taxes. Income tax expense was $1.1 million for fiscal 2004 as compared to $0.1 million for the comparable period last year. As a percentage of pre-tax income, the fiscal 2004 effective tax rate was 61.7% compared to 69.8% for fiscal year 2003. For fiscal 2004, the difference between the statutory and effective tax rates was primarily due to the adjustment of taxes to correspond to tax returns filed and other miscellaneous permanent differences. For fiscal 2003 the rate differential related to various minor permanent differences. As of April 3, 2004, we had net operating loss carryforwards of approximately $14.7 million to offset future federal and state income taxes, which expire at various dates through 2024. In addition, we had an alternative minimum tax credit carryforwards of approximately $1.6 million as of April 3, 2004.

Net Income. Net income increased $0.6 million in fiscal 2004 to $0.7 million compared to $0.1 million in fiscal 2003.

Liquidity and Capital Resources

Our business is capital intensive. Our capital requirements include manufacturing equipment and materials. In addition, we have historically fueled our growth in part through acquisitions. We have historically met our working capital, capital expenditure requirements and acquisition funding needs through our net cash flows provided by operations, various debt arrangements and sale of equity to private investors.

Liquidity

On June 29, 2004, we entered into the $165.0 million Senior Credit Facility, comprised of a $55.0 million Revolving Credit Facility and a $110.0 million Term Loan. In addition, on June 29, 2004, we entered into a $45.0 million Second Lien Term Loan. Each loan is secured by a lien against substantially all of our assets and subjects us to standard affirmative and negative covenants, as well as financial leverage tests. As of April 2, 2005, we were in compliance with all such covenants and

leverage tests. The Second Lien Term Loan also contains a covenant that limits our capital expenditures to $10.0 million per annum and requires that a portion of the proceeds from this offering is used to repay outstanding indebtedness under the Second Lien Term Loan. The Senior Credit Facility and the Second Lien Term Loan bear interest at floating rates. As of April 2, 2005, the blended interest rate for the Senior Credit Facility and the Second Lien Term Loan was equal to 7.6%. As of April 2, 2005, we had outstanding borrowings of $5.0 million and outstanding letters of credit of $20.3 million under the Revolving Credit Facility and borrowing availability of $26.1 million. See "Description of Certain Indebtedness—Senior Credit Facility."

Mandatory prepayments in respect of the Term Loan or permanent reductions to the commitments under the Revolving Credit Facility, as applicable, are required in an amount equal to (a) 100% of the net cash proceeds from all asset sales and dispositions by RBCI and its subsidiaries, subject to certain exceptions, (b) 100% of the net cash proceeds from extraordinary receipts (including, without limitation, proceeds from certain key-man life policies) and (c) 100% of the net cash proceeds from equity issuances by us and our subsidiaries, subject to certain exceptions; provided that in the event of certain qualified public offerings of equity securities by us, net cash proceeds thereof shall be used first to repay our outstanding 13% Senior Subordinated Discount Debentures, or Discount Debentures, until paid in full, second 50% of any remaining proceeds must be used to repay our Second Lien Term Loan and third, any remaining proceeds, up to 50% may be used to make restricted payments, including redemptions of our common and preferred stock, and up to 50% may be used to repay our Second Lien Term Loan and any remaining unused balance may be used for general corporate purposes. This offering will constitute a qualified public offering as defined under the Senior Credit Facility. Accordingly, all of the outstanding Discount Debentures will be paid in full out of the proceeds from this offering. In addition, a change of control will result in a default under the Senior Credit Facility and the Second Lien Term Loan. Because this offering is a qualified public offering, as defined in the Senior Credit Facility and the Second Lien Term Loan, this offering will not constitute a change of control under either of these agreements.

On December 8, 2003, Schaublin entered into a bank credit facility, or Swiss Credit Facility, with Credit Suisse providing for 10.0 million Swiss Francs, or approximately $8.0 million, of term loan, or Swiss Term Loan, and up to 2.0 million Swiss Francs, or approximately $1.6 million, of revolving credit loans and letters of credit, or the Swiss Revolver. The credit agreement for the Swiss Credit Facility contains affirmative and negative covenants regarding the Schaublin financial position and results of operations and other terms customary to such financings. As of April 2, 2005, we were in compliance with all such covenants. On November 8, 2004, we amended the Swiss Credit Facility to increase the Swiss Revolver to 4.0 million Swiss Francs, or approximately $3.5 million. As of April 2, 2005, $6.2 million was outstanding under the Swiss Term Loan, and no loans or letters of credit were outstanding under the Swiss Revolver.

In connection with this offering and the Refinancing Transaction, we expect to amend and restate our Senior Credit Facility to provide for additional borrowings under our Term Loan in an amount of $40.0 million. See "Pre-Offering Transactions—Refinancing Transaction."

We will be required to make a cash payment of $5.2 million to our CEO in the first half of fiscal 2006 in connection with the payment of the settlement bonus as described under the heading "Related Party Transactions—Dr. Hartnett Settlement Bonus." We will fund this payment with either cash on hand or borrowings under our Revolving Credit Facility.

We believe that after giving effect to this offering and the Refinancing Transaction, our cash and cash equivalents, cash flow from operations and capacity under the Revolving Credit Facility and Swiss Revolver will provide adequate cash to fund our working capital, capital expenditure, debt service and other cash requirements for our existing businesses for the foreseeable future. Our ability to meet future working capital, capital expenditure and debt service requirements will depend on our future financial performance, which will be affected by a range of economic, competitive and business factors, particularly interest rates, cyclical changes in our end markets and prices for steel and our ability to pass through price increases on a timely basis, many of which are outside of our control. In addition, future acquisitions could have a significant impact on our liquidity position and our need for additional funds.

From time to time we evaluate our existing facilities and operations and their strategic importance to us. If we determine that a given facility or operation does not have future strategic importance, we may sell, partially or completely, relocate production lines, consolidate or otherwise dispose of those operations. Although we believe our operations would not be materially impaired by such dispositions, relocations or consolidations, we could incur cash or non-cash charges in connection with them.

Cash Flows

Fiscal 2005 Compared to Fiscal 2004

In fiscal 2005, we generated cash of $9.9 million from operating activities compared to $7.5 million for fiscal 2004. The increase of $2.4 million was mainly a result of an increase of $6.7 million in net income, net of non-cash charges over fiscal 2004, offset by a change in working capital investment of $4.4 million over fiscal 2004. The change in working capital investment was primarily the result of an increase in accounts receivable due to strong fourth quarter net sales and a build in inventory in the fourth quarter to service increasing demand.

Cash flow from investing activities in fiscal 2005 was in-line with fiscal 2004. Cash required for acquisitions decreased by $5.2 million due to the impact of the RBC-API acquisition in fiscal 2004. Capital expenditures increased $4.6 million in fiscal 2005 compared to fiscal 2004 due to increased investment in manufacturing assets to expand capacity and improvements in leaseholds.

Financing activities used $0.3 million in fiscal 2005 and provided $2.9 million in fiscal 2004, both related to debt refinancing transactions.

Fiscal 2004 Compared to Fiscal 2003

In fiscal 2004, we generated cash of $7.5 million from operating activities compared to $4.0 million for fiscal 2003. The increase of $3.5 million was mainly driven by a decrease in working capital investment of $3.0 million as a result of a decrease in inventory investment of approximately $8.8 million and a decrease in prepaids and other assets of approximately $1.3 million offset by an increase of $5.5 million in accounts receivable due to strong fourth quarter net sales and an increase in accounts payable and accrued liabilities of approximately $7.6 million.

Cash flow from investing activities in fiscal 2004 increased by $2.6 million due to higher investment in acquisitions, the RBC-API transaction, over fiscal 2003. Capital expenditures decreased by $1.6 million in fiscal 2004 compared to fiscal 2003.

Financing activities used approximately $1.0 million more in fiscal 2004 than in fiscal 2003 mainly to finance the acquisition of RBC-API.

Capital Expenditures

We expect to make capital expenditures of approximately $12.0 million during fiscal 2006 in connection with our existing business. We intend to fund our fiscal 2006 capital expenditures principally through existing cash, internally generated funds and borrowings under our Revolving Credit Facility. We generally expect capital expenditures to remain at higher levels than fiscal 2005 as we invest in new manufacturing capability. We may also make substantial additional capital expenditures in connection with acquisitions. Although there are no present understandings, commitments or agreements with respect to the acquisition of any other businesses, we do evaluate acquisition opportunities regularly.

Obligations and Commitments

The following tables outline what we regard as our significant contractual obligations and commercial commitments as of April 2, 2005, on (a) an actual basis and (b) a pro forma basis after giving effect to this offering, the Pre-Offering Transactions and repayments of indebtedness using the proceeds thereof. The tables do not represent all of our contractual obligations and commercial commitments that we have entered into.

Actual

	Payments Due By Period				
Significant Contractual Obligations	**Total**	**Less than 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**More than 5 Years**
			(in thousands)		
Total debt[1]	$ 220,079	$ 8,245	$ 5,315	$ 41,188	$ 165,331
Capital lease obligations	431	226	205	—	—
Operating leases	13,033	2,863	4,727	2,438	3,005
Interest payments[2]	110,451	19,782	38,904	34,542	17,223
Pension and post-retirement benefits[3]	8,293	1,948	3,208	1,354	1,783
Total significant contractual cash obligations	$ 352,287	$ 33,064	$ 52,359	$ 79,522	$ 187,342

Pro Forma

	Payments Due By Period				
Significant Contractual Obligations	**Total**	**Less than 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**More than 5 Years**
			(in thousands)		
Total debt[4]	$ 177,130	$ 8,645	$ 6,115	$ 4,039	$ 158,331
Capital lease obligations	431	226	205	—	—
Operating leases	13,033	2,863	4,727	2,438	3,005
Interest payments[2]	65,659	10,774	20,846	20,190	13,849
Pension and post-retirement benefits[3]	8,293	1,948	3,208	1,354	1,783
Total significant contractual cash obligations	$ 264,546	$ 24,456	$ 35,101	$ 28,021	$ 176,968

(1) Includes (a) the Senior Credit Facility, including $5.0 million outstanding under the Revolving Credit Facility, excluding amounts drawn under our letter of credit subfacility, (b) the Second Lien Term Loan, (c) Discount Debentures and (d) other senior debt consisting of the Swiss Term Loan, industrial revenue bonds and other debt of $23.0 million.

(2) Interest payments are calculated based on beginning of period debt balances that reflect contractual debt amortization over the term of the instruments and assume constant LIBOR of 3.4%. On a pro forma basis, interest payments reflect a reduction in interest rates of 1.00% under our amended and restated Senior Credit Facility.

(3) Includes minimum cash contribution to pension plans and post-retirement health care benefit payments. See Notes 13 and 14 to our Consolidated Financial Statements.

(4) Reflects repayment of all of our outstanding Discount Debentures and the Second Lien Term Loan and the increase in our borrowings under our Senior Credit Facility resulting from the Refinancing Transaction. See "Pre-Offering Transactions—Refinancing Transaction."

Quarterly Results of Operations

	Quarter Ended							
	June 28, 2003	**Sept 27, 2003**	**Dec 27, 2003**	**April 3, 2004**	**July 3, 2004**	**Oct 2, 2004**	**Jan 1, 2005**	**April 2, 2005**
	(in thousands, except per share data)							
Net sales	$ 39,737	$ 42,449	$ 42,901	$ 62,244	$ 56,195	$ 56,391	$ 58,145	$ 72,285
Gross margin	10,966	11,708	11,668	17,556	15,293	15,381	16,732	21,008
Operating income[(1)]	4,572	5,107	4,185	8,265	5,916	7,360	8,405	10,458
Net income (loss)	$ (185)	$ (40)	$ (720)	$ 1,608	$ (3,822)	$ 1,668	$ 2,462	$ 6,952
Net income (loss) per common share:								
Basic:[(2)(3)]								
Class A common stock	$ (0.11)	$ (0.09)	$ (0.20)	$ 0.13	$ (0.71)	$ 0.14	$ 0.23	$ 0.77
Class B common stock	$ (0.11)	$ (0.09)	$ (0.20)	$ 0.13	$ (0.71)	$ 0.14	$ 0.23	$ 0.77
Diluted:[(2)(3)]								
Class A common stock	$ (0.11)	$ (0.09)	$ (0.20)	$ 0.09	$ (0.71)	$ 0.09	$ 0.15	$ 0.71
Class B common stock	$ (0.11)	$ (0.09)	$ (0.20)	$ 0.00	$ (0.71)	$ 0.00	$ 0.00	$ 0.00

(1) Amounts relating to quarters ended July 3, 2004, October 2, 2004 and January 1, 2005 have been restated to reflect the recording of compensation expense of $82, $63 and $187, respectively, as discussed in Note 16 to the Consolidated Financial Statements.

(2) See Note 2 to the Consolidated Financial Statements for a discussion of net income (loss) per common share.

(3) Net income (loss) per common share is computed independently for each of the quarters presented. Therefore, the sum of the quarterly earnings per share may not necessarily equal the total for the year.

Recent Accounting Pronouncements

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4." The amendments made by SFAS No. 151 clarify that abnormal amounts of idle facility expense, freight, handling costs and wasted materials (spoilage) should be recognized as current-period charges and require the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. It is not believed that the adoption of SFAS No. 151 will have a material impact on our consolidated financial position, results of operations or cash flows.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment." SFAS No. 123(R) that will require that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. SEAS No. 123(R) covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. SFAS No. 123(R) replaces FASB Statement No. 123, "Accounting for Stock-Based Compensation", and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123, as originally issued in 1995, established as preferable a fair value-based method of accounting for share-based payment transactions with employees. However, that Statement permitted entities the option of continuing to apply the guidance in APB Opinion No. 25 as long as the footnotes to financial statements disclosed what net income would have been had the preferable fair value-based method been used. Public entities will be required

to apply SFAS No. 123(R) as of the beginning of the first fiscal year beginning after June 15, 2005. SFAS No. 123(R) permits public companies to adopt its requirements using one of two methods:

1. A "modified prospective" method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of SFAS No. 123(R) for all share-based payments granted after the effective date and (b) based on requirements of SFAS No. 123 for all awards granted to employees prior to the effective date of SFAS No. 123(R) that remain unvested on the effective date.

2. A "modified retrospective" method which includes the requirements of the modified prospective method described above, but also permits entities to restate based on the amount previously recognized under SFAS No. 123 for purpose of pro forma disclosures either (a) all prior periods presented or (b) prior interim periods of the year of adoption.

We are currently evaluating these transition methods and determining the effect on our consolidated results of operations and whether the adoption will result in amounts that are similar to the current pro forma disclosures under SFAS No. 123. For fiscal 2005, we will continue to disclose stock-based compensation information in accordance with SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure—an Amendment of FASB Statement No. 123," and SFAS No. 123.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to product returns, bad debts, inventories, recoverability of intangible assets, income taxes, financing operations, pensions and other post-retirement benefits and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition. We recognize revenue in accordance with SEC Staff Accounting Bulletin 101 "Revenue Recognition in Financial Statements as amended by Staff Accounting Bulletin 104. The SEC requires that the following four basic criteria must be met before the Company recognizes revenue:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred or services have been rendered;
- The seller's price to the buyer is fixed or determinable; and
- Collectibility is reasonably assured.

We recognizes revenue upon the passage of title on the sale of manufactured goods, which is at time of shipment, and under the units-of-delivery method in a limited number of aerospace long-term projects.

Accounts Receivable. We are required to estimate the collectability of our accounts receivable, which requires a considerable amount of judgment in assessing the ultimate realization of these

receivables, including the current credit-worthiness of each customer. Changes in required reserves may occur in the future as conditions in the marketplace change.

Inventory. Inventories are stated at the lower of cost or market value. Cost is principally determined by the first-in, first-out method. We account for inventory under a full absorption method. We record adjustments to the value of inventory based upon past sales history and forecasted plans to sell our inventories. The physical condition, including age and quality, of the inventories is also considered in establishing its valuation. These adjustments are estimates, which could vary significantly, either favorably or unfavorably, from actual requirements if future economic conditions, customer inventory levels or competitive conditions differ from our expectations.

Goodwill and Intangible Assets. We adopted the provisions of SFAS No. 141, "Business Combinations," and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," ("SFAS No. 142") at the beginning of fiscal 2003. These standards require that all business combinations be accounted for using the purchase method and that goodwill (representing the excess of the amount paid to acquire a company over the estimated fair value of the net assets acquired) and intangible assets with indefinite useful lives not be amortized but instead be tested for impairment annually (performed by us during the fourth quarter of each fiscal year), or when events or circumstances indicate that its value may have declined. This determination of any goodwill impairment is made at the reporting unit level and consists of two steps. First, we determine the fair value of a reporting unit and compare it to our carrying amount. Second, if the carrying amount of the reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the goodwill's implied fair value. The fair value of our reporting units is calculated by comparing the weighted average of the net present value of future cash flows and a market approach based on our reporting units' carrying value. We utilized a discount rate of 12.1% based on a weighted average cost of capital. The discount rate was derived using an analysis of similar companies which we believe have a comparable level of risk. Although no changes are expected, if the assumptions management makes regarding estimated cash flows are less favorable than expected, we may be required to record an impairment charge in the future. Goodwill had been amortized by the straight-line method over a 40-year period through March 30, 2002. Effective with fiscal 2003, goodwill amortization was suspended in conjunction with the adoption of SFAS No. 142. The determination of impairment for intangible assets with indefinite useful lives is based on a comparison of the fair value of the intangible asset with its carrying value.

Definite-lived intangible assets are being amortized over their useful lives of 5 to 15 years. Also included in intangible assets is an asset relating to our minimum pension liability.

Income Taxes. As part of the process of preparing the consolidated financial statements, we are required to estimate the income taxes in each jurisdiction in which we operate. This process involves estimating the actual current tax liabilities together with assessing temporary differences resulting from the differing treatment of items for tax and financial reporting purposes. These differences result in deferred tax assets and liabilities, which are included in the Consolidated Balance Sheet. We must then assess the likelihood that the deferred tax assets will be recovered, and to the extent that we believe that recovery is not more than likely, we are required to establish a valuation allowance. If a valuation allowance is established or increased during any period, we are required to include this amount as an expense within the tax provision in the Consolidated Statements of Operations. Significant judgment is required in determining our provision for income taxes, deferred tax assets and liabilities and any valuation allowance recognized against net deferred tax assets.

We have determined that a valuation allowance against deferred tax assets is not necessary based on our estimates of taxable income in the jurisdictions that we operate and over the period in which the deferred tax assets will be recoverable. We estimate that we will need to generate approximately $13.2 million of taxable income in the future to fully realize our net deferred tax asset.

Pension Plans and Post-retirement Health Care. We have noncontributory defined benefit pension plans covering union employees in our Heim division plant in Fairfield, Connecticut, in our Nice subsidiary plant in Kulpsville, Pennsylvania, in our Bremen subsidiary plant in Plymouth, Indiana and in our Tyson subsidiary plant in Glasgow, Kentucky. Our funding policy is to make the minimum annual contribution required by the Employee Retirement Income Security Act of 1974. Plan obligations and annual pension expense are determined by independent actuaries using a number of assumptions provided by us including assumptions about employee demographics, retirement age, compensation levels, pay rates, turnover, expected long-term rate of return on plan assets, discount rate and the amount and timing of claims. Each plan assumption reflects our best estimate of the plan's future experience. The most sensitive assumption in the determination of plan obligations for pensions is the discount rate. The discount rate used in determining the funded status as of April 2, 2005 and April 3, 2004 was 5.9% and 6.25%, respectively. In developing the overall expected long-term rate of return on plan assets assumption, a building block approach was used in which rates of return in excess of inflation were considered separately for equity securities and debt securities. The excess returns were weighted by the representative target allocation and added along with an appropriate rate of inflation to develop the overall expected long-term rate of return on plan assets assumption.

The discount rate that we use for determining future pension obligations is based on a review of long-term bonds that receive one of the two highest ratings given by a recognized rating agency. The discount rate determined on this basis has decreased from 6.50% at March 29, 2003 to 6.25% at April 3, 2004, and to 5.90% at April 2, 2005.

Lowering the expected long-term rate of return on the assets of our pension plans by 1.00% (from 9.00% to 8.00%) would have increased our pension expense for fiscal 2005 by approximately $108,000. Increasing the expected long-term rate of return on the assets of our pension plans by 1.00% (from 9.00% to 10.00%) would have reduced our pension expense for fiscal 2005 by approximately $108,000.

Lowering the discount rate assumption used to determine net periodic pension cost by 1.00% (from 6.25% to 5.25%) would have increased our pension expense for fiscal 2005 by approximately $205,000. Increasing the discount rate assumption used to determine net periodic pension cost by 1.00% (from 6.25% to 7.25%) would have reduced our pension expense for fiscal 2005 by approximately $165,000.

Lowering the discount rate assumption used to determine the funded status as of April 2, 2005 by 1.00% (from 5.90% to 4.90%) would have increased the projected benefit obligation of our pension plans by approximately $2.1 million. Increasing the discount rate assumption used to determine the funded status as of April 2, 2005 by 1.00% (from 5.90% to 6.90%) would have reduced the projected benefit obligation of our pension plans by approximately $1.8 million.

We recorded a minimum pension liability of $3.4 million and $4.6 million as of April 2, 2005 and April 3, 2004, respectively. This liability represented the amount by which the accumulated benefit obligation exceeded the sum of the fair market value of plan assets. The additional minimum pension liability as of April 2, 2005 and April 3, 2004 of $3.3 million and $4.0 million, respectively, was offset by an intangible asset to the extent of previously unrecognized prior service cost. The intangible assets of $0.6 million and $0.6 million as of April 2, 2005 and April 3, 2004, respectively, were included on the line item entitled "Intangible assets" in our consolidated balance sheet. The remaining amounts of $1.7 million and $2.0 million, net of deferred income taxes of $1.0 million and $1.4 million, respectively, were recorded as a component of stockholders' deficit on the line item titled "Accumulated other comprehensive loss" in our consolidated balance sheet as of April 2, 2005 and April 3, 2004, respectively. The intangible asset in 2005 and 2004 was greater than the unrecognized prior service cost because two of our plans had an unrecognized negative prior service cost.

Our investment program objective is to achieve a rate of return on plan assets which will fund the plan liabilities and provide for required benefits while avoiding undue exposure to risk to the plan and

increases in funding requirements. Our target allocation of plan assets was 100 percent equity investments as of April 2, 2005 and April 3, 2004.

For the benefit of employees at our Heim, West Trenton, Nice, Tyson and Bremen facilities, we sponsor contributory defined benefit health care plans that provide post-retirement medical and life insurance benefits to union employees who have attained certain age and/or service requirements while employed by us. The plans are unfunded and costs are paid as incurred. Post-retirement benefit obligations as of April 2, 2005 and April 3, 2004 were $3.7 million and $4.2 million, respectively, and are included in "Other non-current liabilities" in our consolidated balance sheet.

We use a March 31 measurement date for our plans. We expect to contribute approximately $0.3 million to our post-retirement benefit plans in fiscal year 2006.

On December 8, 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the "Act") was signed into law. Our prescription drug benefit for all post-retirement plans is capped at a set amount each month, which is paid to the retirees so they can obtain prescription drug coverage. As such, we are not self-insured for prescription drugs, and the Act has no impact on the recorded obligation.

During fiscal 2004, the plans were amended to contractually limit the benefit to be provided for certain groups of current and future retirees. As a result, there is no health care trend associated with these groups. The discount rate used in determining the accumulated post-retirement benefit obligation was 5.9% as of April 2, 2005 and 6.25% as of April 3, 2004. The discount rate used in determining the net periodic benefit cost was 6.25% for fiscal 2005, 6.50% for fiscal 2004 and 7.25% for fiscal 2003.

The discount rate that we use for determining net periodic benefit cost for these benefits is based on a review of long-term bonds that receive one of the two highest ratings given by a recognized rating agency. The discount rate determined on this basis has decreased from 6.50% at March 31, 2003 to 6.25% at April 3, 2004, and to 5.90% at April 2, 2005.

Lowering the discount rate assumption used to determine net periodic benefit cost by 1.00% (from 6.25% to 5.25%) would have increased our post-retirement expense for fiscal 2005 by approximately $25,000. Increasing the discount rate assumption used to determine net periodic benefit cost by 1.00% (from 6.25% to 7.25%) would have reduced our post-retirement expense for fiscal 2005 by approximately $28,000.

Lowering the discount rate assumption used to determine the accumulated post-retirement benefit obligation as of April 2, 2005 by 1.00% (from 5.90% to 4.90%) would have increased the accumulated post-retirement benefit obligation of our post-retirement plans by approximately $425,000. Increasing the discount rate assumption used to determine the accumulated post-retirement benefit obligation, as of April 2, 2005 by 1.00% (from 5.90% to 6.90%) would have reduced the accumulated post-retirement benefit obligation of our post-retirement plans by approximately $357,000.

Stock-Based Compensation. We account for our stock compensation arrangements with employees under the provisions of Accounting Principles Board (APB) Opinion No. 25 "Accounting for Stock Issued to Employees."

We have granted to our employees options and warrants to purchase our common stock at exercise prices determined by our management and board of directors. We record stock-based compensation as necessary to the extent that the deemed value of the stock at the date of grant exceeds the exercise price of the option. These valuations depend upon our determination of the fair value of our stock and can vary based upon the value of our company and liquidity assumptions over time. In the event we issue options at below fair value, we would be required to record an additional charge.

Management employed the intrinsic value method pursuant to APB No. 25 under which compensation cost is recognized only if the exercise price of grants issued is below the fair value of our

common stock at the date of grant as determined by the board of directors. Had compensation cost for option grants and warrant grants to employees been determined based on the fair value at the grant dates consistent with SFAS No. 123, "Accounting for Stock-Based Compensation," our net income would have been reduced to the following pro forma amounts:

	Fiscal Year Ended		
	March 29, 2003	April 3, 2004	April 2, 2005
Net income, as reported	$ 49	$ 663	$ 7,260
Plus: stock-based compensation expense included in reported net income, net of the tax (see further discussion below)	—	—	264
Less: stock-based compensation expense determined under fair value method, net of tax	(56)	(131)	(540)
Pro forma net income (loss)	$ (7)	$ 532	$ 6,984
Net income (loss) per common share, as reported:			
Basic:			
Class A common stock	$ (0.20)	$ (0.24)	$ 0.62
Class B common stock	$ (0.20)	$ (0.24)	$ 0.62
Diluted:			
Class A common stock	$ (0.20)	$ (0.24)	$ 0.40
Class B common stock	$ (0.20)	$ (0.24)	$ 0.00
Net income (loss) per common share, pro forma:			
Basic:			
Class A common stock	$ (0.21)	$ (0.26)	$ 0.57
Class B common stock	$ (0.21)	$ (0.26)	$ 0.57
Diluted:			
Class A common stock	$ (0.21)	$ (0.26)	$ 0.37
Class B common stock	$ (0.21)	$ (0.26)	$ 0.00

For purposes of the pro forma disclosures, the estimated fair value of the options and warrants is amortized to be expensed over the service period that generally is the option or warrant vesting period. The weighted average fair value per share of options and warrants granted was $8.17 in fiscal 2005, $1.58 in fiscal 2004 and $1.18 in fiscal 2003.

The fair value for our options and warrants was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Fiscal Year Ended		
	March 29, 2003	April 3, 2004	April 2, 2005
Dividend yield	0.0%	0.0%	0.0%
Expected weighted average life	3.0	3.0	3.0
Risk-free interest rate	3.5%	3.5%	3.5%
Expected volatility	0.1%	0.1%	0.4%

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options and warrants which have no vesting restrictions and are fully transferable. In addition, option and warrant valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because our options and warrants have characteristics significantly different from those of traded options and warrants, and because changes in the subjective input assumptions can materially affect the fair value estimate, the existing models do not necessarily provide a reliable single measure of the fair value of our options and warrants.

We awarded 179,575 options to purchase common stock at an exercise price of $8.00 per share during the fiscal year ended April 2, 2005. Contemporaneous with the first option grant on April 4, 2004, we performed a valuation analysis to estimate the fair value of our common stock. We considered each of the valuation methodologies outlined in the AICPA Technical Practice Aid "Valuation of Privately-Held-Company Equity Securities Issued as Compensation" and determined that the market-multiple approach was the most relevant method to use for our company. We employed this approach by focusing on multiples of enterprise value to EBITDA for comparable public companies at the time of the April 4, 2004 grant date. This methodology resulted in an estimate of our enterprise value, from which we subtracted the book value of our outstanding indebtedness and the estimated redemption value of our preferred stock, in order to arrive at an estimate of the value of our common stock. We then estimated a 17% lack of marketability discount to reflect the illiquid nature of private company equity securities such as our common stock. The resulting valuation approximated $8.00 per share and provided the basis for our board's approval of the April 4, 2004 option grant at an exercise price of $8.00 per share. At each of the subsequent seven option grant dates during fiscal year 2005, we relied on the valuation analysis performed as of April 4, 2004 as the basis for our establishing an exercise price of $8.00 per share for each such option grant because management believed the business continued to perform in line with its projections.

In connection with the preparation of our audited financial statements for fiscal year 2005 in anticipation of this offering, and solely for the purposes of accounting for employee stock-based compensation, we considered whether the stock options granted during fiscal year 2005 had compensatory elements that should be reflected in our financial statements. This review resulted in our determination that the fair value of our common stock as of each of the option grant dates during fiscal year 2005 was likely higher than the $8.00 per share exercise price established for all such options. As a result, we decided to retrospectively estimate the fair value of our common stock as of each option grant date during fiscal year 2005.

In conducting our retrospective analysis, we considered the valuation methodologies that investment banking firms were discussing with us in connection with our preparations for this offering. We also considered the likelihood of our proceeding with this offering and the changes in our business and capital structure during the course of fiscal 2005. Based on such considerations, we determined that the contemporaneous analysis we performed as of April 4, 2004 should be modified as follows in order to more accurately apply the market-multiple approach in arriving at an estimated fair value of our common stock as of each grant date:

- We broadened the group of comparable public companies against which we benchmarked our valuation;
- In benchmarking our financial metrics against the group of comparable public companies, we shifted our focus to valuation multiples of net income rather than valuation multiples of EBITDA;
- We gave pro forma effect to the anticipated issuance of common stock in this offering and the Pre-Offering Transactions as described in the prospectus;
- We concluded that it was not appropriate to apply an illiquidity discount factor to our valuation; and
- We concluded that it was appropriate to apply a discount of between 0% to 15% to the valuation multiples of our group of comparable public companies in order to account for the relative strength of the IPO new issue market as of each grant date.

We incorporated these adjustments to the market-multiple approach and performed a retrospective analysis initially as of the April 2004 option grant date, and we determined that the fair value of our common stock approximated $15.00 per share. Given that our annual planning and budgeting cycle

concludes during our fiscal fourth quarter, our financial projections for fiscal years 2005 and 2006 had been recently completed as of the April 2004 option grant date. As of each subsequent option grant date, we concluded that our actual and expected financial performance as of each such date was in line with our financial projections and that the outlook for our future financial performance had not changed since we originally established our financial projections. As a result, we determined that, as of each option grant date, there was no need to modify our financial projections for fiscal 2005 and 2006. Therefore, any changes in our estimated fair value between option grant dates were driven by changing market factors, including, principally, the valuation multiples for the group of comparable companies and short-term interest rates. During the course of fiscal 2005, the average of the net income based valuation multiples for our group of comparable companies increased modestly. At the same time, short-term interest rates also increased, resulting in an increase in our projected interest expense due to the fact that a high percentage of our debt bears interest at floating rates. This resulted in a corresponding decrease to our projected net earnings. These two market factors largely offset each other and therefore resulted in minimal changes in our estimated fair value between option grant dates. As a result, we determined to use the same fair value of our common stock, $15.00 per share, as of each grant date during fiscal year 2005.

In July 2005, we reviewed our retrospective analysis and further considered whether it met all of the guidelines set forth by the AICPA Technical Practice Aid. Noting the Practice Aid's recommendation to engage an unrelated valuation specialist, we decided to retain Valuation Research Corporation, or VRC, as an independent third party to perform a valuation of our common stock as of each of the option grant dates during fiscal 2005. VRC's independent valuation of our common stock determined that the fair value of our common stock as of each of the option grant dates during fiscal year 2005 exceeded the $8.00 per share as determined in our contemporaneous analysis, but was less than the $15.00 per share as determined in our initial retrospective determination. For purposes of its analysis, VRC used our financial projections for fiscal 2005 and 2006 which, as previously noted, we determined did not need to be modified as of each option grant date. As a result, the different fair value estimates calculated by VRC resulted from VRC employing different methodologies and assumptions compared to those employed by us in our prior analyses, including the following:

- Valuation approach: VRC relied primarily upon the market-multiple approach, but supplemented this with the income approach in order to support the indications of value obtained under the market-multiple approach. Our prior analyses relied exclusively on the market-multiple approach.

- Comparable public company benchmarks: VRC used a slightly different group of comparable public companies than the group we used in our contemporaneous and retrospective

  valuations, against which to benchmark our valuation of the Company. In addition, VRC used a slightly different benchmarking methodology. Specifically, our analyses used an average of the multiples of the comparable companies whereas VRC applied a premium to the median of the multiples observed for our publicly traded peers to reflect several factors, including our relatively higher margins and growth prospects versus the median of our peers, as determined by VRC.

- Multiple selection: VRC's analysis applied multiples of enterprise value to EBITDA to our projected fiscal 2005 and 2006 EBITDA to arrive at an enterprise value, from which VRC subtracted the book value of our outstanding indebtedness and the estimated redemption value of our preferred stock. Our contemporaneous analysis also focused on a multiple of enterprise value to EBITDA but applied such multiple only to our projected fiscal 2005 EBITDA. Our initial retrospective analysis focused on multiples of equity value to our projected fiscal 2005 net income.

- Capital structure: VRC estimated the value of our common equity by subtracting from enterprise value the book value of our debt and the estimated redemption value of our preferred stock as

of each grant date. Our debt balances changed over time, particularly between the June 2004 and August 2004 grant dates due to our debt refinancing which occurred during this period. Our Class C preferred stock redemption value increased over time due to the accrual of pay-in-kind dividends since it was redeemable at a fixed price plus accrued dividends. Our Class D preferred stock redemption value is calculated based upon our enterprise value rather than a fixed price and, as such, changed over time as a result of changes to the estimates of our enterprise value generally as a result of fluctuations in the valuation multiples of our group of comparable companies. Our contemporaneous analysis valued our common equity by subtracting from enterprise value the book value of our debt and the estimated redemption value of our preferred stock as of the April 2004 grant date. Unlike our contemporaneous analysis and the revised retrospective analysis which considered the VRC report, our initial retrospective analysis took into account a capital structure pro forma as adjusted for the offering, the Pre-Offering Transactions and the use of proceeds thereof.

- Discount rate: In estimating the present redemption value of our preferred stock in connection with our revised retrospective analysis, VRC applied a discount rate to account for the timing and risk associated with the redemption of our preferred stock as well as the lack of marketability associated with our preferred stock in general. The discount rate consists of two components, a required market yield based on comparable publicly traded preferred instruments of approximately 8% and a lack of marketability discount of approximately 15%.

- Valuation date: VRC made an assessment of the fair value of our common stock as of each grant date, similar to our own retrospective analysis. By contrast, our contemporaneous valuation of fair value was made as of the April 2004 grant date and we relied on such fair valuation for each subsequent option grant date.

- Lack of marketability discount/IPO new issue discount: VRC applied lack of marketability discounts, ranging from 14% to 16%, to the value of our common equity, to reflect the illiquid nature of private company equity securities such as our common stock. This discount range was determined by VRC based on an analysis of a hypothetical put option on our common stock with different volatility and discount factor assumptions as of each grant date. In our contemporaneous valuation, we applied a 17% lack of marketability discount, based upon our good faith judgment as to the appropriate discount to account for the illiquid nature of our common stock. In our initial retrospective valuation we did not apply a lack of marketability discount, but included a discount of between 0% and 15% to the valuation multiples of our group of comparable public companies in order to account for the relative strength of the IPO new issue market as of each grant date.

Based on our thorough review of the independent valuation, we determined that the assumptions and methods employed by VRC were more appropriate and consistent with accepted valuation methods and with the practices recommended in the AICPA Technical Practice Aid than those employed by either our contemporaneous analysis or our initial retrospective analysis. We concluded that it was appropriate to reassess the fair value of our common stock underlying the fiscal 2005 equity awards,

upon analyzing VRC's independent valuation. In accordance with our revised retrospective assessment, the following table sets forth information related to our option grants during fiscal 2005:

Grant Date	Number of Options Granted	Exercise Price	Fair Value	Intrinsic Value	Deferred Compensation
4/4/04	50,000	$8.00	$ 11.20	$ 3.20	$ 160,000
6/6/04	8,325	8.00	11.20	3.20	26,640
8/27/04	2,500	8.00	10.80	2.80	7,000
9/7/04	31,250	8.00	11.60	3.60	112,500
10/12/04	62,500	8.00	13.60	5.60	350,000
11/4/04	6,250	8.00	14.40	6.40	40,000
1/13/05	12,500	8.00	11.20	3.20	40,000
2/17/05	6,250	8.00	13.20	5.20	32,500
Total	179,575				$ 768,640

As noted above, the same financial projections for fiscal years 2005 and 2006 were used for each valuation assessment date during fiscal 2005. As a result, any changes in our estimated fair value between option grant dates were driven principally by changing market factors, including valuations of comparable public companies, stock price volatilities and interest rates. In addition, the book value of our debt and the estimated redemption value of our preferred stock changed over time due to the reasons stated above. The following is a description of our revised retrospective determination, which considered the VRC analysis, of the fair value of our common stock with respect to each option grant date during fiscal 2005.

April 2004. In retrospectively determining the fair value of our common stock as of April 2004, we noted that the VRC valuation applied multiples of enterprise value to EBITDA, based on a premium to the median enterprise value to EBITDA multiples of a group of comparable companies, to our projected fiscal 2005 and 2006 EBITDA, to arrive at an enterprise value. From this figure, VRC subtracted the book value of our debt and the estimated redemption value of our preferred stock as of April 2004 to arrive at an aggregate common equity value. VRC then applied a 15% lack of marketability discount and divided this figure by the number of diluted shares of our common stock to arrive at a common equity value approximating $11.20 per share. Consistent with the independent valuation, we retrospectively determined that the fair value of our common stock for purposes of the stock option grants in April 2004 approximated $11.20 per share.

June 2004. In retrospectively determining the fair value of our common stock as of June 2004, we evaluated the events that occurred between April 2004 and June 2004. We examined our financial performance since the April 2004 evaluation date and concluded that our past and expected future performance was consistent with our projected operating results and, therefore, it was not necessary to modify our operating projections. In addition, VRC noted that the median valuations of our publicly traded comparable companies remained relatively unchanged between April 2004 and June 2004. Given that minimal changes were made to the underlying assumptions used in the market-multiple approach, consistent with the independent valuation, we determined that the fair value of our common stock for purposes of the stock option grants in June 2004 continued to approximate $11.20 per share.

August 2004. In retrospectively determining the fair value of our common stock as of August 2004, we evaluated the events that occurred between June 2004 and August 2004. We examined our financial performance since the June 2004 evaluation date and concluded that our past and expected future performance was consistent with our projected operating results and, therefore, it was not necessary to modify our operating projections. VRC also noted that the median valuations of our comparable companies improved slightly between June 2004 and August 2004. This expansion in the multiples of our comparable companies resulted in a slight increase in our estimated enterprise value

derived under the market-multiple approach. However, during this period we completed a refinancing of our debt which resulted in a slightly higher debt balance versus the June 2004 grant date. This higher debt balance partially offset the increase in our estimated enterprise value. In addition, VRC determined that it was appropriate to increase the lack of marketability discount factor by 1.00% due primarily to an increase in the median stock price volatility of our publicly traded peers, resulting in a slight reduction in our estimated fair value. As a result of these factors, consistent with the independent valuation, we determined that the fair value of our common stock for purposes of the stock option grants in August 2004 approximated $10.80 per share.

September 2004. In retrospectively determining the fair value of our common stock as of September 2004, we evaluated the events that occurred between August 2004 and September 2004. We examined our financial performance since the August 2004 evaluation date and concluded that our past and expected future performance was consistent with our projected operating results and, therefore, it was not necessary to modify our operating projections. In addition, VRC noted that the median valuations of comparable companies improved slightly between August 2004 and September 2004. This expansion in the multiples of comparable companies resulted in a slight increase in our estimated enterprise value derived under the market-multiple approach. As a result, consistent with the independent valuation, we determined that the fair value of our common stock for purposes of the stock option grants in September 2004 approximated $11.60 per share.

October 2004. In retrospectively determining the fair value of our common stock as of October 2004, we evaluated the events that occurred between September 2004 and October 2004. We examined our financial performance since the September 2004 evaluation date and concluded that our past and expected future performance was consistent with our projected operating results and, therefore, it was not necessary to modify our operating projections. VRC also noted that the median valuations of comparable companies improved between September 2004 and October 2004, and more significantly than the increase in valuation exhibited in the August 2004 to September 2004 time period. As a result, consistent with the independent valuation, we determined that the fair value of our common stock for purposes of the stock option grants in October 2004 approximated $13.60 per share.

November 2004. In retrospectively determining the fair value of our common stock as of November 2004, we evaluated the events that occurred between October 2004 and November 2004. We examined our financial performance since the October 2004 evaluation date and concluded that our past and expected future performance was consistent with our projected operating results and, therefore, it was not necessary to modify our operating projections. VRC also noted that the median valuations of comparable companies improved slightly between October 2004 and November 2004. In addition, VRC determined that it was appropriate to decrease the lack of marketability discount factor by 1.00% due primarily to a reduction in the median stock price volatility of our publicly traded peers, resulting in a slight increase in our estimated fair value. As a result of these factors, consistent with the independent valuation, we determined that the fair value of our common stock for purposes of the stock option grants in November 2004 approximated $14.40 per share.

January 2005. In retrospectively determining the fair value of our common stock as of January 2005, we evaluated the events that occurred between November 2004 and January 2005. We examined our financial performance since the November 2004 evaluation date and concluded that our past and expected future performance was consistent with our projected operating results and, therefore, it was not necessary to modify our operating projections. VRC also noted that the median valuations of comparable companies decreased between November 2004 and January 2005. In addition, VRC determined that it was appropriate to increase the lack of marketability discount factor by 1.00% primarily due to an increase in the median stock price volatility of our group of publicly traded peers, resulting in a reduction in our estimated fair value. As a result of these factors, consistent with the

independent valuation, we determined that the fair value of our common stock for purposes of the stock option grants in January 2005 approximated $11.20 per share.

February 2005. In retrospectively determining the fair value of our common stock as of February 2005, we evaluated the events that occurred between January 2005 and February 2005. We examined our financial performance since the January 2005 evaluation date and concluded that our past and expected future performance was consistent with our projected operating results and, therefore, it was not necessary to modify our operating projections. VRC also noted that the median valuations of our comparable companies increased between January 2005 and February 2005. In addition, VRC determined that it was appropriate to increase the lack of marketability discount factor by 1.00% primarily due to an increase in the median stock price volatility of our group of comparable companies, resulting in a slight reduction in our estimated fair value. As a result of these factors, consistent with the independent valuation, we determined that the fair value of our common stock for purposes of the stock option grants in February 2005 approximated $13.20 per share.

Impact of Inflation and Changes in Prices of Raw Materials and Supplies

To date, inflation in the economy as a whole has not significantly affected our operations. However, we purchase steel at market prices, which during the past 24 months have increased to historical highs as a result of a relatively low level of supply and a relatively high level of demand, and we have recently received notices of additional price increases from our suppliers. To date, we have generally been able to pass through these price increases through price increases on our products, the assessment of steel surcharges on our customers or entry into long-term agreements with our customers which often contain escalator provisions tied to our invoiced price of steel. However, even if we are able to pass these steel surcharges or price increases to our customers, there may be a time lag of up to 12 weeks between the time a price increase goes into effect and our ability to implement surcharges or prices increases, particularly for orders already in our backlog. As a result, our gross margin percentage may decline, and we may not be able to implement other price increases for our products.

Competitive pressures and the terms of certain of our long-term contracts may require us to absorb at least part of these cost increases, particularly during periods of high inflation. Our principal raw material is 440c and 52100 wire and rod steel (types of stainless and chrome steel), which has historically been readily available. Recently, because of extraordinarily high demand for certain grades of steel, suppliers have in some instances allocated certain types of steel in limited quantities to customers. However, to date, we have never experienced a work stoppage due to a supply shortage. We maintain multiple sources for raw materials including steel and have various supplier agreements. Through sole-source arrangements, supplier agreements and pricing, we have been able to minimize our exposure to fluctuations in raw material prices.

Our suppliers and sources of raw materials are based in the U.S., Europe and Asia. We believe that our sources are adequate for our needs in the foreseeable future, that there exist alternative suppliers for our raw materials and that in most cases readily available alternative materials can be used for most of our raw materials.

Quantitative and Qualitative Disclosure About Market Risk

We are exposed to market risks, which arise during the normal course of business from changes in interest rates and foreign currency exchange rates.

Interest Rates. We are exposed to market risk from changes in the interest rates on a significant portion of our outstanding indebtedness. Outstanding balances under our Senior Credit Facility bear interest at a variable rate based on prime (for any day, a floating rate equal to the higher of (1) the rate publicly posted as the base rate posted by at least 75% of the nation's 30 largest banks or (2) the Federal Funds Rate plus 50 basis points per year) or LIBOR (the London inter-bank offered rate for

deposits in U.S. dollars for the applicable LIBOR Period) ranging from 30 to 120 days as adjusted each interest period. As of April 2, 2005, based on the aggregate amount of $159.2 million outstanding under our Senior Credit Facility and the Second Lien Term Loan, as of such date, a 100 basis point change in interest rates would have changed our interest expense by approximately $1.6 million per year.

We continually evaluate our exposure to interest rate fluctuations and follow established policies and procedures to implement strategies designed to manage the amount of variable rate indebtedness outstanding at any point in time in an effort to mitigate the effect of interest rate fluctuations on our earnings and cash flow. On December 31, 2004, we entered into a Rate Cap Transaction Agreement capping LIBOR at 5.0% on a notional amount of $50.0 million. This agreement expires on December 31, 2005.

Interest rate fluctuations affect the fair market value of our fixed rate debt, but with respect to such fixed rate instruments, do not impact our earnings or cash flow.

Foreign Currency Exchange Rates. As a result of increased sales in Europe, our exposure to risk associated with fluctuating currency exchange rates between the U.S. dollar, the Euro and the Swiss Franc has increased. Our Swiss operations utilize the Swiss franc as the functional currency and our French operations utilize the Euro as the functional currency. Foreign currency transaction gains and losses are included in earnings. Approximately 12% of our net sales were denominated in foreign currencies for fiscal 2005. We expect that this proportion is likely to increase as we seek to increase our penetration of foreign markets, particularly within the aerospace and defense markets. Foreign currency transaction exposure arises primarily from the transfer of foreign currency from one subsidiary to another within the group, and to foreign currency denominated trade receivables. Unrealized currency translation gains and losses are recognized upon translation of the foreign subsidiaries' balance sheets to U.S. dollars. Because our financial statements are denominated in U.S. dollars, changes in currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, an impact on our earnings. We currently do not have exchange rate hedges in place to reduce the risk of an adverse currency exchange movement. Although currency fluctuations have not had a material impact on our financial performance in the past, such fluctuations may materially affect our financial performance in the future. The impact of future exchange rate fluctuations on our results of operations cannot be accurately predicted.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

BUSINESS

RBC Bearings Incorporated

We are a well known international manufacturer and marketer of highly engineered precision plain, roller and ball bearings. Bearings, which are integral to the manufacture and operation of most machines and mechanical systems, reduce wear to moving parts, facilitate proper power transmission and reduce damage and energy loss caused by friction. While we manufacture products in all major bearing categories, we focus primarily on highly technical or regulated bearing products for specialized markets that require sophisticated design, testing and manufacturing capabilities. We believe our unique expertise has enabled us to garner leading positions in many of the product markets in which we primarily compete. We estimate that over one-fourth of our net sales are derived from products for which we are the sole supplier and the only manufacturer able to provide the required bearing solution. We believe that being the sole supplier for these products provides us with a competitive advantage due to the lengthy and rigorous certification processes and/or approvals required by a majority of these customers or government agencies, which typically take anywhere from six months to six years to complete, and due to our long track record with most of these customers of delivering high quality and uniquely designed and engineered products in a timely manner. We estimate that approximately two-thirds of our net sales during fiscal 2005 were generated by products for which we hold the number one or two market position. We have been providing bearing solutions to our customers since 1919. Over the past ten years, under the leadership of our current management team, we have significantly broadened our end markets, products, customer base and geographic reach. We currently operate 16 manufacturing facilities in three countries.

The Bearing Industry

The bearing industry is a highly fragmented multi-billion dollar market. Purchasers of bearings include producers of commercial and military aerospace equipment, automotive and commercial truck manufacturers, industrial equipment and machinery manufacturers, agricultural machinery manufacturers and construction, mining and specialized equipment manufacturers.

Demand for bearings generally follows the market for products in which bearings are incorporated and the economy as a whole. In general, the bearing industry grew through the 1990's and peaked in 1998. A number of factors, including an economic downturn and reduced capital investment, led to a historic reduction in bearing demand between 1998 and 2002. In 2003, the industry began to experience a turnaround, with bearing shipments increasing over the previous year.

According to The Freedonia Group, Inc., demand for bearings in the U.S. is projected to increase 5.2% per year through 2008. We believe many of the end markets we serve will grow at a higher rate over the comparable period. The increased demand for bearings in the diversified industrial market is being influenced by growth in industrial machinery and equipment shipments and increasing nonresidential construction activity. In addition, increased usage of existing machinery will significantly improve aftermarket demand for replacement bearing products. In the aerospace market, aging of the existing commercial aircraft fleet along with carrier traffic growth is expected to continue to expand demand for our bearing solutions. Lastly, strong growth in the defense market is being influenced by modernization programs necessitating increased spending on new equipment, as well as continued utilization of deployed equipment supporting robust aftermarket demand for replacement bearings.

Our Competitive Strengths

We believe that for the majority of our products, the principal competitive factors affecting our business are product qualifications, product line breadth, service and price. Although some of our current and potential competitors have greater financial, marketing, personnel and other resources than us, we believe that we are well positioned to compete with regard to each of these factors in each of the markets in which we operate.

Leading Market Positions. We compete in specialized markets where we believe we are often the only supplier with the manufacturing expertise, business plan and engineering resources required to provide the required bearing solution. We estimate that approximately two-thirds of our net sales during fiscal 2005 were generated by products for which we hold the number one or two market position. Most of our products undergo lengthy and rigorous customer certification processes and/or approvals, while our aerospace and defense products generally require additional FAA and military certification, respectively. We often participate in our customers' product design and/or certification process which typically takes anywhere from six months to six years to complete, and, in many cases, our bearings are the only products that are certified for use with the product. This is evidenced by our strong customer relationships, many of which are greater than 20 years.

Diversified Revenue Base. We sell a wide array of bearing products to customers across many diverse end markets, each of which is influenced by different fundamental economic factors. Our products are sold both to OEMs and to aftermarket distributors and service providers. In addition, we currently sell our products to more than 6,100 customers, and no single customer represented more than 5% of our net sales during fiscal 2005. Our diversified revenue base mitigates the impact of any single product or customer on our financial performance.

Large Installed Product Base with Recurring Aftermarket Revenue Stream. We provide bearings to a large and growing number of applications for which our products have been tested and certified. Our bearing products are approved for over 32,000 applications, many of which are part of aerospace, defense and industrial platforms that can be in service for as long as several decades, thereby requiring continuing aftermarket support. Many of our products are critical to the performance of the equipment in which they are installed but represent a small percentage of the ongoing maintenance expense of the equipment. Aftermarket sales of replacement parts for existing equipment platforms represented approximately 56% of our net sales for fiscal 2005. We believe we are well positioned to continue to capture recurring revenue from these product lines in the future due to the high customer switching costs and our high service levels associated with most of the equipment in which our products are installed.

Proprietary Design and Manufacturing Capabilities. We believe that our bearing engineering and manufacturing expertise, including our dedicated team of engineers and proprietary manufacturing capabilities, positions us to provide high quality, innovative solutions to our targeted markets in a timely way. We also believe that our design and manufacturing capabilities will allow us to maintain a leadership position as our customers continue to rely on us to develop new bearing solutions that can be manufactured cost effectively. However, our strength in this area is dependent upon our ability to continue to attract and retain skilled engineers, and many of our competitors have more resources than us to devote to human and technology development.

Disciplined Acquisition Program with History of Successful Integration. We have demonstrated expertise in acquiring and integrating bearing and precision-engineered component manufacturers that have complementary products or distribution channels and provide significant potential for margin enhancement. We have consistently increased the profitability of acquired businesses through a process of methods and systems improvement coupled with the introduction of complementary and proprietary new products. Since October 1992 we have completed 12 acquisitions which have significantly broadened our end markets, products, customer base and geographic reach. However, we may find it difficult to identify complementary businesses at attractive prices and may not be able to successfully integrate any businesses that we do acquire.

Experienced Management Team. Our management team possesses extensive managerial experience in the bearing industry, with our top five operating executives averaging over 20 years of bearing industry experience. We intend to retain and attract experienced professionals by leveraging our reputation as a premier provider of precision bearing solutions. However, we cannot assure you that we will be successful in attracting and retaining top management in the future as many of our competitors have more resources than us.

Our Growth Strategy

We intend to grow our business while continuing to focus on specialized markets for highly engineered bearing solutions. Key elements of our growth strategy include:

Continue to Develop Innovative Bearing Solutions. We intend to leverage our design and manufacturing expertise and our extensive customer relationships to continue to develop new products for markets where we believe there are substantial growth opportunities. We analyze new product opportunities carefully by taking into account projected market prices and volumes and expected manufacturing costs, only pursuing new product lines that we believe will achieve our gross margin targets. Recent examples of our new product and process innovation include lightweight aircraft structural components that integrate bearing products for the Airbus series of aircraft, corrosion resistant materials for aircraft bearings and patented new designs that improve the service performance of cam followers for the oil and gas, packaging and material handling industries. Our ability to develop new custom engineered products strengthens existing customer relationships and creates new business opportunities for us.

Expand Customer Base and Penetrate End Markets. We continually seek opportunities to penetrate new customers, geographic locations and bearing platforms with existing products or profitable new product opportunities. For example, we have been expanding our sales to foreign aerospace manufacturers and foreign defense manufacturers that support the U.S. government. In addition, in the last three years we have added sales support in the following 9 locations: Chicago, the greater New York City area, Syracuse, Charlotte, Dallas/Forth Worth, Detroit, Southern California, Montreal, Canada and Paris, France and have been able to increase aftermarket sales in these regions. We currently have sales offices in over 10 other U.S. cities as well as other international locations such as Aachen, Germany, Cheltenham, England and Delemont, Switzerland. We intend to continue to expand our sales force, customer base and end markets and have identified a number of attractive growth opportunities domestically and abroad, including current projects in semiconductor machinery, airframe controls and missile guidance systems. In addition, our OEM relationships, coupled with our design expertise, provide us with extensive cross-selling opportunities on platforms that we do not currently supply.

Increase Aftermarket Sales. Aftermarket sales accounted for approximately 56% of our net sales for fiscal 2005. Such sales included both sales to third party distributors and a portion of our sales to OEMs for replacement bearings. We intend to increase the percentage of our revenues derived from the replacement market by continuing to implement several initiatives. First, we will continue to seek opportunities to increase our sales to key existing distributors as well as expand our base of third party customers. Second, our new product and new end market initiatives are focused on high-growth platforms, such as 300 millimeter semiconductor manufacturing systems and the U.S. government's Joint Strike Fighter program that we expect will be in service for long periods and therefore create significant demand for replacement parts. Additionally, we will seek opportunities to develop new products that can be used as replacement parts for existing platforms. For example, we have been approved recently to supply replacement bearings on the U.S. Navy's fleet of Harrier aircraft. We believe that increasing our aftermarket sales of replacement parts will further enhance the continuity and predictability of our revenues and increase our profitability.

Pursue Selective Acquisitions. We believe that there will continue to be consolidation within the bearing industry that may present us with acquisition opportunities, particularly within the industrial and aerospace markets. This consolidation is being driven by an ongoing trend among OEMs to utilize fewer suppliers in order to simplify procurement, increase manufacturing efficiency and reduce costs; and, because we are one of the more well known and established suppliers of high quality specialty bearing products, it is a trend that has often worked in our favor. We regularly evaluate opportunities, some of which may be material, to acquire bearing and precision-engineered component manufacturers which have complementary products, customers or distribution channels, provide significant potential for margin enhancement and further expand the breadth of our product portfolio.

Customers and Markets

We serve a broad range of end markets where we can add value with our specialty, precision bearing products and applications. We classify our customers into three principal categories: diversified industrial, aerospace and defense. These principal end markets utilize a large number of both commercial and specialized bearing products. Although we provide a relatively small percentage of total bearing products supplied to each of our overall principal markets, we believe we have leading market positions in many of the specialized bearing product markets in which we primarily compete.

- ***Diversified Industrial Market (64% of fiscal 2005 net sales)***

We manufacture bearing products for a wide range of diversified industrial markets, including construction and mining, heavy truck, packaging and semiconductor machinery. Nearly all mechanical devices and machinery require bearings to relieve friction where one part moves relative to another. Our products target existing market applications in which our engineering and manufacturing capabilities provide us with a competitive advantage in the marketplace.

Our largest diversified industrial customers include Applied Materials, Caterpillar, Chicago Rawhide, Eaton, Hitachi Construction Machinery, Parker-Hannifin Corporation and various aftermarket distributors including Applied Industrial, Motion Industries and McMaster Carr. We believe that the diversification of our sales among the various markets of the industrial bearings market reduces our exposure to downturns in any individual market. We believe opportunities exist for growth and margin improvement in this market as a result of increasing demand for industrial machinery, the introduction of new products and the expansion of aftermarket sales.

- ***Aerospace Market (28% of fiscal 2005 net sales)***

We supply bearings for use in commercial and private aircraft. We supply bearings for many of the commercial aircraft currently operating worldwide and are the primary supplier for many of our product lines. This includes military contractors for airplanes, helicopters and missile systems. Commercial aerospace customers generally require precision products, often of special materials, made to unique designs and specifications. Many of our aerospace bearing products are designed and certified during the original development of the aircraft being served, which often makes us the primary bearing supplier for the life of the aircraft.

Our largest aerospace customers include Airbus, Boeing, General Electric, Lockheed Martin, Raytheon, Rolls Royce, Pratt and Whitney and various aftermarket channels. We estimate that over 60% of commercial aerospace net sales are actually used as replacement parts, as bearings are regularly replaced on aircraft in conjunction with routine maintenance procedures. We believe our strong relationships with OEMs help drive our aftermarket sales since a portion of OEM sales are ultimately intended for use as replacement parts. We believe that growth and margin expansion in this segment will be driven primarily by expanding our international presence and the refurbishment and maintenance of existing commercial aircraft.

- ***Defense Market (8% of fiscal 2005 net sales)***

We manufacture bearing products used by the U.S. Department of Defense and certain foreign governments for use in fighter jets, troop transports, naval vessels, helicopters, gas turbine engines, armored vehicles, guided weaponry and satellites. We manufacture an extensive line of standard products that conform to many domestic military application requirements, as well as customized products designed for unique applications. We specialize in the manufacture of high precision ball and roller bearings, commercial ball bearings and metal-to-metal and self-lubricating plain bearings for the defense market. Our bearing products are manufactured to conform to U.S. military specifications and are typically custom designed during the original product design phase, which often makes us the sole or primary bearing supplier for the life of the product. In addition to products that meet military specifications, these customers often require precision products made of specialized materials to custom designs and specifications. Product approval for use on military equipment is often a lengthy process ranging from six months to six years.

Our largest defense customers include the U.S. Department of Defense and all branches of the U.S. military. Sales consist primarily of replacement bearings on programs for which we are the sole-source supplier. We believe that our current installed base of bearing products and our sophisticated engineering and manufacturing capabilities position us to benefit from growing replacement part demand caused by increased equipment utilization as well as the introduction of new weapons and transport systems. Appropriations for maintenance and repairs for product platforms serviced by us have generally remained relatively stable, even during periods where defense spending was in relative decline, such as the early to mid-1990s. With increased government spending on defense, demands for the repair and maintenance of the product platforms serviced by us have strengthened in the past year.

We have long-term supply agreements that serve to establish the scope of the supply arrangements with many of our larger customers. The primary purpose of these agreements is to allow the customer to secure favorable pricing and capacity while providing us with the opportunity to effectively plan production. The majority of these agreements are for three year terms, however longer terms are occasionally agreed upon. Typically, large OEM customers are in the three-year category while defense contractors and their programs are likely to involve longer terms. These agreements generally establish the price (typically including material escalation), the product being supplied, the term of the agreement, minimum quantities and general terms and conditions. However, shipments are based solely upon the purchase orders placed by the customer under the long-term supply agreement. No single customer represented more than 5% of our net sales in fiscal 2005.

Products

Bearings are employed to fulfill several functions including reduction of friction, transfer of motion and carriage of loads. We design, manufacture and market a broad portfolio of bearing products. The following table provides a summary of our product segments:

Segment	FY 2005 Sales	Representative Applications
Plain Bearings	$ 93,250 (38%)	• Aircraft engine controls and landing gear • Helicopter rotors and missile launchers • Mining and construction equipment
Roller Bearings	$ 92,281 (38%)	• Aircraft hydraulics • Military and commercial truck chassis • Packaging machinery and gear pumps
Ball Bearings	$ 41,881 (17%)	• Radar and night vision systems • Airframe control and actuation • Semiconductor equipment
Other	$ 15,604 (7%)	• Precision ground ball screws for robotic handling and missile guidance • Collets for machine tools

Plain Bearings. Plain bearings are primarily used to rectify inevitable misalignments in various mechanical components, such as aircraft controls, helicopter rotors, or in heavy mining and construction equipment. Such misalignments are either due to machining inaccuracies or result when components change position relative to each other. Plain bearings are produced with either self-lubricating or metal-to-metal designs and consist of several sub-classes, including rod end bearings, spherical plain bearings and journal bearings. Sales of plain bearings accounted for 38% of our net sales in fiscal 2005.

Roller Bearings. Roller bearings are anti-friction products that utilize cylindrical rolling elements. We produce three main designs: tapered roller bearings, needle roller bearings and needle bearing track rollers and cam followers. We produce medium sized tapered roller bearings used primarily in heavy truck axle applications. We offer several needle roller bearing designs that are used in both

industrial applications and certain U.S. military aircraft platforms. These products are generally specified for use where there are high loads and the design is constrained by space considerations. A significant portion of the sales of this product is to the aftermarket. Needle bearing track rollers and cam followers have wide and diversified use in the industrial market and are often prescribed as a primary component in articulated aircraft wings. We believe we are the world's largest producer of aircraft needle bearing track rollers. The sale of roller bearings accounted for 38% of our net sales in fiscal 2005.

Ball Bearings. Ball bearings are devices which utilize high precision ball elements to reduce friction in high speed applications. We specialize in four main types of ball bearings: high precision aerospace, airframe control, thin section and industrial ball bearings. High precision aerospace bearings are primarily sold to customers in the defense industry that require more technically sophisticated bearing products, such as missile guidance systems, providing higher degrees of fault tolerance given the criticality of the applications in which they are used. Airframe control ball bearings are precision ball bearings that are plated to resist corrosion and are qualified under a military specification. Thin section ball bearings are specialized bearings that use extremely thin cross sections and give specialized machinery manufacturers many advantages. We produce a general line of industrial ball bearings sold primarily to the aftermarket. Ball bearings accounted for 17% of our net sales in fiscal 2005.

Other. Our other products consist primarily of precision linear precision products and machine tool collets. Linear products are precision ground ball bearing screws that offer repeatable positioning accuracy in defense, machine tools, robotic handling and semiconductor equipment. We also have several application development programs for linear precision products in progress in guided missile, unmanned aircraft, and "smart bomb" applications. Machine tool collets are cone-shaped metal sleeves, used for holding circular or rodlike pieces in a lathe or other machine, that provide effective part holding and accurate part location during machining operations. Our other products accounted for approximately 7% of our net sales in fiscal 2005.

Product Design and Development

We produce specialized bearings which are often tailored to the specifications of a customer or application. Our sales professionals are highly experienced engineers who collaborate with our customers on a continual basis to develop bearing solutions. The product development cycle can follow many paths which are dependent on the end market or channel. The process normally takes between 3-6 years from concept to sale depending upon the application and the market. A common route that is used for major OEM projects begins when our design engineers meet with their customer counterparts at the machine design conceptualization stage and work with them through the conclusion of the product development.

Often, at the early stage, a bearing design concept is produced that addresses the expected demands of the application. Environmental demands are many but normally include load, stress, heat, thermal gradients, vibration, lubricant supply, corrosion resistance, with one or two of these environmental constraints being predominant in the design consideration. A bearing design must perform reliably for a period of time specified by the customer's product objectives.

Once a bearing is designed, a mathematical simulation is created to replicate the expected application environment and thus allow optimization with respect to these design variables. Upon conclusion of the design and simulation phase, samples are produced and laboratory testing commences at one of our test laboratories. The purpose of this testing phase is not only to verify the design and the simulation model but also to allow further design improvement where needed. Finally, upon successful field testing by the customer, the product is ready for sale.

For the majority of our products, the culmination of this lengthy process is the receipt of a product approval or certification, generally obtained from either the OEM, the Department of Defense or the FAA which allows us to supply the product to the customer. We currently have in excess of 32,000 such

approvals, which often gives us a significant competitive advantage, and in many of these instances we are the only approved supplier of a given bearing product.

Manufacturing and Operations

Our manufacturing strategies are focused on product reliability, quality and service. Custom and standard products are produced according to manufacturing schedules that ensure maximum availability of popular items for immediate sale while carefully considering the economies of lot production and special products. Capital programs and manufacturing methods development are focused on quality improvement and low production costs. A monthly review of product line production performance assures an environment of continuous attainment of profitability goals.

Capacity. Our plants currently run on a single shift, and light second and third shifts at selected locations, to meet the demands of our customers. We believe that current capacity levels and future annual estimated capital expenditures on equipment up to approximately 4% of sales should permit us to effectively meet demand levels for the foreseeable future. We also believe that we have the ability to increase capacity and move to full second or third shifts when required.

Inventory Management. Our increasing emphasis on the distributor/aftermarket sector has required us to maintain greater inventories of a broader range of products than the OEM market historically demanded. We operate an inventory management program designed to balance customer delivery requirements with economically optimal inventory levels. In this program, each product is categorized based on characteristics including order frequency, number of customers and sales volume. Using this classification system, our primary goal is to maintain a sufficient supply of standard items while minimizing warehousing costs. In addition, production cost savings are achieved by optimizing plant scheduling around inventory levels and customer delivery requirements. This leads to more efficient utilization of manufacturing facilities and minimizes plant production changes while maintaining sufficient inventories to service customer needs.

Sales, Marketing and Distribution

Our marketing strategy is aimed at increasing sales within our three primary markets, targeting specific applications in which we can exploit our competitive strengths. To effect this strategy, we seek to expand into geographic areas not previously served by us and we continue to capitalize on new markets and industries for existing and new products. We employ a technically proficient sales force and utilize marketing managers, product managers, customer service representatives and product application engineers in our selling efforts.

We have accelerated the development of our sales force through the hiring of sales personnel with prior bearing industry experience, complemented by an in-house training program. We intend to continue to hire and develop expert sales professionals and strategically locate them to implement our expansion strategy. Today, our direct sales force is located to service North America, Europe and Latin America and is responsible for selling all of our products. This selling model leverages our relationship with key customers and provides opportunities to market multiple product lines to both established and potential customers. We also sell our products through a well-established, global network of industrial and aerospace distributors. This channel primarily provides our products to smaller OEM customers and the end users of bearings that require local inventory and service. In addition, specific larger OEM customers are also serviced through this channel to facilitate requirements for "Just In Time" deliveries or "Kan Ban" systems. Our worldwide distributor network provides our customers with more than 1,500 points of sale for our products. We intend to continue to focus on building distributor sales volume.

The sale of our products is supported by a well-trained and experienced customer service organization. This organization provides customers with instant access to key information regarding their bearing purchase and delivery requirements. We also provide customers with updated information

through our web site, and we have developed on-line integration with specific customers, enabling more efficient ordering and timely order fulfillment for those customers.

We store product inventory in four company-owned and operated warehouses located on the East and West coasts of the U.S., and in France and Switzerland. The inventory is located in these warehouses based on thorough analysis of customer demand to provide superior service and product availability to our customers.

Competition

Our principal competitors include Kaydon Corporation, New Hampshire Ball Bearings and McGill Manufacturing Company, Inc., although we compete with different companies for each of our product lines. We believe that for the majority of our products, the principal competitive factors affecting our business are product qualifications, product line breadth, service and price. Although some of our current and potential competitors may have greater financial, marketing, personnel and other resources than us, we believe that we are well positioned to compete with regard to each of these factors in each of the markets in which we operate.

Product Qualifications. Many of the products we produce are qualified for the application by the OEM, the U.S. Department of Defense, the FAA or a combination of these agencies. These credentials have been achieved for thousands of distinct items after years of design, testing and improvement. In many cases patent protection presides, in all cases there is strong brand identity and in numerous cases we have the exclusive product for the application.

Product Line Breadth. Our products encompass an extraordinarily broad range of designs which often create a critical mass of complementary bearings and components for our markets. This position allows many of our industrial and aircraft customers the ability for a single manufacturer to provide the engineering service and product breadth needed to achieve a series of OEM design objectives or aftermarket requirements. This ability enhances our value to the OEM considerably while strengthening our overall market position.

Service. Product design, performance, reliability, availability, quality, technical and administrative support are elements that define the service standard for this business. Our customers are sophisticated and demanding, as our products are fundamental and enabling components to the construction or operating of their machinery. We maintain inventory levels of our most popular items for immediate sale and service well over 15,000 voice and electronic contacts per month. Our customers have high expectations regarding product availability, and the primary emphasis of our service efforts is to ensure the widest possible range of available products and delivering them on a timely basis.

Price. We believe our products are priced competitively in the markets we serve. We continually evaluate our manufacturing and other operations to maximize efficiencies in order to reduce costs, eliminate unprofitable products from our portfolio and maximize our profit margins. While we compete with larger bearing manufacturers who direct the majority of their business activities, investments and expertise toward the automotive industries, our sales in this industry are only a small percentage of our business. We invest considerable effort to develop our price to value algorithms and we price to market levels where required by competitive pressures.

Suppliers and Raw Materials

We obtain raw materials, component parts and supplies from a variety of sources and generally from more than one supplier. Our principal raw material is steel. Our suppliers and sources of raw materials are based in the U.S., Europe and Asia. We purchase steel at market prices, which during the past 24 months have increased to historical highs as a result of a relatively low level of supply and a relatively high level of demand, and we have recently received notices of additional price increases from our suppliers. To date, we have generally managed to pass through these raw material price

increases to our customers by assessing steel surcharges on, or price increases of, our bearing products. However, we have from time to time experienced a time lag of up to 12 weeks in our ability to pass through steel surcharges to our customers which has negatively impacted our gross margins. We will continue to pass on raw material price increases as competitive conditions allow.

Recently because of extraordinarily high demand for certain grades of steel, suppliers have in some instances allocated certain types of steel in limited quantities to customers. However, to date, we have never experienced a work stoppage due to a supply shortage. We believe that our sources for raw materials, including steel, are adequate for our needs in the foreseeable future, that there exist alternative suppliers for our raw materials and that in most cases readily available alternative materials can be used for most of our raw materials. However, we cannot provide any assurances of the availability or the prices thereof. We do not believe that the loss of any one supplier would have a material adverse effect on our financial condition or results of operations.

We have not been significantly impacted by recent increases in energy prices because energy costs, the most significant component of which is natural gas used in heat treating operations, represent less than 4% of our overall costs.

Backlog

As of April 2, 2005, we had an order backlog of $134.8 million, as compared to a backlog of $102.4 million at the end of fiscal 2004. The amount of backlog includes orders which we estimate will be fulfilled within the next 12 months; however, orders included in our backlog are subject to cancellation, delay or other modifications by our customers prior to fulfillment. We sell many of our products pursuant to contractual agreements, single source relationships or long-term purchase orders, each of which may permit early termination by the customer. However, due to the nature of many of the products supplied by us and the lack of availability of alternative suppliers to meet the demands of such customers' orders in a timely manner, we believe that it is not practical or prudent for most of our customers to shift their bearing business to other suppliers.

Employees

We had approximately 1,184 hourly employees and 501 salaried employees as of April 2, 2005, of whom 260 were employed in our European and Mexican operations. We believe that our employee relations are satisfactory.

We are subject to several collective bargaining agreements covering unionized workers, as follows:

- collective bargaining agreements with the United Auto Workers covering substantially all of the hourly employees at our West Trenton, New Jersey, Fairfield, Connecticut and Bremen, Indiana plants. These agreements expire on June 30, 2007, January 31, 2008 and October 29, 2005, respectively;

- collective bargaining agreements with the United Steelworkers covering substantially all the hourly employees at our Glasgow, Kentucky and Kulpsville, Pennsylvania plants. These agreements expire on June 13, 2008 and January 31, 2008, respectively; and

- a labor agreement with the Association of Swiss Engineering Employers covering substantially all of the hourly employees at our Delemont, Switzerland plant. This agreement expires on December 31, 2005.

As of April 2, 2005, approximately 837 of our hourly employees, or 71%, were non-unionized.

Intellectual Property

We own U.S. and foreign patents and trademark registrations and U.S. copyright registrations, and have U.S. trademark and patent applications pending. We currently have approximately 10 U.S. patents and patent applications and a few foreign patents. We file patent applications and maintain patents to

protect certain technology, inventions and improvements that are important to the development of our business, and we file trademark applications and maintain trademark registrations to protect product names that have achieved brand-name recognition among our customers. We also rely upon trade secrets, know-how and continuing technological innovation to develop and maintain our competitive position. We believe our trade-secrets, know-how, innovations and product approvals are significantly more important to the success of our business and ability to maintain our competitive position than our patents. Many of our brands are well recognized by our customers and are considered valuable assets of our business. We currently have approximately 40 U.S. trademark registrations and applications and a significant number of foreign trademark registrations. We do not believe, however, that any individual item of intellectual property is material to our business. See "Risk Factors."

Regulation

Product Approvals. Essential to servicing the aerospace market is the ability to obtain product approvals. We have in excess of 32,000 product approvals, which enable us to provide products used in virtually all domestic aircraft platforms presently in production or operation. Product approvals are typically issued by the FAA to designated OEMs who are Production Approval Holders of FAA approved aircraft. These Production Approval Holders provide quality control oversight and generally limit the number of suppliers directly servicing the commercial aerospace aftermarket. Regulations enacted by the FAA provide for an independent process (the Parts Manufacturer Approval, or PMA, process), which enables suppliers who currently sell their products to the Production Approval Holders, to sell products to the aftermarket. We have received over 2,400 PMA approvals to date and have approximately 633 active PMA applications in process. The costs of obtaining required product approvals are not directly tracked, but are included in our manufacturing overhead and SG&A costs. We do not directly pass these costs on to our customers, but they are reflected indirectly in our overall product pricing.

With respect to military government contracts, and in accordance with 10 U.S.C. 2534, current DoD regulations (the Department of Defense Federal Acquisition Regulation Supplement, also known as the "DFARS") contain a domestic source preference for ball and roller bearings and bearing components that are manufactured in the United States or Canada. In general, these regulations prohibit the DoD, with limited exceptions, from procuring ball and roller bearings and bearing components unless they are manufactured in the U.S. or Canada. The DoD has only a limited authority to waive this prohibition. This prohibition, however, does not apply to contracts or subcontracts for commercial items, except for when commercial ball and roller bearings are being acquired as end items. It also does not apply to ball and roller bearings manufactured in the U.K. This current domestic source preference is set to expire in October 2005. We do not know whether Congress will take any action to extend this preference beyond this period.

We are subject to various other federal laws, regulations and standards. Although we are not presently aware of any pending legal or regulatory changes that may have a material impact on us, new laws, regulations or standards or changes to existing laws, regulations or standards could subject us to significant additional costs of compliance or liabilities, and could result in material reductions to our results of operations, cash flow or revenues.

Environmental Matters

We are subject to federal, state and local environmental laws and regulations, including those governing discharges of pollutants into the air and water, the storage, handling and disposal of wastes and the health and safety of employees. We also may be liable under the Comprehensive Environmental Response, Compensation, and Liability Act or similar state laws for the costs of investigation and clean-up of contamination at facilities currently or formerly owned or operated by us, or at other facilities at which we have disposed of hazardous substances. In connection with such contamination, we may also be liable for natural resource damages, government penalties and claims by

third parties for personal injury and property damage. Agencies responsible for enforcing these laws have authority to impose significant civil or criminal penalties for non-compliance. We believe we are currently in material compliance with all applicable requirements of environmental laws. We do not anticipate material capital expenditures for environmental controls in fiscal 2006.

Investigation and remediation of contamination is ongoing at some of our sites. In particular, state agencies have been overseeing groundwater monitoring activities at our facilities in Hartsville, South Carolina and Fairfield, Connecticut. At Hartsville, we are monitoring low levels of contaminants in the groundwater caused by former operations. The state will permit us to cease monitoring activities after two consecutive sampling periods demonstrate contaminants are below action levels. In connection with the purchase of our Fairfield, Connecticut facility in 1996, we agreed to assume responsibility for completing clean-up efforts previously initiated by the prior owner. We submitted data to the state that we believe demonstrates that no further remedial action is necessary although the state may require additional clean-up or monitoring. Although there can be no assurance, we do not expect any of those to be material.

We received notice in 2003 from the U.S. EPA that we had been named a potentially responsible *de minimis* party for past disposal of hazardous substances at the Operating Industries, Inc.'s landfill in Monterey, California. Any such disposal would have been conducted prior to our ownership, and we notified the former owners of a potential claim for indemnification pursuant to the terms of our asset purchase agreements. We are currently negotiating a *de minimis* settlement with the U.S. EPA and expect that any settlement, even if we are unsuccessful in obtaining indemnification, will not be material to our results of operations or to our business.

Properties

Our principal executive offices are located at One Tribology Center, Oxford, Connecticut 06478. We also use this facility for manufacturing our plain bearing products, both Teflon® lined and metal-to-metal, and commercial ball bearings.

In addition, we own facilities in Hartsville, South Carolina; Fairfield, Connecticut; Kulpsville, Pennsylvania; Rancho Dominguez, California; Santa Ana, California; Walterboro, South Carolina; Bremen, Indiana; and Scionzier Cedex, France, as well as a small parcel of real property in Oxford, Connecticut which may be used for expansion of our manufacturing operations at that location. We also have leases in effect with respect to facilities in the following locations until the following dates: West Trenton, New Jersey, February 10, 2009; Oxford, Connecticut, September 30, 2014; Torrington, Connecticut, December 22, 2006; Plymouth, Indiana, May 15, 2022; Glasgow, Kentucky, June 30, 2005; Delemont, Switzerland, December 31, 2009; Reynosa, Tamaulipas, Mexico, September 20, 2005; Oklahoma City, Oklahoma, December 31, 2008, Les Ulis Cedex, France, July 1, 2010, and Chatsworth, California, November 11, 2006.

We believe that our existing property, facilities and equipment are generally in good condition, are well maintained and adequate to carry on our current operations. We also believe that our existing manufacturing facilities have sufficient capacity to meet increased customer demand. Substantially all of our owned domestic properties and most of our other assets are subject to a lien securing our obligations under our Senior Credit Facility and Second Lien Term Loan.

Legal Proceedings

From time to time, we are involved in litigation and administrative proceedings which arise in the ordinary course of our business. We do not believe that any litigation or proceeding in which we are currently involved, either individually or in the aggregate, is likely to have a material adverse effect on our business, financial condition, operating results, cash flow or prospects.

MANAGEMENT

The following table sets forth certain information concerning our directors and executive officers. Each director is elected for a one-year term or until such person's successor is duly elected and qualified.

Name	Age	Positions
Dr. Michael J. Hartnett	60	Chairman, President and Chief Executive Officer
Daniel A. Bergeron	46	Vice President and Chief Financial Officer
Phillip H. Beausoleil	62	General Manager, ITB and TDC
Thomas C. Crainer	48	General Manager, Heim, RBC-API and Schaublin SA
Richard J. Edwards	50	Vice President and General Manager, RBC Divisions
Robert Anderson	84	Director
Richard R. Crowell	50	Director
Dr. Amir Faghri	54	Director
William P. Killian	70	Director
Michael Stone	42	Director

Dr. Michael J. Hartnett has been the President and Chief Executive Officer since April 1992 and Chairman of the board of directors since June 1993. Prior to that, Dr. Hartnett served as Vice President and General Manager of our Industrial Tectonics Bearings Corporation, or ITB, subsidiary from 1990, following eighteen years at The Torrington Company, one of the three largest bearings manufacturers in the U.S. While at Torrington Company, Dr. Hartnett held the position of Vice President and General Manager of the Aerospace Business Unit and was, prior to that, Vice President of the Research and Development Division. Dr. Hartnett holds an undergraduate degree from University of New Haven, a Masters degree from Worcester Polytechnic Institute and a Ph.D. in Applied Mechanics from the University of Connecticut. Dr. Hartnett has also developed numerous patents, authored more than two dozen technical papers and is well known for his contributions to the field of tribology, the study of friction. Dr. Hartnett currently serves as a director of Aftermarket Technology Corp., a publicly-held company in the business of re-manufacturing aftermarket components for automobiles.

Daniel A. Bergeron joined us in May 2003 as Vice President, Finance. On August 5, 2003, he was appointed Vice President and Chief Financial Officer. From November 2002 through May 2003, he served as Vice President and Chief Financial Officer of Allied Healthcare International, Inc., a publicly-held provider of healthcare staffing services. Mr. Bergeron served as Vice President and Chief Financial Officer at Paragon Networks International, Inc., a telecommunications company, from June 2000 to October 2002. From April 1998 to February 2000, he served as Vice President and Chief Financial Officer of Tridex Corporation, a publicly-held software company. From July 1987 to March 1998, Mr. Bergeron held various financial reporting positions with Dorr-Oliver Inc., an international engineering and manufacturing company, including Vice President and Chief Financial Officer from 1994 to March 1998. Mr. Bergeron holds a B.S. in Finance from Northeastern University and a M.B.A. from the University of New Haven.

Phillip H. Beausoleil spent three years as Plant Manager for the SKF Kulpsville, Pennsylvania facility before joining us in 1993 as Plant Manager of the Santa Ana, California division, Transport Dynamics. In 1995, the general manager responsibilities at Industrial Tectonics Bearings, or ITB, in California were given to Mr. Beausoleil. He also spent 23 years at New Hampshire Ball Bearing, the last five years as General Manager of its Astro Division.

Thomas C. Crainer joined us in 1986 as Plant Manager at the ITB division in California and was promoted to General Manager in 1995. In 2000, Mr. Crainer became General Manager for RBC Schaublin. In 2003, he returned to the U.S. to assume additional responsibilities for our Heim Bearings, Engineered Component and Aircraft Products facilities. He had previously been employed for six years at TRW Bearing in Falconer, NY as Manufacturing Supervisor, Production Control Manager and Manufacturing Manager. His undergraduate degree in Business Administration is from St. Bonaventure University. In 1991 he received an M.B.A. from the University of Phoenix.

Richard J. Edwards joined us as Manufacturing Manager for the Hartsville, South Carolina facility in 1990. After holding the positions of Plant Manager for the Hartsville Plant, and Director of Operations for the RBC Divisions, he was named Vice President and General Manager for the RBC Divisions in 1996. Prior to joining us, Mr. Edwards spent six years with the Torrington Company as Materials Manager, and later Plant Superintendent in the Tyger River plant. He holds a Bachelor of Science degree in Management from Arizona State University.

Robert Anderson has been a director since June 1998. Mr. Anderson has served as Chairman Emeritus of Rockwell Corporation since February 1990. He also serves as a director of Aftermarket Technology Corporation and is a member of the Caltech Board of Trustees and a graduate of the Anderson School of the University of California, Los Angeles.

Richard R. Crowell has been a director since June 2002. Mr. Crowell is a Managing Partner of Aurora Capital Group, a private equity investment firm. Prior to establishing Aurora in 1991, Mr. Crowell was a Managing Partner of Acadia Partners, a New York-based investment fund. From 1983 to 1987, he was a Managing Director, Corporate Finance for Drexel Burnham Lambert. He serves on the board of directors of several private companies including Impaxx, Inc., Tartan Textile Services, Inc., and ADCO Global, Inc. Mr. Crowell earned a B.A. from the University of California, Santa Cruz and an M.B.A. from the Anderson School of the University of California, Los Angeles.

Dr. Amir Faghri has been a director since July 2004. Dr. Faghri is presently the Dean of the School of Engineering of the University of Connecticut. He joined the university in 1994 as Head of the Mechanical Engineering Department. Dr. Faghri is published extensively in the area of heat transfer and is the sole inventor of six U.S. patents. He has been a consultant for several major research centers, including Los Alamos, Oak Ridge National Laboratories and Intel Corporation. He is a Fellow of ASME. He received a B.S. from Oregon State University and an M.S. and a Ph.D. from the University of California, Berkeley.

William P. Killian has been a director since October 2001. Mr. Killian has reported directly to and advised CEOs of Fortune 500, NYSE corporations on strategy, corporate growth, acquisitions and divestitures for 25 years. From 1986 until his retirement in 2000, Mr. Killian was Corporate Vice President, Development and Strategy for Johnson Controls, Inc. a $20 billion global market leader in automotive systems and facility management and controls. Currently, he serves as a member of the board of directors of Aqua-Chem, Inc. and Premix, Inc. Mr. Killian holds a Bachelor of Chemical Engineering from Georgia Tech and a Master of Engineering Administration from the University of Utah.

Michael Stone has been a director since April 2002. Mr. Stone is a Managing Partner of Whitney. He has been with Whitney since 1989 and has been a senior investor in each of Whitney's outside equity funds. Previously, he was with Bain & Company where he worked with manufacturing and pharmaceutical clients and Bain Capital-owned entities. He received a B.A. from Duke University and a M.B.A. from Harvard Business School. Mr. Stone is a director of several private companies.

Board of Directors

Our board of directors will consist of up to 9 members. We currently have 6 members on our board of directors. A majority of our board of directors are independent. Our directors are elected by our stockholders at an annual meeting. Nominees for director are designated by the then constituted board of directors, and stockholders vote on whether each nominee should be elected as a director.

Upon the completion of this offering, our board of directors will be divided into three classes serving staggered three-year terms. Class I, Class II and Class III directors will serve until our annual meetings of stockholders in 2006, 2007 and 2008, respectively. The members of each class of directors will be designated at the time of the consummation of the Pre-Offering Transactions. At each annual meeting of stockholders, directors will be elected to succeed the class of directors whose terms have expired. This classification of our board of directors could have the effect of increasing the length of time necessary to change the composition of a majority of our board of directors. In general, at least two annual meetings of stockholders will be necessary for stockholders to effect a change in a majority of the members of our board of directors. We expect to add an additional board member to serve as an independent financial expert on our audit committee prior to the completion of this offering.

Committees of Our Board of Directors

The standing committees of our board of directors consist of an audit committee, a compensation committee and a corporate governance and nominating committee. Mr. Stone and Dr. Hartnett currently serve on our audit committee, Messrs. Crowell, Anderson and Killian serve on our compensation committee, and Mr. Stone, Dr. Hartnett and Dr. Faghri serve on our corporate governance and nominating committee. Within one year of the consummation of this offering, all the members of our corporate governance and nominating and audit committees will be "independent" as defined by applicable Nasdaq rules. One member of our audit committee will be independent upon consummation of this offering and accordingly one of our current independent directors will be added to our audit committee on or prior to closing, and two members will be independent within 90 days after consummation of this offering.

Audit Committee

The principal duties and responsibilities of our audit committee are as follows:

- to monitor our financial reporting process and internal control system;
- to appoint and replace our independent outside auditors from time to time, determine their compensation and other terms of engagement and oversee their work;
- to oversee the internal audit function; and
- to oversee our compliance with legal, ethical and regulatory matters.

The audit committee has the power to investigate any matter brought to its attention within the scope of its duties. It also has the authority to retain counsel and advisors to fulfill its responsibilities and duties. We intend to comply with future audit committee requirements as they become applicable to us.

Compensation Committee

The principal duties and responsibilities of our compensation committee are as follows:

- to provide oversight on the development and implementation of the compensation policies, strategies, plans and programs for our key employees and outside directors and disclosure relating to these matters;
- to review and approve the compensation of our chief executive officer and the other executive officers of us and our subsidiaries; and
- to provide oversight concerning selection of officers, management succession planning, performance of individual executives and related matters.

Each member of our compensation committee will be an "outside" director as that term is defined in 162(m) of the Internal Revenue Code of 1986, as amended, and a "non-employee" director within the meaning of Rule 16b-3 of the rules under the Securities Exchange Act of 1934.

Corporate Governance and Nominating Committee

The principal duties and responsibilities of our corporate governance and nominating committee are as follows:

- to establish criteria for board and committee membership and recommend to our board of directors proposed nominees for election to the board of directors and for membership on committees of the board of directors;

- to make recommendations regarding proposals submitted by our stockholders; and

- to make recommendations to our board of directors regarding corporate governance matters and practice.

Compensation of Directors

Independent members of our board of directors are paid $20,000 per year, payable quarterly, and are entitled to annual stock option grants at the discretion of the compensation committee of the board of directors for their services. In addition, we expect to revise our compensation policy to provide for payments for service on any board committee and reimbursements for reasonable out-of-pocket expenses incurred in connection with attendance at board meetings or of any committee thereof.

Code of Ethics

Our board of directors has adopted a code of business conduct and ethics applicable to our directors, officers and employees.

Corporate Governance Guidelines

To help discharge its responsibilities, our board of directors will adopt corporate governance guidelines in accordance with applicable Nasdaq National Market listing standards on significant corporate governance issues prior to the consummation of this offering. These guidelines address such matters as director independence, committee membership and structure, meetings and executive sessions, director selection, retirement and training, among other things.

Limitation on Directors' Liability and Indemnification

Our amended and restated certificate of incorporation will limit the liability of directors to the maximum extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except liability for:

- any breach of their duty of loyalty to the corporation or its stockholders;

- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

- unlawful payments of dividends or unlawful stock repurchases or redemptions; or

- any transaction from which the director derived an improper personal benefit.

The limitation of liability does not apply to liabilities arising under the federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our restated certificate of incorporation provides that we will indemnify our directors and officers and may indemnify our employees and other agents to the fullest extent permitted by law. We believe that indemnification under our restated certificate of incorporation covers at least negligence and gross negligence on the part of indemnified parties. Our restated certificate of incorporation also permits us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in his or her capacity as an officer, director, employee or other agent.

The limited liability and indemnification provisions in our restated certificate of incorporation may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty

and may reduce the likelihood of derivative litigation against our directors and officers, even though a derivative action, if successful, might otherwise benefit us and our stockholders. A stockholder's investment in us may be adversely affected to the extent we pay the costs of settlement or damage awards against our directors and officers under these indemnification provisions.

At present, there is no pending litigation or proceeding involving any of our directors, officers or employees in which indemnification is sought, nor are we aware of any threatened litigation that may result in claims for indemnification.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for directors, officers and controlling persons of us pursuant to the foregoing provisions or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission, or SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Executive Compensation

The following table sets forth the cash and other compensation paid by us in fiscal 2005, 2004 and 2003 to Dr. Hartnett, our Chairman, President and Chief Executive Officer, and our next four most highly paid executive officers, or the Named Executive Officers.

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long-Term Compensation Awards	
Name and Principal Position	**Fiscal Year**	**Salary(a)**	**Bonus**	**Other Annual Compensation**	**Securities Underlying Options/SARs**	**All Other Compensation**
Dr. Michael J. Hartnett	2005	$ 591,744	$ 578,817	$ 9,211(b)	—	$ 15,000(g)
Chairman, President & Chief	2004	560,442	481,757	8,685(b)	—	15,000(g)
Executive Officer	2003	521,924	66,547	11,832(b)	—	—
Phillip H. Beausoleil	2005	206,970	100,000	—	25,000(f)	7,147(h)
General Manager, ITB and TDC	2004	204,269	50,000	—	—	7,605(h)
	2003	189,371	45,000	—	12,500(f)	7,854(h)
Daniel A. Bergeron	2005	189,000	40,000	6,000(c)	25,000(f)	4,500(i)
Vice President and Chief Financial Officer	2004	152,769	—	6,000(c)	—	—
	2003	—	—	—	—	—
Thomas C. Crainer	2005	185,000	42,096	12,311(d)	—	5,329(j)
General Manager, Heim, RBC-API and	2004	211,835	—	5,702(d)	—	5,708(j)
Schaublin SA	2003	224,228	37,000	5,960(d)	12,500(f)	5,329(j)
Richard J. Edwards	2005	207,741	30,000	10,261(e)	—	3,750(k)
Vice President and General Manager, RBC	2004	202,448	35,000	12,800(e)	25,000(f)	—
Divisions	2003	172,917	30,000	9,573(e)	12,500(f)	3,750(k)

(a) Includes amounts deferred by the executive pursuant to our 401(k) Plan.

(b) Consists of leased vehicles for use by Dr. Hartnett.

(c) Consists of $6,000 car allowance for Mr. Bergeron.

(d) Consists of a leased vehicle for use by Mr. Crainer.

(e) Consists of a leased vehicle for use by Mr. Edwards.

(f) Options granted under the 2001 Stock Option Plan.

(g) Consists of employer match contributed to Dr. Hartnett's SERP account.

(h) Consists of employer match contributed to Mr. Beausoleil's SERP account.

(i) Consists of employer match contributed to Mr. Bergeron's SERP account.

(j) Consists of employer match contributed to Mr. Crainer's SERP account.

(k) Consists of employer match contributed to Mr. Edwards' SERP account.

Option Grants in Last Fiscal Year

The following table provides information with respect to stock options granted to our named executive officers during fiscal 2005:

	Individual Grants				Potential Realizable Value At Assumed Annual Rates of Stock Price Appreciation for Option Term(b)		
Name	Number of Securities Underlying Options/SARs Granted	% of Total Options Granted to Employees in 2005	Exercise or Base Price per Share	Expiration Date	0%	5%	10%
Daniel A. Bergeron	25,000	13.9%	$ 8.00	April 4, 2014	$ 175,000	$ 410,835	$ 772,653
Phillip H. Beausoleil	25,000	13.9%	$ 8.00	April 4, 2014	175,000	410,835	772,653

(a) Based on an aggregate of 179,575 shares subject to options granted to our employees in 2005, including the named executive officers.

(b) Potential realizable values are computed by: (1) multiplying the number of shares of common stock subject to a given option by an assumed initial public offering price per share of $15.00, (2) assuming that the aggregate stock value derived from that calculation compounds at the annual rate of 0%, 5% or 10% shown in the table for the entire 10-year term of the option; and (3) subtracting from that result the aggregate option exercise price. The 0%, 5% and 10% assumed annual rates of stock price appreciation are mandated by the rules of the SEC and do not reflect our estimate or projection of future stock prices. These values do not take into account amounts required to be paid as income taxes under the Internal Revenue Code and any applicable state laws or option provisions providing for termination of an option following termination of employment, non-transferability or vesting. Actual gains, if any, on stock option exercises will depend on the future performance of the common stock and the date on which the options are exercised.

Aggregated Stock Option Exercises in Last Fiscal Year and Fiscal Year-end Option Values

The following table sets forth the number of exercisable and unexercisable options and warrants held by each of the Named Executive Officers as of April 2, 2005. None of our common stock was acquired during fiscal 2005 upon the exercise of stock options and warrants by the Named Executive Officers.

Fiscal Year-End Option and Warrant Values

	Number of Securities Underlying Unexercised Options and Warrants at Fiscal Year-End		Value of Unexercised In-the-Money Options and Warrants at Fiscal Year-End(a)	
Name	Exercisable	Unexercisable	Exercisable	Unexercisable
Dr. Michael J. Hartnett(b)	1,812,658	—	$ 25,907,669	$ —
Daniel A. Bergeron	16,500	8,500	115,500	59,500
Phillip H. Beausoleil	87,625	8,500	967,425	59,500
Richard J. Edwards	193,800	—	2,452,980	—
Thomas C. Crainer	58,100	—	661,760	—

(a) Based upon a per share price of $15.00.

(b) The options and warrants are held by Dr. Hartnett and by Hartnett Family Investments, L.P.

There was no public market for any of our common stock underlying the options and warrants reflected on the table.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table summarizes information about securities authorized for issuance under our equity compensation plans and other agreements as of April 2, 2005:

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options and Warrants	(b) Weighted Average Exercise Price of Outstanding Options and Warrants	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	303,492	$ 11.32	842,183
Equity compensation plans not approved by security holders	1,463,068	$ 0.71	—
Total	1,766,560	$ 2.53	842,183

Stock Option Plans

1998 Stock Option Plan

Effective February 18, 1998, we adopted the RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.) 1998 Stock Option Plan. The terms of the 1998 option plan provide for the grant of options to purchase up to 8,413,900 shares of Class A common stock to officers and employees of, and consultants (including members of the board of directors) to us and our subsidiaries. Options granted may be either incentive stock options (under Section 422 of the Internal Revenue Code) or non-qualified stock options. The 1998 option plan, which expires on December 31, 2008, is to be governed by our board of directors or a committee to which the board delegates its responsibilities. As of April 2, 2005, there were outstanding options to purchase 464,425 shares of Class A common stock granted under the 1998 option plan, all of which were exercisable. The 1998 Stock Option Plan will be frozen and no additional stock options will be awarded pursuant to the plan.

The exercise price of options granted under the 1998 option plan shall be determined by our board of directors, but in no event less than 100% of the Fair Market Value (as defined in the 1998 option plan) of the Class A common stock on the date of grant. Options granted under the 1998 option plan may be exercised during the period set forth in the agreement pursuant to which the options are granted, but in no event more than ten years following grant.

The number of shares of Class A common stock for which options may be granted under the 1998 option plan shall be increased, and the number of shares for which outstanding options shall be exercisable, and the exercise price thereof, shall be adjusted upon the happening of stock dividends, stock splits, recapitalizations and certain other capital events regarding our company or the Class A common stock. Upon any merger, consolidation or combination where shares of Class A common stock are converted into cash, securities or other property, outstanding options shall be converted into the right to receive upon exercise the consideration as would have been payable in exchange for the shares of Class A common stock underlying such options had such options been exercised prior to such event. The number and kind of shares holders of options will be entitled to receive will be adjusted in accordance with the terms of the plan in connection with the Pre-Offering Transactions consummated prior to this offering. See "Related Party Transactions—Pre-Offering Transactions."

Options granted under the 1998 option plan are not transferable by the holders thereof except by the laws of descent and distribution. Our board of directors has the right to establish such rules and regulations concerning the 1998 option plan and to make such determinations and interpretations of the terms thereof as it deems necessary or advisable.

2001 Stock Option Plan

The RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.) 2001 Stock Option Plan was adopted in fiscal 2002 and amended and restated on October 24, 2003. The terms of the 2001 option plan provide for the grant of options to purchase up to 1,008,553 shares of Class A common stock to our officers and employees of, and consultants (including members of our board of directors) to, us and our subsidiaries selected by the CEO to participate in the plan. Options granted may be either incentive stock options (under Section 422 of the Internal Revenue Code) or non-qualified stock options. The 2001 option plan, which expires in July, 2011, is to be governed our board of directors or a committee to which the board of directors delegates its responsibilities. As of April 2, 2005, there were outstanding options to purchase 465,992 shares of Class A common stock granted under the 2001 option plan, 319,325 of which were exercisable. Upon consummation of this offering, the 2001 Stock Option Plan will be frozen and no additional stock options will be awarded pursuant to the plan.

The exercise price of options granted under the 2001 option plan shall be determined by the board of directors, but in no event less than 100% of the Fair Market Value (as defined in the 2001 option plan) of the Class A common stock on the date of grant. Options granted under the 2001 option plan may be exercised during the period set forth in the agreement pursuant to which the options are granted, but in no event more than ten years following grant.

The 2001 Stock Option Plan provides that the number of shares of Class A common stock for which options may be granted under the plan are to be increased, and the number of shares for which outstanding options shall be exercisable, and the exercise price thereof, shall be adjusted upon the happening of stock dividends, stock splits, recapitalizations and certain other capital events regarding our Company or the Class A common stock. Upon any merger, consolidation or combination where shares of Class A common stock are converted into cash securities or other property, outstanding options shall be converted into the right to receive upon exercise the consideration as would have been payable in exchange for the shares of Class A common stock underlying such options had such options been exercised prior to such event. The number and kind of shares holders of options will be entitled to receive will be adjusted in accordance with the terms of the plan in connection with our Pre-Offering Transactions consummated prior to this offering. See "Related Party Transactions—Pre-Offering Transactions."

Options granted under the 2001 option plan are not transferable by the holders thereof except (1) by the laws of descent and distribution, (2) transfers to members of any holder's immediate family (which for purposes of the 2001 option plan shall be limited to the participant's children, grandchildren and spouse), (3) to one or more trusts for the benefit of such family members, or (4) to partnerships or limited liability companies in which such family members and/or trusts are the only partners or members; provided, that options may be transferred pursuant to sections (2) through (4) hereof only if the option expressly so provides, or as otherwise approved by the CEO or the board of directors in their discretion. Our board of directors has the right to establish such rules and regulations concerning the 2001 option plan and to make such determinations and interpretations of the terms thereof as it deems necessary or advisable.

2005 Long-Term Incentive Plan

We will adopt our 2005 Long-Term Incentive Plan effective upon the completion of this offering. The plan provides for grants of stock options, restricted stock and performance awards. Our directors, officers and other employees and persons who engage in services for us are eligible for grants under the plan. The purpose of the plan is to provide these individuals with incentives to maximize stockholder value and otherwise contribute to our success and to enable us to attract, retain and reward the best available persons for positions of responsibility.

1,139,170 shares of our common stock will be authorized for issuance under the plan, subject to adjustment in the event of a reorganization, stock split, merger or similar change in our corporate structure or the outstanding shares of common stock. Of this amount, 683,502 options will be awarded to Dr. Hartnett at the time of this offering at the offering price and the remainder will be reserved for grants to our employees (other than Dr. Hartnett) at the discretion of our compensation committee. In connection with this offering, we will not be granting any shares of restricted stock. Our compensation committee will administer the plan. Our board also has the authority to administer the plan and to take all actions that the compensation committee is otherwise authorized to take under the plan. The terms and conditions of each award made under the plan, including vesting requirements, will be set forth consistent with the plan in a written agreement with the grantee.

Stock Options. Under the plan, the compensation committee or the board may award grants of incentive stock options and other non-qualified stock options. The compensation committee also has the authority to grant options that will become fully vested and exercisable automatically upon a change in control. The compensation committee may not, however, award to any one person in any calendar year options to purchase common stock equal to more than 10% of the total number of shares authorized under the plan, and it may not award incentive options first exercisable in any calendar year whose underlying shares have a fair market value greater than $100,000 determined at the time of grant.

The compensation committee will determine the exercise price and term of any option in its discretion, however, the exercise price may not be less than 100% of the fair market value of a share of common stock on the date of grant. In the case of any incentive stock option, the option must be exercised within 10 years of the date of grant. The exercise price of an incentive option awarded to a person who owns stock constituting more than 10% of our voting power may not be less than 110% of such fair market value on such date and the option must be exercised within five years of the date of grant.

Restricted Stock. Under the plan, the compensation committee may award restricted stock subject to the conditions and restrictions, and for the duration that it determines in its discretion.

Stock Appreciation Rights. Provided that our common stock is traded on an established securities market, the compensation committee may grant stock appreciation rights, or SARs, subject to the terms and conditions contained in the plan. Under the plan, the exercise price of an SAR must equal the fair market value of a share of our common stock on the date the SAR was granted. Upon exercise of a SAR, the grantee will receive an amount in shares of our common stock equal to the difference between the fair market value of a share of common stock on the date of exercise and the exercise price of the SAR, multiplied by the number of shares as to which the SAR is exercised.

Performance Awards. The compensation committee may grant performance awards contingent upon achievement by the grantee or by us, of set goals and objectives regarding specified performance criteria, over a specified performance cycle. Awards may include specific dollar-value target awards, performance units, the value of which is established at the time of grant, and/or performance shares, the value of which is equal to the fair market value of a share of common stock on the date of grant. The value of a performance award may be fixed or fluctuate on the basis of specified performance criteria. A performance award may be paid out in cash and/or shares of common stock or other securities.

Amendment and Termination of the Plan. The board may amend or terminate the plan in its discretion, except that no amendment will become effective without prior approval of our stockholders if such approval is necessary for continued compliance with the performance-based compensation exception of Section 162(m) of the Internal Revenue Code or any stock exchange listing requirements.

If not previously terminated by the board, the plan will terminate on the tenth anniversary of its adoption.

401(k) Plan

We maintain the Roller Bearing Company of America 401(k) Retirement Plan, or the 401(k) Plan, a plan established pursuant to Section 401(k) of the Internal Revenue Code, for the benefit of our non-union employees. All non-union employees who have completed six months of service with us are entitled to participate. Subject to various limits, employees are entitled to defer up to 25% of their annual salary on a pre-tax basis and up to an additional 10% of their annual salary on an after-tax basis. We previously matched 50% of an employee's pre-tax contribution up to 10% of annual salary. Effective October 1, 2001, we suspended matching contributions to the 401(k) Plan. Employees vest in our contributions ratably over three years.

Effective April 3, 2004, we resumed matching contributions to our 401(k) Plan at a rate of 25% of an employee's pre-tax contribution up to 4% of annual salary. We also maintain a smaller 401(k) plan for non-union employees at our Miller bearing facility. We also maintain three 401(k) plans for our union employees. Subject to various limits, union employees are entitled to defer up to 25% of their annual salary on a pre-tax basis. We make employer contributions (matching and, in some cases, non-elective contributions) based on requirements in applicable collective bargaining agreements.

Supplemental Retirement Plan

Effective September 1, 1996, we adopted a non-qualified supplemental retirement plan, or SERP, for a select group of highly compensated and management employees designated by our board of directors. The SERP allows eligible employees to elect to defer until termination of their employment the receipt of up to 25% of their current salary. We make contributions equal to the lesser of 50% of the deferrals or 3.5% of the employee's annual salary, which vest in full after three years of service following the effective date of the SERP. Accounts are paid, either in a lump sum or installments, upon retirement, death or termination of employment. Accounts are generally payable from our general assets although it is intended that we set aside in a "rabbi trust" invested in annuity contracts amounts necessary to pay benefits. Employees' rights to receive payments are subject to the rights of our creditors.

Compensation Committee Interlocks and Insider Participation

The current compensation of our executive officers, other than our Chief Executive Officer's, which was determined in accordance with his employment agreement with us, was determined by our Chief Executive Officer in consultations with our board of directors. Our compensation committee was formed on November 9, 2004, which has undertaken responsibility for oversight with respect to executive compensation issues. See "Management—Committees of our Board of Directors—Compensation Committee." No member of our compensation committee will serve as a member of the board of directors or compensation committee of an entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Dr. Hartnett Employment Agreement

On December 18, 2000, we entered into an employment agreement with Dr. Hartnett. Under the terms of the employment agreement, Dr. Hartnett was employed as our Chief Executive Officer. The term of Dr. Hartnett's employment agreement is set to expire on December 17, 2005. We expect to enter into an amended or new employment agreement on substantially similar terms to the current agreement described below.

Dr. Hartnett's current agreement provided for a base salary for the fiscal year ended April 2, 2005 of $591,744. Dr. Hartnett's base salary is subject to an automatic annual increase effective December 1 of each year during the term in a percentage amount equal to the greater of (i) five percent (5%) or (ii) the percentage change in the consumer price index for the prior year. Dr. Hartnett is also entitled to an annual performance bonus with respect to each fiscal year during which he remains an employee in an amount determined as a percentage of Dr. Hartnett's base salary, based on the amount by which our performance exceeds (or fails to meet) EBITDA targets in an operating plan. We expect that Dr. Hartnett's employment agreement will be amended in the first half of fiscal 2006 to effectuate the terms of a settlement agreement which, among other things, provides for a one-time special bonus of $5.2 million, a reduction of Dr. Hartnett's base salary in fiscal 2006 by $180,000 and for the payment to Dr. Hartnett of a special cash bonus in the amount of $45,000 for each of fiscal years 2007 through 2010. See "Related Party Transactions—Dr. Hartnett Settlement Bonus."

The employment agreement also contains non-competition provisions prohibiting Dr. Hartnett from competing against us during the term of the employment agreement and for two years thereafter without our prior written consent. Dr. Hartnett is also entitled to certain additional benefits (beyond those generally available to our employees) including medical and hospitalization insurance and additional life insurance. We are also required to maintain an apartment in Los Angeles for use by Dr. Hartnett while on business.

RELATED PARTY TRANSACTIONS

Except as described below, since March 29, 2001, we have not been a party to, nor have we currently proposed, any transaction or series of similar transactions in which the amount exceeds $60,000, and in which any director, executive officer, holder of more than 5% of our common stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than compensation agreements and other agreements, which are described in the "Management" section of this prospectus. We believe that each of the following transactions, other than the loans to our executives, are on terms no less favorable than we could obtain from an unrelated third party.

Set forth below is a summary of certain agreements and arrangements, as well as other transactions between us and related parties which have taken place during our most recent fiscal year or agreements with respect to transactions entered into in our prior fiscal years among related parties and other material agreements which remain in effect as of April 2, 2005.

Sale of Class B Exchangeable Convertible Participating Preferred Stock

On July 29, 2002, Dr. Hartnett purchased 10,000 shares and Whitney Investor, through an affiliate, purchased 230,000 shares of Class B Exchangeable Convertible Participating Preferred Stock of RBCI in exchange for gross proceeds of $24.0 million, referred to as the 2002 Class B Sale. In connection with the purchase, we paid a closing fee of $750,000, plus fees and expenses of approximately $50,000 in connection with its investment in us, to Whitney, and we amended the terms of our management services agreement with Whitney. Following the closing of the sale, we utilized the proceeds from the sale and certain of our cash on hand to repurchase approximately $30.4 million in principal amount at maturity of our 13% Senior Subordinated Discount Debentures. This repurchase satisfied our obligation to make a scheduled redemption payment relating to such debt in December 2002. For more information on Whitney Investor's beneficial ownership of our equity securities, see "Principal and Selling Stockholders."

The holders of our Class B preferred stock are entitled to an 8% per annum accumulating dividend and are further entitled to participate in any dividends paid to the holders of shares of our common stock. The Class B preferred stock is subject to conversion by us or exchange by the holders thereof. In either situation, each share of Class B preferred stock would yield a number of shares of our Class A common stock determined by reference to a formula set forth in our Amended and Restated Certificate of Incorporation (which includes anti-dilution protections), a number of shares of our Class C redeemable preferred stock also determined by reference to a formula set forth in our amended and restated certificate of incorporation and one share of Class D preferred stock. Any holders of Class C preferred stock would be entitled to an 8% per annum accumulating dividend. The Class C preferred stock is subject to redemption by us at our option but is not subject to mandatory redemption. The Class D preferred stock entitles the holders thereof, upon liquidation, to a payment determined by reference to a formula set forth in our amended and restated certificate of incorporation.

Dr. Hartnett Loan

In connection with a recapitalization which took place in May of 1997, we loaned Dr. Hartnett, our President and Chief Executive Officer, $500,000 to purchase shares of our capital stock. The loan does not bear interest and is due on the earlier of (i) June 23, 2007, (ii) the consummation of a sale of our company or (iii) the consummation of an initial public offering by us. The loan is secured by a pledge of Dr. Hartnett's shares of RBCI to us. The loan will be repaid in full prior to the consummation of this offering.

Dr. Hartnett Settlement Bonus

Letter Agreement

On June 17, 2005 we entered into a Letter Agreement among us, Dr. Hartnett and Whitney which approved the terms of the Pre-Offering Transactions, including the termination of the Whitney Management Services Agreement upon consummation of this offering, the freezing of our existing stock option plans and the approval of our 2005 Long-Term Incentive Plan, and the terms of a Settlement Bonus (as described below) between us and Dr. Hartnett.

Dr. Hartnett Settlement Bonus

Subject to the approval of our senior lenders under our Senior Credit Facility and Second Lien Term Loan, we have agreed to pay Dr. Hartnett a one-time special cash bonus of $5.2 million in the first half of fiscal 2006 to reimburse Dr. Hartnett for taxes owed by him in connection with a previous stock sale by Dr. Hartnett to Whitney. We will be required to take a charge equal to approximately $5.2 million in the first half of 2006. In connection with such transaction, we expect to receive offsetting cash tax benefits equal to approximately $5.2 million, and accordingly this transaction is expected to be cash neutral to us. Additionally, in connection with such arrangement, Dr. Hartnett's salary is reduced by $180,000 in fiscal 2006 to compensate us for interest expense to be incurred by us as a result of timing differences between the payment of the $5.2 million to Dr. Hartnett and the offsetting tax benefits. We have also agreed to pay Dr. Hartnett a special cash bonus of $45,000 in each of the fiscal years 2007 through 2010. We and Dr. Hartnett have agreed to make any required amendments to Dr. Hartnett's employment agreement to effectuate this arrangement.

Amended and Restated Stockholders Agreement; Registration Rights

On February 6, 2003, in connection with an investment in us by Dr. Hartnett and Whitney V, L.P., or Whitney V, we entered into an Amended and Restated Stockholders' Agreement with Dr. Hartnett, Hartnett Family Investments, L.P., or the Hartnett Partnership, Whitney V and the Whitney Investor. We will amend this agreement to eliminate provisions related to transfer restrictions and provisions with respect to seats on our board of directors. We expect that Whitney Investor will have information and observer rights upon the completion of this offering. The stockholders' agreement also contains provisions with respect to registration rights that will remain in place after this offering is consummated. However, we will make other modifications and amendments as a result of the consummation of the Pre-Offering Transactions. The principal terms of this agreement include:

Piggyback Registration. Whenever we propose to register a public offering of our common stock, upon any request by Dr. Hartnett or Whitney Investor, we are required to include their shares in the offering, subject to customary cutback provisions.

Demand Registration. Commencing on the earlier of (1) 6 months after an effective date of an initial public offering of our common stock and (2) February 6, 2006, the holders of the majority of shares owned by Whitney Investor or permitted transferees shall have the right, on two occasions, to demand that we prepare and file with the Securities and Exchange Commission a registration statement to permit the public offering of the shares owned by those parties demanding such registration. This right will be made subject to a lock-up agreement between Whitney Investor and our underwriters in connection with this offering which will prevent Whitney Investor from exercising this right until the applicable lock-up period of 180 days has either expired or been waived.

We will bear all registration expenses, except underwriting discounts and selling commissions, incurred in connection with the registrations described above. We have agreed with Dr. Hartnett and Whitney Investor (or their permitted transferees) to indemnify each other against certain liabilities, including liabilities under federal and state securities laws.

Class A Preferred Stock Transaction

In February 2003, we raised capital from Dr. Hartnett and Whitney V, an affiliate of Whitney Investor. On February 6, 2003, Dr. Hartnett and Whitney V bought an aggregate of 1,008.41 shares of our Class A preferred stock for $3 per share, or an aggregate purchase price of approximately $3.0 million. The Class A preferred stock was the most senior of our capital stock in terms of liquidation preference and was entitled to an accrued dividend at 8% per annum. In connection with the sale of the Class A preferred stock, we paid to Whitney closing fees in the amount of $200,000, and reimbursed Whitney for expenses of approximately $35,000 incurred in connection with the purchase. Pursuant to the terms of the Purchase Agreement for the Class A preferred stock, on February 10, 2003, we exercised our option to repurchase such stock for the purchase price plus all accrued dividends. Accordingly, no Class A preferred stock is outstanding as of the date hereof. The purpose of this transaction was to provide an infusion to our equity capital and to the equity capital of our subsidiary RBCA in order to cure defaults of certain covenants contained in our credit agreement and in the indentures governing our Discount Debentures and previously outstanding RBCA notes. These defaults resulted from RBCA having made certain restricted payments in the fourth quarter of 2002 at a time when it technically was not permitted to do so. Such payments included (1) advances in the amounts of $519,000 and $450,000 that RBCA made to our subsidiary, Schaublin Holding, on December 10, 2002 and December 13, 2002, respectively, in connection with an acquisition by Schaublin of Myonic, and (2) a dividend in the amount of approximately $2.5 million that RBCA made to us on December 13, 2003 for purposes of financing an interest payment due on our Discount Debentures. As a result of the equity infusion, the defaults described above were cured or waived. This transaction was unanimously approved by the disinterested members of our board of directors and the terms thereof were unanimously determined by such board of directors to have been no less favorable to us than those that could be obtained on the date thereof in arm's-length dealings with a person who was not an affiliate of ours.

Amended and Restated Management Services Agreement

On July 29, 2002, in connection with the investment in us by Dr. Hartnett and an affiliate of Whitney Investor, we entered into an Amended and Restated Management Services Agreement with Whitney. Pursuant to the agreement, Whitney provides us certain services in exchange for an annual advisory fee of approximately $500,000 (subject to reduction upon the occurrence of specified circumstances). In addition, on July 29, 2002 we paid Whitney a one-time fee of approximately $750,000 as a closing fee in connection with Whitney's investment in our Class B preferred stock, plus fees and expenses of approximately $50,000 in connection with its investment in us. Pursuant to the agreement, Whitney agreed to provide and has from time to time provided services which include, but are not limited to, general management consulting services, identification, support, negotiation and analysis of potential acquisitions and dispositions, monitoring compliance with financing agreements, strategic planning including evaluating major strategic alternatives. This agreement will be terminated upon consummation of this offering on terms agreeable to Whitney and us.

Pre-Offering Transactions

As of April 2, 2005, prior to giving effect to our 5-for-2 stock split, there were 2,481,007 shares of our Class A common stock and 100 shares of our Class B common stock outstanding. Additionally, as of such date and prior to giving effect to our 5-for-2 stock split, there were outstanding (1) warrants and options to purchase up to an additional 764,494 shares of our Class A common stock, (2) warrants and options to purchase 549,146 shares of our Class B common stock, and (3) 240,000 shares of our Class B exchangeable convertible participating preferred stock, or Class B preferred stock, which was convertible into shares of Class A common stock, Class C preferred stock and Class D preferred stock. Dr. Hartnett owned all of our Class B common stock, options and warrants to purchase Class B

common stock, as well as 10,000 shares of our Class B preferred stock. Dr. Hartnett's shares of Class B common stock entitled him majority voting control with respect to our capital stock. The balance of 230,000 shares of Class B preferred stock was held by Whitney Investor.

The following transactions, referred to as the Pre-Offering Transactions, will occur immediately prior to the completion of this offering:

Recapitalization

We currently have three classes of capital stock outstanding: Class B preferred stock, Class A common stock and Class B common stock. Immediately prior to the consummation of this offering, we will effectuate a series of transactions in order to, among other things, simplify our capital structure. Our simplified capital structure will have two classes of authorized capital stock (common stock and preferred stock), of which only shares of common stock will be outstanding after the offering. The recapitalization transaction will involve a number of steps to be effectuated contemporaneously with the consummation of the Refinancing Transaction (discussed below) and this offering. These steps will be as follows:

Stock Split. We will amend and restate our certificate of incorporation to effect a 5-for-2 stock split of our common stock.

Conversion of Class B Preferred Stock. Immediately prior to the consummation of the Recapitalization, all outstanding shares of Class B preferred stock will be converted in accordance with their terms into 1,846,396 (on a post stock split basis) shares of Class A common stock, shares of Class C preferred stock and shares of Class D preferred stock. All shares of Class C and Class D preferred stock will be redeemed with cash or common stock as described below.

Redemption of Class C Preferred Stock. Immediately after the conversion of the Class B preferred stock, we shall use proceeds from this offering and the Refinancing Transaction to redeem all outstanding Class C preferred stock, including any accrued and unpaid dividends, for an aggregate redemption price determined in accordance with our pre-offering certificate of incorporation. Assuming a August 1, 2005 redemption date, the aggregate redemption price of the Class C preferred stock would be approximately $30.5 million. This amount will increase at a rate of approximately 0.02% for each additional day that the Class C preferred stock remains outstanding as a result of preferred dividends which will continue to accrue thereon.

Repurchase of Class D Preferred Stock. Immediately after the conversion of the Class B preferred stock, we shall repurchase all of the outstanding Class D preferred stock for an aggregate repurchase price equal to $8.0 million payable as follows: $4.0 million of the repurchase price shall be paid in cash using proceeds from this offering and the Refinancing Transaction, and $4.0 million shall be paid in shares of our Class A common stock based on the offering price (before giving effect to underwriters' discounts or commissions).

Reclassification of Class A Common Stock and Class B Common Stock. Immediately after the transactions described above, we will amend and restate our certificate of incorporation to provide for, among other things, authorized capital stock of 60.0 million shares of common stock and 10.0 million shares of preferred stock after giving effect to a 5-for-2 stock split. As a result, all of our Class A common stock and Class B common stock (including shares of Class A common stock issued upon conversion of the Class B preferred stock and repurchase of the Class D preferred stock) will be reclassified as common stock, on a one-for-one basis.

Stock Options and Warrants. Following the reclassification of our shares, all outstanding options and warrants to purchase our Class A common stock and Class B common stock will become exercisable into shares of our newly created common stock in accordance with the terms of our stock option plans and stock option and warrant agreements. We will freeze our existing

1998 Stock Option Plan and 2001 Stock Option Plan such that no further awards or grants may be made under them. We will establish a new 2005 Long-Term Incentive Plan which will provide for the issuance of stock options or other equity awards equal to 1,139,170 shares of common stock. Of these options, 683,502 will be awarded to Dr. Hartnett upon the consummation of this offering at the offering price, subject to vesting, and the remainder will be reserved for grants to our employees (other than Dr. Hartnett) at the discretion of our compensation committee. With the exception of options and warrants that are exercised in connection with this offering, substantially all outstanding options and warrants to purchase common stock held by our employees will be subject to a lock-up period of not less than 180 days (2.5% of our pro forma fully diluted shares of common stock will be subject to a lock-up period of 90 days) following the date of this prospectus. See "Use of Proceeds" and "Pre-Offering Transactions."

Refinancing Transaction

We have entered into a commitment letter with GE Capital to amend and restate our existing Senior Credit Facility to increase borrowings under our Term Loan by $40.0 million and to reduce the interest rate on our Revolving Credit Facility and Term Loan by approximately 1.00%, referred to as the Refinancing Transaction. The Refinancing Transaction is subject to customary terms and conditions, including consummation of this offering. We expect to close the Refinancing Transaction simultaneously with the closing of this offering. The proceeds from the Refinancing Transaction and the proceeds from this offering will be used for the purposes described under "Use of Proceeds."

PRINCIPAL AND SELLING STOCKHOLDERS

Except as set forth in the footnotes below, the following table sets forth information known to us with respect to the beneficial ownership of our common stock as of April 2, 2005 prior to the offering of common stock contemplated hereby, and as adjusted to reflect the Pre-Offering Transactions and the sale of common stock in this offering including the exercise of options and warrants pursuant to a net share settlement as described below, by (1) each stockholder known by us to own beneficially more than 5% of our common stock, (2) each of the named executive officers, (3) each of our directors and (4) all of our directors and executive officers as a group. The table below assumes no exercise of the underwriters' overallotment option. Beneficial ownership is determined in accordance with the rules of the SEC. Such rules provide that in computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options or warrants held by that person that are currently exercisable or will become exercisable within 60 days after April 2, 2005 are deemed outstanding. Such shares are not deemed outstanding for purposes of computing percentage ownership of any other person.

Some of the selling stockholders will be selling shares in this offering that they will acquire by exercising options and warrants through a net share settlement. The selling stockholders acquired the securities being sold in this offering under exemptions from applicable requirements of the Securities Act of 1933.

If the offering price differs from $15.00 per share, the midpoint of the range on the front cover of this prospectus, the 870,000 shares of common stock to be sold by the selling stockholders from the exercise of options and warrants will not change; however the number of options and warrants needed to be exercised pursuant to a net share settlement will be adjusted to reflect the actual offering price.

To the extent that any successor(s) to the selling stockholders wish to sell under this prospectus, we will file a supplement to this prospectus identifying such successor(s) as a selling stockholder.

Dr. Hartnett is offering 295,444 shares, all of which he will acquire upon exercising 303,539 warrants pursuant to a net share settlement. In addition, 405,556 shares will be sold through a limited partnership, Hartnett Family Investments, L.P., of which Dr. Hartnett is a general partner as a result of the exercise of 416,668 warrants to purchase common stock by such partnership pursuant to a net share settlement.

Unless otherwise indicated in the footnotes below (1) the persons and entities named in the table have sole voting and investment power with respect to all shares beneficially owned, subject to community property laws where applicable and (2) unless otherwise indicated, the address of each of the individuals listed in the table is RBC Bearings Incorporated, One Tribology Center, Oxford, CT 06478.

Name	Shares Beneficially Owned Prior to the Offering		Number of Shares Offered(k)	Shares Beneficially Owned After the Offering(l)	
	Number	Percentage		Number	Percentage
Dr. Michael J. Hartnett	1,484,286(e)	15.3%	295,444	1,408,581(m)	8.4%
Daniel A. Bergeron	16,667(f)	*	—	16,667	*
Phillip H. Beausoleil	87,792(f)	1.0%	26,000	61,079	*
Thomas C. Crainer	58,100(f)	*	17,000	40,634	*
Richard J. Edwards	193,800(f)	2.3%	64,000	128,046	*
Robert Anderson	28,217(f)	*	—	28,217	*
Richard R. Crowell	(f) 28,217(g)	*	—	28,217(g)	*
Dr. Amir Faghri	1,667(f)	*	—	1,667	*
William P. Killian	26,409(h)	*	—	26,409	*
Michael Stone(a)(b)	7,945,681	95.5%	1,030,099	6,915,582	44.7%
Whitney RBHC Investor, LLC(c)**	7,945,681(i)	95.5%	1,030,099	6,915,582	44.7%
Hartnett Family Investments, L.P.**	416,668(j)	4.8%	405,556	—	—
Ronald E. Lemansky**	(f) 84,150(g)	1.0%	27,000	56,410(g)	*
Christopher S. Thomas**	91,250(f)	1.1%	16,000	72,702	*
Other**	195,918	2.3%	133,901	61,496	*
All directors and officers as a group (10 persons) (d)	10,287,504	97.3%	1,838,099	8,655,099	50.6%

* Less than 1%.

** Not a named executive officer or director.

(a) Mr. Stone maintains his address at c/o Whitney & Co., 177 Broad Street, Stamford, Connecticut, 06901.

(b) Shares of common stock owned by Whitney RBHC Investor, LLC. The Managing Member of Whitney RBHC Investor, LLC is Whitney V, L.P., the general partner of which is Whitney Equity Partners V, LLC. Mr. Stone is a Managing Member of Whitney Equity Partners V, LLC and for the purposes of Section 13 of the Exchange Act, he may be deemed to share voting and dispositive power over such shares and to be a beneficial owner of such securities. Mr. Stone disclaims beneficial ownership of securities held by Whitney RBHC Investor, LLC, except to the extent of his pecuniary interest in such securities.

(c) Whitney RBHC Investor, LLC maintains its address at 177 Broad Street, Stamford, Connecticut, 06901.

(d) Includes 416,668 shares of common stock beneficially owned by Dr. Hartnett as a result of his general partnership interest in the Hartnett Partnership.

(e) Consists of (1) options and warrants granted to Dr. Hartnett to purchase up to 1,395,990 shares of our common stock that are currently exercisable or exercisable within 60 days of April 2, 2005, and (2) 88,296 shares of our common stock as a result of the conversion and repurchase of Class B and Class D preferred stock in connection with the Pre-Offering Transactions. The above amount does not include 416,668 shares of common stock beneficially owned by Dr. Hartnett as a result of his interest in Hartnett Family Investments, L.P. (the "Hartnett Partnership"). Dr. Hartnett would be deemed to beneficially own at total of 1,900,954 shares of common stock, or 18.8% of our common stock including the interests of the Hartnett Partnership. See footnotes (d) and (j).

(f) Consists of shares of our Class A common stock or Class A common stock issuable upon exercise of stock options and warrants that are currently exercisable or exercisable within 60 days of, April 2, 2005.

(g) Does not reflect 43,760 shares of common stock purchased by Richard R. Crowell from Ronald E. Lemansky in July 2005.

(h) Consists of shares of our common stock issuable upon exercise of stock options currently exercisable or exercisable within 60 days of April 2, 2005. Mr. Killian maintains his address at Unit 1801/1802, 888 Boulevard of the Arts, Sarasota, Florida 34236.

(i) Shares of common stock, owned by Whitney RBHC Investor, LLC. The Managing Member of Whitney RBHC Investor, LLC is Whitney V, L.P. Whitney V, L.P. disclaims beneficial ownership of such securities, except to the extent of its pecuniary interest.

(j) Shares of common stock owned by Hartnett Family Investments, L.P., a Delaware limited partnership, whose general partner is Dr. Hartnett. Dr. Hartnett, by virtue of his general partnership interest, would be deemed to beneficially own all of the shares of Hartnett Family Investments, L.P.

(k) Represents the number of shares of common stock received upon the exercise of stock options and warrants pursuant to a net share settlement. Assuming an initial offering price of $15.00 per share, the midpoint of the range set forth on the front cover of this prospectus, each of the following selling stockholders will exercise the following number of options or warrants, set forth after their respective names in order to receive the number of shares of common stock set forth in the "Number of Shares Offered" column on a net share settlement basis: Dr. Michael J. Hartnett (303,539); Phillip H. Beausoleil (26,713); Thomas C. Crainer (17,466); Richard J. Edwards (65,754); Hartnett Family Investments, L.P. (416,668); Ronald E. Lemansky (27,740); Christopher S. Thomas (18,548); and Other (19,521).

(l) Assumes the underwriters' overallotment option is not exercised. In the event that the underwriters' overallotment option is exercised in full, the following persons will sell the additional number of shares set forth after their respective names: Whitney RBHC Investor, LLC (286,982) and Dr. Michael J. Hartnett (194,702).

(m) Includes 201,167 shares of common stock issuable upon exercise of stock options issued to Dr. Hartnett simultaneously with this offering pursuant to our 2005 Long-Term Incentive Plan out of a total of 683,502 such options, one third of which are vested and exercisable within 60 days.

DESCRIPTION OF CAPITAL STOCK

General

Pursuant to the Pre-Offering Transactions which will take place immediately prior to completion of this offering, and upon completion of the offering, we will be authorized to issue 60.0 million shares of common stock, $0.01 par value, and 10.0 million shares of preferred stock, $0.01 par value. In addition, upon completion of this offering, there will be no preferred stock outstanding, as all of the outstanding preferred stock will be converted into shares of common stock or will be redeemed or repurchased with a portion of the net proceeds from this offering or common stock. See "Use of Proceeds" and "Related Party Transactions—Pre-Offering Transactions." As of April 2, 2005, prior to giving effect to our 5-for-2 stock split, there were 2,481,007 shares of our Class A common stock and 100 shares of our Class B common stock outstanding. Additionally, as of such date, there were outstanding (1) warrants and options to purchase up to an additional 764,494 shares of our Class A common stock, (2) warrants and options to purchase 549,146 shares of our Class B common stock, and (3) 240,000 shares of our Class B exchangeable convertible participating preferred stock, or Class B preferred stock, which was convertible into shares of Class A common stock, Class C straight preferred stock and Class D straight preferred stock. Dr. Hartnett owned all of our Class B common stock, options and warrants to purchase Class B common stock, as well as 10,000 shares of our Class B preferred stock. Dr. Hartnett's shares of Class B common stock entitled him majority voting control with respect to our capital stock. As of April 2, 2005 there were 8 holders of our Class A and Class B common stock. The balance of 230,000 shares of Class B preferred stock was held by Whitney Investor. The following description of our capital stock does not purport to be complete and is subject to and qualified in its entirety by our amended and restated certificate of incorporation and bylaws, which are included as exhibits to the Registration Statement of which this prospectus forms a part, and by the provisions of applicable Delaware law.

Common Stock

Upon the completion of this offering, there will be 15,458,833 shares of common stock outstanding and 1,139,170 shares reserved for issuance under our 2005 Long-Term Incentive Plan, of which 683,502 options to purchase shares will be issued. Our 1998 and 2001 Stock Option Plans will be frozen prior to this offering and no additional options or other equity securities will be issued under these plans. The holders of common stock will be entitled to one vote per share on all matters to be voted upon by the stockholders. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of common stock will be entitled to receive ratably such dividends, if any, as may be declared from time to time by the board of directors out of funds legally available for that purpose. In the event of a liquidation, dissolution or winding up of our company, the holders of common stock will be entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding. The common stock will have no preemptive or conversion rights or other subscription rights. There will be no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock will be fully paid and nonassessable, and the shares of common stock to be issued upon the closing of this offering will be fully paid and nonassessable.

Preferred Stock

Pursuant to our amended and restated certificate of incorporation to be filed prior to the completion of this offering, our board of directors will be authorized, subject to any limitations prescribed by law, without stockholder approval, from time to time to issue up to an aggregate of 10.0 million shares of preferred stock, $0.01 par value per share, in one or more series, each of the series to have such rights and preferences, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be determined by our board of directors.

The rights of the holders of common stock will be subject to, and may be adversely affected by, the rights of holders of any preferred stock that may be issued in the future. Issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for others to acquire, or of discouraging others from attempting to acquire, a majority of our outstanding voting stock. We have no present plans to issue any shares of preferred stock.

Delaware Anti-Takeover Law and Charter and Bylaw Provisions

Provisions of Delaware law and our certificate of incorporation and bylaws could make it more difficult to acquire us by means of a tender offer, a proxy contest or otherwise and the removal of incumbent officers and directors. These provisions, summarized below, are expected to discourage types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to first negotiate with us. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

We are subject to Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the "business combination" or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested stockholder status, did own) 15% or more of a corporation's voting stock. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by the board of directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

Registration Rights

Subject to limitations contained in our Amended and Restated Stockholders Agreement dated February 6, 2003, between us, Dr. Hartnett, the Hartnett Partnership and Whitney Investor, the holders of the majority of shares owned by Whitney Investor or its affiliates or permitted transferees shall have the right, on two occasions, to demand that we prepare and file with the Securities and Exchange Commission a registration statement to permit the public offering of the shares owned by those parties demanding such registration. This right will be made subject to a lock-up agreement between Whitney Investor and our underwriters in connection with this offering which, unless waived, will prevent Whitney Investor from exercising this right until 180 days after the date of this Prospectus. Whenever we propose to register a public offering of our common stock, upon any request by Dr. Hartnett or Whitney Investor, we are required to include their shares in the offering, subject to customary cutback provisions.

We will bear all registration expenses, except underwriting discounts and selling commissions, incurred in connection with the registrations described above. We have agreed with Dr. Hartnett and Whitney Investor (or their permitted transferees) to indemnify each other against certain liabilities, including liabilities under federal and state securities laws.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock is LaSalle Bank National Association.

DESCRIPTION OF CERTAIN INDEBTEDNESS

Senior Credit Facility

On June 29, 2004, we entered into a senior credit facility totaling $165 million, or the Senior Credit Facility, summarized below. The following description does not purport to be complete and is qualified in its entirety by reference to the credit agreement, which is available from us upon request.

The Senior Credit Facility consists of (1) the 6.5-year $55.0 million Revolving Credit Facility (including the $25.0 million letter of credit subfacility available for the issuance of letters of credit) and (2) the 6.5-year $110.0 million Term Loan. The credit agreement requires us to make annual amortization payments (payable in quarterly installments) equal to 1% of the balance of the Term Loan in years one through six and the remaining balance is due at maturity in 2010.

Mandatory prepayments in respect of the Term Loan or permanent reductions to the commitments under the Revolving Credit Facility, as applicable, are required in an amount equal to, (a) 100% of the net cash proceeds from all asset sales and dispositions by us and our subsidiaries, subject to certain exceptions, (b) 100% of the net cash proceeds from extraordinary receipts (including, without limitation, proceeds from certain key-man life policies) and (c) 100% of the net cash proceeds from equity issuances by us and our subsidiaries, subject to certain exceptions; provided that in the event of certain qualified public offerings of equity securities by us, net cash proceeds thereof shall be used first to repay our outstanding Discount Debentures until paid in full; second 50% of any remaining proceeds must be used to repay our Second Lien Term Loan and third, any remaining proceeds, up to 50% may be used to make restricted payments, including redemptions of our common and preferred stock, and up to 50% may be used to repay our Second Lien Term Loan and any remaining unused balance may be used for general corporate purposes. This offering will constitute a qualified public offering as defined under the Senior Credit Facility. Accordingly, all of the outstanding Discount Debentures will be paid in full out of the proceeds from this offering.

Voluntary prepayments and commitment reductions are permitted in whole or in part, without premium or penalty, subject to minimum prepayment or reduction requirements, provided that voluntary prepayments of LIBOR loans on a date other than the last day of the relevant interest period will be subject to the payment of customary breakage costs, if any.

All of our obligations under the Senior Credit Facility will be unconditionally guaranteed by us and each existing and subsequently acquired or organized subsidiary other than foreign subsidiaries after the consummation of this offering. The obligations under the Term Loan and the Revolving Credit Facility (including the guarantees) are secured by substantially all of our present and future assets and all present and future assets of each guarantor, including but not limited to (1) a first-priority pledge of all of RBCA's outstanding capital stock owned by us, (2) a first-priority pledge of all of the outstanding capital stock owned by us or any guarantor in any domestic subsidiary, (3) a first-priority pledge of 66% and 65.34% of the outstanding capital stock of RBC Schaublin Holdings S.A. and RBC de Mexico S de R. L. de C.V., respectively and (4) a perfected first-priority security interests in all of our present and future assets and the present and future assets of each guarantor, subject to certain limited exceptions.

The Revolving Credit Facility bears interest at a floating rate, and at RBCA's option so long as no event of default has occurred or is continuing, of either the higher of the base rate on corporate loans or the federal funds rate plus 50 basis points, plus 1.75%; or the offered rate for deposits on U.S. Dollars in the London interbank market for the relevant interest period which is published by the British Bankers Association, or LIBOR rate, plus 3.00%. The Term Loan bears interest at a floating rate, at our option so long as no event of default has occurred or is continuing, of either the higher of the base rate on corporate loans posted by at least 75% of the nation's 30 largest banks published in *The Wall Street Journal*, or Base Rate, or the federal funds rate plus 50 basis points, plus 2.50%; or

LIBOR plus 3.75%. As of April 2, 2005, the blended interest rate on the Senior Credit Facility and Second Lien Term Loan (discussed below) was 7.6%.

In addition, the lenders under the Revolving Credit Facility are entitled to be paid a fee on unused commitments under that facility at a rate equal to 0.50% per annum, payable monthly in arrears. With respect to the letter of credit subfacility, an additional fee, equal to the product of the average daily undrawn face amount of all letters of credit issued, guaranteed or supported by risk participation agreements multiplied by a per annum rate equal to the applicable margin applied to LIBOR rate loans, i.e., 3.0% is payable monthly in arrears together with any fees and charges incurred by the administrative agent to a letter of credit issuer.

During the existence of any default under the credit agreement, the applicable margins applied to all obligations under the senior credit facilities would increase by 2% per year.

The credit agreement documentation contains customary representations and warranties and customary covenants restricting our, and our domestic subsidiaries' ability to, among other things and subject to various exceptions, (1) declare dividends, make distributions or redeem or repurchase capital stock, (2) prepay, redeem or repurchase other debt, (3) incur liens or grant negative pledges, (4) make loans and investments, (5) incur additional indebtedness or guarantees, (6) amend or otherwise alter our organizational documents or any debt and other material agreements, (7) make capital expenditures, (8) engage in mergers, acquisitions and asset sales, (9) conduct transactions with affiliates, (10) alter the nature of our businesses, (11) change our fiscal quarter or our fiscal year, (12) engage in "sale-leaseback" transactions, (13) cancel indebtedness owing to us or our subsidiaries or (14) prohibit restricted subsidiaries from funding dividends or distributions or repaying intercompany loans. We and our subsidiaries also will be required to comply with specified financial covenants (including, without limitation, a leverage ratio and a fixed charge coverage ratio) and various affirmative covenants.

Events of default under the credit agreement include, but are not limited to, (1) our failure to pay principal, interest, fees or other amounts under the credit agreement when due or after expiration of a grace period, (2) any representation or warranty proving to have been materially incorrect when made, (3) covenant defaults, with respect to certain covenants, subject to a grace period, (4) bankruptcy events, (5) a cross default to certain other debt, (6) unsatisfied final judgments over a threshold, (7) a change of control, (8) ERISA defaults and (9) the invalidity or impairment of any loan document or any security interest.

In addition, the credit agreement includes customary provisions regarding breakage or redeployment costs incurred in connection with prepayments, changes in capital adequacy and capital requirements or their interpretation, illegality, unavailability, reserves without proration or offset and payments free and clear of withholding.

We expect to amend and restate our existing Senior Credit Facility to increase our borrowings under our Term Loan by $40.0 million in connection with the Refinancing Transaction. This would also lower the interest rate on the Term Loan (1) from Base Rate, or the federal funds rate plus 50 basis points, plus 2.50% to Base Rate, or the federal funds rate plus 50 basis points, plus 1.50% or (2) from LIBOR plus 3.75% to LIBOR plus 2.75%. In addition, the maturity of the Term Loan will be extended to the sixth anniversary of the date of such amendment and restatement. The proceeds from the Refinancing Transaction, together with the proceeds from this offering, will be used for the purposes described under the heading "Use of Proceeds." See "Pre-Offering Transactions—Refinancing Transaction," "Prospectus Summary—The Offering" and "Use of Proceeds."

Second Lien Term Loan

On June 29, 2004, we entered into a Second Lien Term Loan totaling $45.0 million with a seven year maturity. The Second Lien Term Loan is secured by a second priority security interest in the assets

secured by the Term Loan and the Revolving Credit Facility set forth above, pursuant to an intercreditor agreement. The Second Lien Term Loan bears interest at a floating rate, at our option so long as no event of default has occurred or is continuing, of either the higher of the Base Rate or the federal funds rate plus 50 basis points, plus 7.25%; or LIBOR plus 8.50%. All of our outstanding indebtedness under the Second Lien Term Loan will be repaid out of the proceeds from this offering and the Refinancing Transaction.

Swiss Credit Facility

On December 8, 2003, Schaublin Holding S.A. entered into a bank credit facility with Credit Suisse Zurich providing for 10.0 million swiss francs or approximately $8.0 million in term loan, or Swiss Term Loan, and up to 2.0 million swiss francs, or approximately $1.6 million, of revolving credit loans and letters of credit, referred to as the Swiss Revolver. We have pledged 99.4% of the present and future share capital of Schaublin (1,366 shares) to the agent under this credit facility to secure Schaublin's obligation thereunder. This credit facility contains customary representation and warranties, affirmative and negative covenants and events of defaults, as well as certain financial covenants applicable solely to Schaublin. The Swiss Term Loan is payable in semi-annual installments ranging from approximately $0.4 million to approximately $1.0 million and matures on March 31, 2009. The Swiss Terms Loan bears interest at variable rates, calculated at LIBOR plus a margin which varies based on debt capacity ratios determined annually, payable quarterly. On November 8, 2004, we amended the Swiss Credit Facility to increase the Swiss Revolver to 4.0 million swiss francs, or approximately $3.5 million. As of April 2, 2005, $6.2 million was outstanding under the Swiss Term Loan, and no loans or letters of credit were outstanding under the Swiss Revolver.

Industrial Revenue Bonds

During fiscal 1995, we entered into a loan agreement with the South Carolina Jobs Economic Development Authority, or SC JEDA, which provides for borrowings up to $10.7 million under two industrial development revenue bonds, or IRBs. During fiscal 1999 we entered into an additional loan agreement with the SC JEDA which provides for borrowings up to $3.0 million under an industrial development revenue bond. Additionally, during fiscal 2000, we entered into a loan agreement with the California Infrastructure and Economic Development Bank, or CIEDB, which provides for borrowings up to $4.8 million under an industrial development revenue bond (the CIEDB Series 1999 IRB). The proceeds from these IRBs are restricted for working capital requirements and capital expenditure purposes.

On March 1, 2002, we retired the unused portion of the SC JEDA Series 1998 IRB of $1.8 million by asking the state of South Carolina to collapse the bond to just the amount of money that had been used, thereby reducing the debt and the restricted marketable securities balances by $1.8 million.

As of April 2, 2005, $18.3 million of the proceeds have been expended (including accumulated interest of $1.6 million), and the remaining $0.01 million is invested by the trustee in marketable securities.

The SC JEDA Series 1994 A IRB, SC JEDA Series 1994 B IRB and the SC JEDA Series 1998 IRB are secured by a letter of credit issued under the letter of credit subfacility under the Revolving Credit Facility. The CIEDB Series 1999 IRB is likewise secured by an irrevocable direct-pay letter of credit issued by one of our existing lenders.

As of April 2, 2005, we had $16.7 million aggregate principal amount of our industrial revenue bonds outstanding.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have 15,458,833 shares of our common stock outstanding. If the underwriters exercise their overallotment option in full, we will have a total of 16,415,051 shares of our common stock outstanding. Of these shares, all of the shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless such shares are purchased by "affiliates" as that term is defined in Rule 144 under the Securities Act. The remaining shares of common stock held by existing stockholders are "restricted securities" as that term is defined in Rule 144 under the Securities Act, described below.

We cannot make any predictions as to the number of shares that may be sold in the future or the effect, if any, that sales of these shares, or the availability of these shares for future sale, will have on the prevailing market prices of our common stock. Sales of a significant number of shares of our common stock in the public market, or the perception that these sales could occur, could adversely affect prevailing market prices of our common stock and could impair our ability to raise equity capital in the future.

Lock-Up Agreements

We, our officers and directors and substantially all of our stockholders, option holders and warrant holders have agreed, subject to exceptions, that we or they will not, for a period of not less than 180 days (or 90 days with respect to 2.5% of our pro forma fully diluted shares of common stock) after the date of this prospectus (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of our common stock or any securities convertible into or exchangeable or exercisable for common stock, or file, or cause to be filed, any registration statement under the Securities Act of 1933, as amended, with respect to any of the foregoing securities, or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the locked-up securities, whether any such swap or transaction is to be settled by delivery of common stock or other securities, in cash or otherwise, without the prior written consent of Merrill Lynch & Co., which may release all or a portion of the shares subject to this lock-up agreement at any time without prior notice.

The 180-day restricted period will be automatically extended if (1) during the last 17 days of the 180-day restricted period the Company issues an earnings release or material news or a material event relating to the Company occurs or (2) prior to the expiration of the 180-day restricted period, the Company announces that it will release earnings results or becomes aware that material news or a material event will occur during the 16-day period beginning on the last day of the 180-day restricted period, in which case the restrictions described above will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In addition, the lock-up provision will not restrict broker-dealers from engaging in market making and similar activities conducted in the ordinary course of their business.

Rule 144

In general, under Rule 144, as currently in effect, beginning 90 days after the date of this prospectus, a person who has beneficially owned shares of our common stock for at least one year would be entitled to sell within any three-month period a number of shares that does not exceed the greater of: 1% of the number of shares of common stock then outstanding, which will equal approximately 154,588 shares immediately after this offering; or the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 144(k)

Under Rule 144(k), a person who is not deemed to have been one of our affiliates at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years, including the holding period of any prior owner other than an affiliate, is entitled to sell the shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

Rule 701

Rule 701, as currently in effect, permits resales of shares in reliance upon Rule 144 but without compliance with certain restrictions, including the holding period requirement, of Rule 144. Any of our employees, officers, directors or consultants who purchased shares under a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell their shares in reliance on Rule 144 without having to comply with the holding period, public information, volume limitation or notice provisions of Rule 144. All holders of Rule 701 shares who have not satisfied the holding period requirements of Rule 144 are required to wait until 90 days after the date of this prospectus before selling their shares. In addition, substantially all of our shares held by existing stockholders are subject to lock-up agreements and will only become eligible for sale at the earlier of the expiration of the 180-day lock-up agreements (or 90 days with respect to 2.5% of our pro forma fully diluted shares of common stock) or sooner upon obtaining the prior written consent of Merrill Lynch & Co.

Stock Options

Not sooner than 90 days after the offering, we intend to file a Registration Statement on Form S-8 registering shares of common stock subject to outstanding options or reserved for future issuance under our stock option plans or warrants. As of April 2, 2005, after giving effect to the Pre-Offering Transactions and the exercise of stock options and warrants pursuant to a net share settlement by the selling stockholders, options to purchase a total 3,071,653 shares would have been outstanding. We will also be able to issue 455,668 additional options after this offering under our 2005 Long-Term Incentive Plan. Common stock issued upon exercise of outstanding vested options or warrants, other than common stock issued to our affiliates is available for immediate resale in the open market, subject to the applicable lock-up agreements, as described above, and in compliance with Rule 144. Substantially all of our option holders and warrant holders will execute lock-up agreements of not less than 90 days with the underwriters.

Registration Rights

Beginning 180 days after the date of this offering, Dr. Hartnett, the Hartnett Partnership and Whitney Investor, who collectively will beneficially own 50.9% of our common stock, will be able to require us to conduct a registered public offering of their shares. Whitney Investor has demand rights on two occasions. In addition, Dr. Hartnett and Whitney Investor have piggyback registration rights to have their shares included for sale in subsequent registered offerings of our common stock, subject to customary cut-back provisions. See "Description of Capital Stock—Registration Rights." Registration of such shares under the Securities Act would, except for shares purchased by affiliates, result in such shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of such registration.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a summary of the material U.S. federal income and estate tax consequences of the acquisition, ownership and disposition of our common stock by a non-U.S. holder. As used in this summary, the term "non-U.S. holder" means a beneficial owner of our common stock that is not, for United States federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity classified as a corporation for these purposes) created or organized in or under the laws of the United States or of any political subdivision of the United States;
- a partnership (including any entity or arrangement classified as a partnership for these purposes);
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust, if (1) a United States court is able to exercise primary supervision over the trust's administration and one or more "United States persons" (within the meaning of the U.S. Internal Revenue Code) has the authority to control all of the trust's substantial decisions, or (2) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a "United States person."

An individual may be treated as a resident of the United States in any calendar year for United States federal income tax purposes, instead of a nonresident, by, among other ways, being present in the United States on at least 31 days in that calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. For purposes of this calculation, an individual would count all of the days present in the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year. Residents are taxed for U.S. federal income purposes as if they were U.S. citizens.

If a partnership or other pass-through entity (including an entity or arrangement treated as a partnership or other type of pass-through entity for U.S. federal income tax purposes) owns our common stock, the tax treatment of a partner or beneficial owner of the partnership or other pass-through entity may depend upon the status of the partner or beneficial owner and the activities of the partnership or entity and by certain determinations made at the partner or beneficial owner level. Partners and beneficial owners in partnerships or other pass-through entities that own our common stock should consult their own tax advisors as to the particular U.S. federal income and estate tax consequences applicable to them.

This summary does not discuss all of the aspects of U.S. federal income and estate taxation that may be relevant to a non-U.S. holder in light of the non-U.S. holder's particular investment or other circumstances. In particular, this summary only addresses a non-U.S. holder that holds our common stock as a capital asset (generally, investment property) and does not address:

- special U.S. federal income tax rules that may apply to particular non-U.S. holders, such as financial institutions, insurance companies, tax-exempt organizations, U.S. expatriates, and dealers and traders in securities or currencies;
- non-U.S. holders holding our common stock as part of a conversion, constructive sale, wash sale or other integrated transaction or a hedge, straddle or synthetic security;

- any U.S. state and local or non-U.S. or other tax consequences; and
- the U.S. federal income or estate tax consequences for the beneficial owners of a non-U.S. holder.

This summary is based on provisions of the U.S. Internal Revenue Code of 1986, as amended, applicable U.S. Treasury regulations and administrative and judicial interpretations, all as in effect or in existence on the date of this prospectus. Subsequent developments in U.S. federal income or estate tax law, including changes in law or differing interpretations, which may be applied retroactively, could have a material effect on the U.S. federal income and estate tax consequences of purchasing, owning and disposing of our common stock as set forth in this summary. Each non-U.S. holder should consult a tax advisor regarding the U.S. federal, state, local and non-U.S. income and other tax consequences of acquiring, holding and disposing of our common stock.

Dividends

We do not anticipate paying cash dividends on our common stock in the foreseeable future. See "Dividend Policy." In the event, however, that we pay dividends on our common stock, we will have to withhold a U.S. federal withholding tax at a rate of 30%, or a lower rate under an applicable income tax treaty, from the gross amount of the dividends paid to a non-U.S. holder. Non-U.S. holders should consult their own tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

In order to claim the benefit of an applicable income tax treaty, a non-U.S. holder will be required to provide a properly executed U.S. Internal Revenue Service Form W-8BEN (or other applicable form) in accordance with the applicable certification and disclosure requirements. Special rules apply to partnerships and other pass-through entities and these certification and disclosure requirements also may apply to beneficial owners of partnerships and other pass-through entities that hold our common stock. A non-U.S. holder that is eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the U.S. Internal Revenue Service. Non-U.S. holders should consult their own tax advisors regarding their entitlement to benefits under a relevant income tax treaty and the manner of claiming the benefits.

Dividends that are effectively connected with a non-U.S. holder's conduct of a trade or business in the United States and, if required by an applicable income tax treaty, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States, will be taxed on a net income basis at the regular graduated rates and in the manner applicable to United States persons. In that case, we will not have to withhold U.S. federal withholding tax if the non-U.S. holder provides a properly executed U.S. Internal Revenue Service Form W-8ECI (or other applicable form) in accordance with the applicable certification and disclosure requirements. In addition, a "branch profits tax" may be imposed at a 30% rate, or a lower rate under an applicable income tax treaty, on dividends received by a foreign corporation that are effectively connected with the conduct by that foreign corporation of a trade or business in the United States.

Gain on Disposition of Common Stock

A non-U.S. holder generally will not be taxed on any gain recognized on a disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States; in these cases, the gain will be taxed on a net income basis at the regular graduated rates and in the manner applicable

to United States persons (unless an applicable income tax treaty provides otherwise) and, if the non-U.S. holder is a foreign corporation, the "branch profits tax" described above may also apply;

- the non-U.S. holder is an individual who holds our common stock as a capital asset, is present in the United States for more than 182 days in the taxable year of the disposition and meets other requirements (in which case, except as otherwise provided by an applicable income tax treaty, the gain, which may be offset by U.S. source capital losses, generally will be subject to a flat 30% U.S. federal income tax, even though the non-U.S. holder is not considered a resident alien under the U.S. Internal Revenue Code); or

- we are or have been a "U.S. real property holding corporation" for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition or the period that the non-U.S. holder held our common stock.

Generally, a corporation is a "U.S. real property holding corporation" if the fair market value of its "U.S. real property interests" equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. The tax relating to stock in a U.S. real property holding corporation generally will not apply to a non-U.S. holder whose holdings, direct and indirect, at all times during the applicable period, constituted 5% or less of our common stock, provided that our common stock was regularly traded on an established securities market. We believe that we are not currently, and we do not anticipate becoming in the future, a U.S. real property holding corporation.

Our common stock has been approved for quotation on the Nasdaq National Market, a nationally recognized U.S. securities exchange. Although not free from doubt, our common stock should be considered to be regularly traded on an established securities market for any calendar quarter during which it is regularly quoted on the securities exchange by brokers or dealers that hold themselves out to buy or sell our common stock at the quoted price. If we were to be a U.S. real property holding corporation and if our common stock were not considered to be regularly traded on a nationally recognized securities exchange at any time during the applicable calendar year, then a non-5% holder would be taxed for U.S. federal income tax purposes on any gain realized on the disposition of our common stock on a net income basis as if the gain were effectively connected with the conduct of a U.S. trade or business by the non-5% holder during the taxable year and, in such case, the person acquiring our common stock from a non-5% holder generally would have to withhold 10% of the amount of the proceeds from the disposition. Such withholding may be reduced or eliminated pursuant to a withholding certificate issued by the U.S. Internal Revenue Service in accordance with applicable U.S. Treasury regulations. We urge all non-U.S. holders to consult their own tax advisors regarding the application of these rules to them.

Federal Estate Tax

Our common stock that is owned or treated as owned by an individual who is not a U.S. citizen or resident of the United States (as specially defined for U.S. federal estate tax purposes) at the time of death will be included in the individual's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax or other treaty provides otherwise and, therefore, may be subject to U.S. federal estate tax.

Information Reporting and Backup Withholding Tax

Dividends paid to a non-U.S. holder may be subject to U.S. information reporting and backup withholding. A non-U.S. holder will be exempt from backup withholding if the non-U.S. holder provides a properly executed U.S. Internal Revenue Service Form W-8BEN or otherwise meets

documentary evidence requirements for establishing its status as a non-U.S. holder or otherwise establishes an exemption.

The gross proceeds from the disposition of our common stock may be subject to U.S. information reporting and backup withholding. If a non-U.S. holder sells our common stock outside the United States through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to the non-U.S. holder outside the United States, then the U.S. backup withholding and information reporting requirements generally will not apply to that payment. However, U.S. information reporting, but not U.S. backup withholding, will apply to a payment of sales proceeds, even if that payment is made outside the United States, if a non-U.S. holder sells our common stock through a non-U.S. office of a broker, such broker does not have documentary evidence in its files that the non-U.S. holder is not a United States person and certain other conditions are met (unless the non-U.S. holder otherwise establishes an exemption) and the broker:

- is a United States person;
- derives 50% or more of its gross income in specified periods from the conduct of a trade or business in the United States;
- is a "controlled foreign corporation" for U.S. federal income tax purposes; or
- is a foreign partnership, if at any time during its tax year either one or more of its partners are United States persons who in the aggregate hold more than 50% of the income or capital interests in the partnership or the foreign partnership is engaged in a United States trade or business.

If a non-U.S. holder receives payments of the proceeds from a sale of our common stock to or through a U.S. office of a broker, the payment is subject to both U.S. backup withholding and information reporting unless the non-U.S. holder provides a properly executed U.S. Internal Revenue Service Form W-8BEN certifying that the non-U.S. Holder is not a "United States person" or the non-U.S. holder otherwise establishes an exemption.

A non-U.S. holder generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed the non-U.S. holder's U.S. federal income tax liability by filing a refund claim with the U.S. Internal Revenue Service.

UNDERWRITING

We intend to offer the shares through the underwriters. Merrill Lynch, Pierce, Fenner & Smith Incorporated, KeyBanc Capital Markets, a division of McDonald Investments, Inc., and Jefferies & Company, Inc. are acting as representatives of the underwriters named below. Subject to the terms and conditions described in a purchase agreement among us, the selling stockholders and the underwriters, we and the selling stockholders have agreed to sell to the underwriters, and the underwriters severally have agreed to purchase from us and the selling stockholders, the number of shares listed opposite their names below.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
KeyBanc Capital Markets, a division of McDonald Investments, Inc.	
Jefferies & Company, Inc.	
Total	8,288,000

The underwriters have agreed to purchase all of the shares sold under the purchase agreement if any of these shares are purchased. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreement may be terminated.

We and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the purchase agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us and the selling stockholders that the underwriters propose initially to offer the shares to the public at the initial public offering price on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of $ per share to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us and the selling stockholders. The information assumes either no exercise or full exercise by the underwriters of their overallotment option.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to us	$	$	$
Proceeds, before expenses, to the selling stockholders	$	$	$

The expenses of the offering, not including the underwriting discount, are estimated at $1.8 million and are payable by us.

Overallotment Option

We and the selling stockholders have granted options to the underwriters to purchase up to an aggregate of 1,243,200 additional shares of our common stock at the public offering price less the underwriting discount, consisting of 761,516 shares from us and 481,684 shares from the selling stockholders. The underwriters may exercise this option for 30 days from the date of this prospectus solely to cover any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

We, our executive officers and directors, substantially all of the stockholders, option holders and warrant holders have agreed, with exceptions, not to sell or transfer any common stock for 180 days (or 90 days with respect to 2.5% of our pro forma fully diluted shares of common stock) after the date of this prospectus without first obtaining the written consent of Merrill Lynch. Specifically, we and these other individuals have agreed not to directly or indirectly:

- offer, pledge, sell or contract to sell any common stock,
- sell any option or contract to purchase any common stock,
- purchase any option or contract to sell any common stock,
- grant any option, right or warrant for the sale of any common stock,
- lend or otherwise dispose of or transfer any common stock,
- request or demand that we file a registration statement related to the common stock; or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition. The 180-day restricted period will be automatically extended if (1) during the last 17 days of the 180-day restricted period we issue an earnings release or material news or a material event relating to us occurs or (2) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results or becomes aware that material news or a material event will occur during the 16-day period beginning on the last day of the 180-day restricted period, in which case the restrictions described above will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In addition, the lock-up provision will not restrict broker-dealers from engaging in market making and similar activities conducted in the ordinary course of their business.

Merrill Lynch has informed us that while it does not currently expect to release the entities or persons bound by the lock-up arrangements, including affiliates, prior to the end of the lock-up period, it retains the right to do so at any time without notice at its sole discretion.

Stock Exchange Listing

Our shares of common stock have been approved for quotation on the Nasdaq National Market under the symbol "ROLL." In order to meet the requirements for listing on the exchange, the underwriters may be required to undertake to sell a minimum number of shares to a minimum number of beneficial owners as required by Nasdaq.

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations among us, the selling stockholders and the

representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us,
- our financial information,
- the history of, and the prospects for, our company and the industry in which we compete,
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues,
- the present state of our development; and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

If the underwriters create a short position in the common stock in connection with the offering, i.e., if they sell more shares than are listed on the cover of this prospectus, the representatives may reduce that short position by purchasing shares in the open market. The representatives may also elect to reduce any short position by exercising all or part of the overallotment option described above. Purchases of the common stock to stabilize its price or to reduce a short position may cause the price of the common stock to be higher than it might be in the absence of such purchases.

The representatives may also impose a penalty bid on underwriters and selling group members. This means that if the representatives purchase shares in the open market to reduce the underwriters' short position or to stabilize the price of such shares, they may reclaim the amount of the selling concession from the underwriters and selling group members who sold those shares. The imposition of a penalty bid may also affect the price of the shares in that it discourages resales of those shares.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters makes any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Selling Restrictions

Each underwriter has agreed that (i) it has not offered or sold, and prior to the six months after the date of issue of the shares will not offer or sell any shares to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, (ii) it has complied, and will comply with, all applicable provisions of the Financial Services and Markets Act 2000 of Great Britain ("FSMA") with respect to anything done by it in relation to the shares in, from or otherwise involving the United

Kingdom and (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any shares in circumstances in which section 21(1) of the FSMA does not apply to the issuer.

Internet Distribution

Merrill Lynch will be facilitating Internet distribution for this offering to certain of its Internet subscription customers. Merrill Lynch intends to allocate a limited number of shares for sale to its online brokerage customers. An electronic prospectus is available on the Internet Web site maintained by Merrill Lynch. Other than the prospectus in electronic format, the information on the Merrill Lynch Web site is not part of this prospectus.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us. They have received customary fees and commissions for these transactions.

LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by Kirkland & Ellis LLP, New York, New York. Certain legal matters will be passed upon for the underwriters by Fried, Frank, Harris, Shriver & Jacobson LLP, New York, New York.

EXPERTS

The consolidated financial statements of RBC Bearings Incorporated at April 2, 2005 and April 3, 2004, and for each of the three years in the period ended April 2, 2005, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

Valuation Research Corporation, in a consent filed with the Registration Statement, of which this prospectus is a part, has consented to the use of its name in this prospectus and to the reference to Valuation Research Corporation under the heading "Experts" in this prospectus. We retained Valuation Research Corporation, an independent valuation firm, to conduct an independent valuation analysis of the fair value of our common stock at each stock option grant date during fiscal 2005 on a retrospective basis for the purpose of assisting us with respect to our determination of a stock-based compensation expense, and we referred to its expertise based on the reputation and experience of said firm in valuation matters.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed a registration statement on Form S-1, including relevant exhibits and schedules, under the Securities Act with the SEC for the common stock we are offering by this prospectus. This prospectus, which contains a part of the registration statement, does not include all of the information contained in the registration statement. You should read the registration statement and its exhibits for additional information. Statements in this prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete. In each instance, reference is made to the copy of such document or contract filed as an exhibit to the registration statement, and each such statement is qualified in all respects by such reference. As a result of this offering, we will also be required to file annual, quarterly and current reports, proxy statements and other information with the SEC.

You may read and copy all or any portion of the registration statement or any reports, statements or other information that we file at the SEC's Public Reference Room at 100 F Street, N.E., Room 1024, Washington D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the Securities and Exchange Commission. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Our SEC filings, including the registration statement, are also available to the public on the Internet at the SEC's web site at *http://www.sec.gov*.

RBC Bearings Incorporated

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
RBC Bearings Incorporated

We have audited the accompanying consolidated balance sheets of RBC Bearings Incorporated as of April 2, 2005 and April 3, 2004, and the related consolidated statements of operations, stockholders' deficit and comprehensive income (loss), and cash flows for each of the three years in the period ended April 2, 2005. Our audits also included the financial statement schedule on page F-42. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of RBC Bearings Incorporated at April 2, 2005 and April 3, 2004, and the consolidated results of its operations and its cash flows for each of the three years in the period ended April 2, 2005, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

Ernst & Young LLP

Hartford, Connecticut
June 10, 2005, except for Note 21
as to which the date is July 19, 2005, Note 22
as to which the date is June 13, 2005 and
Note 23 as to which this date is
July , 2005

The foregoing report is in the form that will be signed upon the completion of the stock split described in Note 23 to the consolidated financial statements.

/s/ Ernst & Young LLP

Hartford, Connecticut
July 20, 2005

RBC Bearings Incorporated

Consolidated Balance Sheets

(dollars in thousands, except share and per share data)

	April 2, 2005	April 3, 2004
	(Restated —Note 21)	
ASSETS		
Current assets:		
Cash	$ 2,635	$ 3,250
Accounts receivable, net of allowance for doubtful accounts of $628 in 2005 and $770 in 2004	53,967	44,516
Inventory	95,654	90,504
Deferred income taxes	4,509	2,342
Prepaid expenses and other current assets	2,226	2,454
Total current assets	158,991	143,066
Property, plant and equipment, net	55,343	56,249
Goodwill	25,150	25,150
Intangible assets, net of accumulated amortization of $949 in 2005 and $449 in 2004	3,333	2,853
Deferred financing costs, net of accumulated amortization of $1,280 in 2005 and $7,849 in 2004	4,755	5,628
Other assets	2,597	1,800
Total assets	$ 250,169	$ 234,746
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 19,243	$ 13,618
Accrued expenses and other current liabilities	10,621	13,276
Current portion of long-term debt	8,245	10,421
Capital lease obligations	226	201
Total current liabilities	38,335	37,516
Long-term debt, less current portion	211,834	204,803
Capital lease obligations, less current portion	205	225
Other non-current liabilities	7,554	8,487
Total liabilities	257,928	251,031
Commitments and contingencies (Note 17)	—	—
Class C redeemable preferred stock, $.01 par value; authorized shares: 900,000 in 2005 and 2004; none issued and outstanding	—	—
Stockholders' deficit:		
Class A preferred stock, $.01 par value; authorized shares: 15,500 in 2005 and 2004; none issued and outstanding	—	—
Class B exchangeable convertible participating preferred stock, $.01 par value; authorized shares: 240,000 in 2005 and 2004; issued and outstanding shares: 240,000 in 2005 and 2004	2	2
Class D preferred stock, $.01 par value; authorized shares: 240,000 in 2005 and 2004; none issued and outstanding	—	—
Class A voting common stock, $.01 par value; authorized shares: 20,000,000 in 2005 and 2004; issued and outstanding shares: 6,202,519 in 2005 and 6,188,653 in 2004	62	62
Class B super voting common stock, $.01 par value; authorized shares: 2,500,000 in 2005 and 2004; issued and outstanding shares: 250 in 2005 and 2004	—	—
Additional paid-in capital	34,252	33,448
Deferred compensation	(349)	—
Accumulated other comprehensive loss	(2,532)	(3,343)
Accumulated deficit	(39,194)	(46,454)
Total stockholders' deficit	(7,759)	(16,285)
Total liabilities and stockholders' deficit	$ 250,169	$ 234,746

See accompanying notes.

RBC Bearings Incorporated

Consolidated Statements of Operations

(dollars in thousands, except share and per share data)

	Fiscal Year Ended		
	April 2, 2005	April 3, 2004 (53 weeks)	March 29, 2003
	(Restated —Note 21)		
Net sales	$ 243,016	$ 187,331	$ 172,860
Cost of sales	174,602	135,433	124,086
Gross margin	68,414	51,898	48,774
Operating expenses:			
Selling, general and administrative	32,749	28,107	26,647
Other, net	3,526	1,662	1,424
Total operating expenses	36,275	29,769	28,071
Operating income	32,139	22,129	20,703
Interest expense, net	19,669	20,380	21,023
Loss (gain) on early extinguishment of debt	6,950	—	(780)
Other non-operating expense (income)	(355)	16	298
Income before income taxes	5,875	1,733	162
Provision for (benefit from) income taxes	(1,385)	1,070	113
Net income	7,260	663	49
Preferred stock dividends	(2,280)	(2,144)	(1,313)
Participation rights of preferred stock in undistributed earnings	(1,142)	—	—
Net income (loss) available to common stockholders	$ 3,838	$ (1,481)	$ (1,264)
Net income (loss) per common share:			
Basic:			
Class A common stock	$ 0.62	$ (0.24)	$ (0.20)
Class B common stock	$ 0.62	$ (0.24)	$ (0.20)
Diluted:			
Class A common stock	$ 0.40	$ (0.24)	$ (0.20)
Class B common stock	$ 0.00	$ (0.24)	$ (0.20)
Weighted average common shares:			
Basic:			
Class A common stock	6,202,365	6,188,653	6,188,653
Class B common stock	250	250	250
Diluted:			
Class A common stock	9,552,579	6,188,653	6,188,653
Class B common stock	1,302,005	250	250

See accompanying notes.

RBC Bearings Incorporated

Consolidated Statements of Stockholders' Deficit and Comprehensive Income (Loss)

(dollars in thousands)

(Restated for Fiscal Year Ended April 2, 2005—Note 21)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Deferred Compensation	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Deficit	Comprehensive Income/ (Loss)
	Shares	Amount	Shares	Amount						
Balance at March 30, 2002	—	$ —	6,188,903	$ 62	$ 10,561	$ —	$ (1,024)	$ (47,166)	$ (37,567)	
Net income	—	—	—			—		49	49	$ 49
Issuance of Class B preferred stock	240,000	2	—	—	22,887	—	—	—	22,889	
Issuance of Class A preferred stock	—	—	—	—	3,025	—	—	—	3,025	
Repurchase of Class A preferred stock	—	—	—	—	(3,025)	—	—	—	(3,025)	
Currency translation adjustments	—	—	—	—	—	—	(1,455)	—	(1,455)	(1,455)
Minimum pension liability adjustment, net of taxes of $1,043	—	—	—	—	—	—	(1,565)	—	(1,565)	(1,565)
Comprehensive loss										$ (2,971)
Balance at March 29, 2003	240,000	2	6,188,903	62	33,448	—	(4,044)	(47,117)	(17,649)	
Net income (53 weeks)	—	—	—	—	—	—	—	663	663	$ 663
Currency translation adjustments	—	—	—	—	—	—	63	—	63	63
Minimum pension liability adjustment, net of taxes of $425	—	—	—	—	—	—	638	—	638	638
Comprehensive income										$ 1,364
Balance at April 3, 2004	240,000	2	6,188,903	62	33,448	—	(3,343)	(46,454)	(16,285)	
Net income	—	—	—	—	—	—	—	7,260	7,260	$ 7,260
Grants of options to purchase Class A common stock at below fair market value	—	—	—	—	769	(769)	—	—	—	
Amortization of deferred stock compensation	—	—	—	—	—	420	—	—	420	
Exercise of stock options	—	—	13,866	—	35	—	—	—	35	
Currency translation adjustments	—	—	—	—	—	—	488	—	488	488
Minimum pension liability adjustment, net of taxes of $338	—	—	—	—	—	—	323	—	323	323
Comprehensive income										$ 8,071
Balance at April 2, 2005	240,000	$ 2	6,202,769	$ 62	$ 34,252	$ (349)	$ (2,532)	$ (39,194)	$ (7,759)	

See accompanying notes.

RBC Bearings Incorporated

Consolidated Statements of Cash Flows

(dollars in thousands)

	Fiscal Year Ended		
	April 2, 2005	April 3, 2004 (53 weeks)	March 29, 2003
	(Restated— Note 21)		
Cash flows from operating activities:			
Net income	$ 7,260	$ 663	$ 49
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	8,285	8,838	8,714
Deferred income taxes (benefit)	(3,113)	2,219	401
Amortization of intangible assets	500	344	105
Amortization of deferred financing costs and debt discount	1,113	1,580	3,304
Amortization of deferred stock compensation	420	—	—
Loss on disposition of assets	1,778	236	858
Loss (gain) on early extinguishment of debt (non-cash portion)	4,303	—	—
Other	21	—	28
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(9,251)	(4,447)	1,032
Inventory	(4,725)	44	(8,713)
Prepaid expenses and other current assets	232	652	(688)
Other non-current assets	(377)	2,718	(2,631)
Accounts payable	5,451	(309)	(1,009)
Accrued expenses and other current liabilities	(1,879)	(5,507)	1,693
Other non-current liabilities	(150)	513	880
Net cash provided by operating activities	9,868	7,544	4,023
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	(755)	(5,944)	(2,822)
Purchase of property, plant and equipment	(9,526)	(4,951)	(6,522)
Proceeds from sale of assets	274	—	—
Other	—	101	1,143
Net cash used in investing activities	(10,007)	(10,794)	(8,201)
Cash flows from financing activities:			
Net (decrease) increase in revolving credit facility	2,500	(6,083)	(20,018)
Issuance of Class B preferred stock, net of fees	—	—	22,889
Retirement of senior secured discount debentures	—	—	(28,766)
Issuance of Class A preferred stock	—	—	3,025
Repurchase of Class A preferred stock	—	—	(3,025)
Proceeds from exercise of stock options	35	—	—
Retirement of senior subordinated notes payable	(110,000)	—	—
Proceeds from new credit facility	155,000	—	—
Proceeds from senior credit facility	—	10,000	40,664
Payments on term loans	(43,190)	(7,741)	(5,328)
Principal payments on capital lease obligations	(282)	(173)	(457)
Restructure of foreign debt	—	—	7,127
Financing fees paid in connection with senior credit facility	(4,400)	(1,090)	(3,226)
Proceeds from Swiss credit facility	—	7,971	—
Retirement of RBCA's senior credit facility	—	—	(10,974)
Net cash provided by (used in) financing activities	(337)	2,884	1,911
Effect of exchange rate changes on cash	(139)	63	(1,365)
Cash and cash equivalents:			
Decrease during the year	(615)	(303)	(3,632)
Cash, at beginning of year	3,250	3,553	7,185
Cash, at end of year	$ 2,635	$ 3,250	$ 3,553
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 20,301	$ 19,073	$ 15,745
Income taxes	$ 207	$ 321	$ 671

See accompanying notes.

1. Organization and Business

RBC Bearings Incorporated ("Company", collectively with its subsidiaries), is a Delaware corporation. The Company operates in four reportable business segments—roller bearings, plain bearings, ball bearings, other and corporate—in which it manufactures roller bearing components and assembled parts and designs and manufactures high-precision roller and ball bearings. The Company sells to a wide variety of original equipment manufacturers ("OEMs") and distributors who are widely dispersed geographically. In fiscal 2005, 2004 and 2003, no one customer accounted for more than 5.0% of the Company's sales. The Company's segments are further discussed in Note 20.

2. Summary of Significant Accounting Policies

General

The consolidated financial statements include the accounts of RBC Bearings Incorporated, Roller Bearing Company of America, Inc. ("RBCA") and its wholly-owned subsidiaries, Industrial Tectonics Bearings Corporation ("ITB"), RBC Linear Precision Products, Inc. ("LPP"), RBC Nice Bearings, Inc. ("Nice"), Bremen Bearings, Inc. ("Bremen"), Miller Bearings, Inc. ("Miller"), Tyson Bearings., Inc. ("Tyson"), Schaublin, RBC de Mexico ("Mexico"), RBC Oklahoma, Inc. ("RBC Oklahoma") and RBC Aircraft Products, Inc. ("API"), as well as its Transport Dynamics ("TDC"), Heim ("Heim") and Engineered Components ("ECD") and US Bearings ("USB") divisions. All material intercompany balances and transactions have been eliminated in consolidation.

The Company has a fiscal year consisting of 52 or 53 weeks, ending on the Saturday closest to March 31. Based on this policy, fiscal years 2005 and 2003 contained 52 weeks and fiscal year 2004 contained 53 weeks.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Inventory

Inventories are stated at the lower of cost or market, using the first-in, first-out method.

Shipping and Handling

The sales price billed to customers includes the costs associated with shipping and handling, which is included in net sales. The costs to the Company for shipping and handling are included in cost of sales.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation and amortization of property, plant and equipment, including equipment under capital leases, is provided for by the straight-line method over the estimated useful lives of the respective assets or the lease term, if shorter. Amortization of assets under capital leases is reported within depreciation and amortization. The cost of equipment under capital leases is equal to the lower of the net present value of the minimum lease

payments or the fair market value of the leased equipment at the inception of the lease. Expenditures for normal maintenance and repairs are charged to expense as incurred.

The estimated useful lives of the Company's property, plant and equipment follows:

Buildings	10–39 years
Machinery and equipment	3–10 years
Leasehold improvements	Shorter of the term of lease or estimated useful life

Recognition of Revenue and Accounts Receivable and Concentration of Credit Risk

The Company recognizes revenue only after the following four basic criteria are met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred or services have been rendered;
- The seller's price to the buyer is fixed or determinable; and
- Collectibility is reasonably assured.

Revenue is recognized upon the passage of title, which is at the time of shipment. Accounts receivable, net of applicable allowances, is recorded when goods are shipped.

The Company sells to a large number of OEMs and distributors who service the aftermarket. The Company's credit risk associated with accounts receivable is minimized due to its customer base and wide geographic dispersion. The Company performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral or charge interest on outstanding amounts. At April 2, 2005 and April 3, 2004, the Company had no significant concentrations of credit risk.

Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The Company reviews the collectibility of its receivables on an ongoing basis taking into account a combination of factors. The Company reviews potential problems, such as past due accounts, a bankruptcy filing or deterioration in the customer's financial condition, to ensure the Company is adequately accrued for potential loss. Accounts are considered past due based on when payment was originally due. If a customer's situation changes, such as a bankruptcy or creditworthiness, or there is a change in the current economic climate, the Company may modify its estimate of the allowance for doubtful accounts. The Company will write-off accounts receivable after reasonable collection efforts have been made and the accounts are deemed uncollectible.

Goodwill and Amortizable Intangible Assets

Goodwill (representing the excess of the amount paid to acquire a company over the estimated fair value of the net assets acquired) and intangible assets with indefinite useful lives are not amortized but instead are tested for impairment annually, or when events or circumstances indicate that its value may

have declined. Impairment exists when the carrying amount of goodwill exceeds its fair market value. The Company's goodwill impairment test is performed by comparing the net present value of projected cash flows to the carrying value of goodwill. The Company utilizes discount rates determined by management to be similar with the level of risk in its current business model. The Company performs the annual impairment testing during the fourth quarter of each fiscal year and has determined that, to date, no impairment of goodwill exists. Although no changes are expected, if the actual results of the Company are less favorable than the assumptions the Company makes regarding estimated cash flows, the Company may be required to record an impairment charge in the future.

Definite-lived intangible assets are being amortized on a straight-line basis over their estimated useful lives of 5 to 15 years. Also included in intangible assets is an asset relating to the Company's minimum pension liability, as further described in Note 13.

Deferred Financing Costs

Deferred financing costs are amortized by the effective interest method over the lives of the related credit agreements (5 to 23 years).

Income Taxes

The Company accounts for income taxes using the liability method, which requires it to recognize a current tax liability or asset for current taxes payable or refundable and a deferred tax liability or asset for the estimated future tax effects of temporary differences between the financial statement and tax reporting bases of assets and liabilities to the extent that they are realizable. Deferred tax expense (benefit) results from the net change in deferred tax assets and liabilities during the year.

Temporary differences relate primarily to the timing of deductions for depreciation, goodwill amortization relating to the acquisition of operating divisions, basis differences arising from acquisition accounting, pension and retirement benefits, and various accrued and prepaid expenses. Deferred tax assets and liabilities are recorded at the rates expected to be in effect when the temporary differences are expected to reverse.

Net Income (Loss) Per Common Share

Basic net income (loss) per common share for both Class A and Class B common stock is computed by dividing net income (loss) available to common stockholders for each class of common stock by the weighted-average number of common shares outstanding for each class of common stock. The Company also has outstanding Class B convertible participating preferred stock (the Class B preferred stock participates in all undistributed earnings with the Class A and Class B common stock). The Company allocates earnings to Class A and Class B common stockholders under the two-class method as required by Emerging Issues Task Force Issue No. 03-6, "Participating Securities and the Two-Class Method under FASB Statement No. 128." The two-class method is an earnings allocation method under which basic net income per share is calculated for the Company's Class A and Class B common stock and its Class B convertible participating preferred stock considering both accrued preferred stock dividends and participation rights in undistributed earnings as if all such earnings had been distributed during the year. Since the Company's Class B convertible participating preferred stock

is not contractually responsible to share in the Company's losses, in applying the two-class method to compute basic net income per common share, no allocation is made to the Class B preferred stock if an undistributed net loss results from reducing net income by the accrued preferred stock dividends.

Diluted net income (loss) per common share for the Class A common stock is computed by dividing net income (loss) by the sum of the weighted-average number of Class A common shares, dilutive Class A common share equivalents then outstanding using the treasury stock method and the assumed conversion of the Class B convertible participating preferred stock to Class A common shares (if-converted method). If the if-converted method is anti-dilutive (that is, the if-converted method results in a higher net income per common share amount than basic net income per share calculated under the two-class method), then the two-class method is used to compute diluted net income (loss) per Class A common share, including the effect of Class A common share equivalents. Diluted net income (loss) per common share for the Class B common stock is computed under the two-class method, including the effect of Class B common share equivalents. Common share equivalents consist of the incremental Class A and Class B common shares issuable upon the exercise of stock options and warrants.

If the above calculations result in a net loss available to Class A and Class B common stockholders (due to a net loss for the period or the effect of accrued preferred stock dividends) and if the effect of including common shares equivalents and the assumed conversion of preferred stock, or use of the two-class method, is anti-dilutive, then diluted net loss per Class A and Class B common share will equal basic net loss per Class A and Class B common share.

The table below reflects the calculation of weighted-average shares outstanding for each year presented as well as the computation of basic and diluted net income (loss) per common share:

	Fiscal Year Ended		
	April 2, 2005	April 3, 2004 (53 weeks)	March 29, 2003
Numerator:			
Net income	$ 7,260	$ 663	$ 49
Preferred stock dividends	(2,280)	(2,144)	(1,313)
Participation rights of preferred stock in undistributed earnings*	(1,142)	—	—
Numerator for basic and diluted net income (loss) per common share—income (loss) available to common stockholders under the two-class method(a)	3,838	(1,481)	(1,264)
Preferred stock dividends and participation rights of preferred stock	3,422	2,144	1,313
Numerator for diluted net income (loss) per common share—income (loss) available to common stockholders after assumed conversion of preferred stock(b)	$ 7,260	$ 663	$ 49
Allocation of (a):			
Class A common stock	$ 3,838	$ (1,481)	$ (1,264)
Class B common stock	**	**	**
	$ 3,838	$ (1,481)	$ (1,264)
Allocation of (b):			
Class A common stock	$ 7,260	$ 663	$ 49
Class B common stock	**	**	**
	$ 7,260	$ 663	$ 49

Denominator:			
Denominator for basic net income (loss) per common share—weighted-average shares(c)	6,202,615	6,188,903	6,188,903
Effect of dilution due to employee stock options and warrants	2,805,574	2,185,327	2,703,079
Effect of dilution due to convertible preferred stock	1,846,395	1,846,395	1,229,245
Denominator for diluted net income (loss) per common share—adjusted weighted-average shares(d)	10,854,584	10,220,625	10,121,227
Allocation of (c):			
Class A common stock	6,202,365	6,188,653	6,188,653
Class B common stock	250	250	250
	6,202,615	6,188,903	6,188,903
Allocation of (d):			
Class A common stock	9,552,579	9,180,837	8,837,000
Class B common stock	1,302,005	1,039,788	1,284,227
	10,854,584	10,220,625	10,121,227
Basic net income (loss) per common share:			
Class A common stock	$ 0.62	$ (0.24)	$ (0.20)
Class B common stock	$ 0.62	$ (0.24)	$ (0.20)
Diluted net income (loss) per common share:			
Class A common stock	$ 0.40	$ (0.24)	$ (0.20)
Class B common stock	$ 0.00	$ (0.24)	$ (0.20)

* Since the Company's Class B convertible participating preferred stock is not contractually responsible to share in the Company's losses, in applying the two-class method to compute basic net income per common share, no allocation is made to the Class B preferred stock if an undistributed net loss results from reducing net income by the preferred stock dividends.

** The allocation of income (loss) available to common stockholders holding Class B common stock results in an amount which rounds to zero due to the small amount of outstanding Class B common stock. However, the mathematics results in a net income (loss) per Class B common share amount as reflected in the consolidated statements of operations.

For additional disclosures regarding the outstanding preferred stock and the employee stock options and warrants, see Note 16.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements,

and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used for, but not limited to, the accounting for the allowance for doubtful accounts, valuation of inventories, accrued expenses, depreciation and amortization, income taxes and tax valuation reserves, pension and post-retirement obligations and the valuation of options and warrants.

Impairment of Long-Lived Assets

The Company assesses the net realizable value of its long-lived assets and evaluates such assets for impairment whenever indicators of impairment are present.

For amortizable long-lived assets to be held and used, if indicators of impairment are present, management determines whether the sum of the estimated undiscounted future cash flows are less than the carrying amount. The amount of asset impairment, if any, is based on the excess of the carrying amount over its fair value, which is estimated based on projected discounted future operating cash flows using a discount rate reflecting the Company's average cost of funds. To date, no indicators of impairment exist.

Long-lived assets to be disposed of by sale or other means are reported at the lower of carrying amount or fair value, less costs to sell.

Foreign Currency Translation and Transactions

Assets and liabilities of the Company's foreign operations are translated into U.S. dollars using the exchange rate in effect at the balance sheet date. Results of operations are translated using the average exchange rate prevailing throughout the period. The effects of exchange rate fluctuations on translating foreign currency assets and liabilities into U.S. dollars are included in accumulated other comprehensive loss, while gains and losses resulting from foreign currency transactions, which were not material for any of the fiscal years presented, are included in selling, general and administrative expenses. Net income of the Company's foreign operations for fiscal 2005, 2004 and 2003 amounted to $2,148, $2,242 and $3,068, respectively. Net assets of the Company's foreign operations were $24,368 and $22,960 at April 2, 2005 and April 3, 2004, respectively.

Fair Value of Financial Instruments

The carrying amounts reported in the balance sheet for cash, accounts receivable, prepaids and other current assets, and accounts payable and accruals approximate their fair value.

The carrying amounts of the Company's Senior Subordinated notes payable and discount debentures approximate fair value and are estimated based on the quoted market price of similar debt instruments. The carrying amounts of the Company's borrowings under its New Credit Facility, Senior Credit Facility, Swiss Credit Facility and Industrial Development Revenue Bonds approximate fair value, as these obligations have interest rates which vary in conjunction with current market conditions.

Early Extinguishment of Debt

Statement of Financial Accounting Standards ("SFAS") No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections", addresses the reporting of gains and losses resulting from the extinguishment of debt, accounting for sale-leaseback transactions and rescinds or amends other existing authoritative pronouncements. SFAS No. 145 requires that any gain or loss on extinguishment of debt that does not meet the criteria of Accounting Principles Board Opinion ("APB") No. 30 for classification as an extraordinary item shall not be classified as extraordinary and shall be included in earnings from continuing operations. The (loss) gain on early extinguishment of debt in fiscal year 2005 and 2003, respectively, have been classified as non-operating income in the accompanying consolidated statements of operations.

Accumulated Other Comprehensive Loss

The components of comprehensive income (loss) that relate to the Company are net income, foreign currency translation adjustments and pension plan additional minimum liability, all of which are presented in the consolidated statements of stockholders' deficit and comprehensive income (loss).

The following summarizes the activity within each component of accumulated other comprehensive income (loss):

	Currency Translation	Minimum Pension Liability	Total
Balance at March 30, 2002	$ 88	$ (1,112)	$ (1,024)
Currency translation	(1,455)	—	(1,455)
Minimum pension liability	—	(1,565)	(1,565)
Balance at March 29, 2003	(1,367)	(2,677)	(4,044)
Currency translation	63	—	63
Minimum pension liability	—	638	638
Balance at April 3, 2004	(1,304)	(2,039)	(3,343)
Currency translation	488	—	488
Minimum pension liability	—	323	323
Balance at April 2, 2005	$ (816)	$ (1,716)	$ (2,532)

Stock-Based Compensation

The Company accounts for options and warrants granted to employees using the intrinsic value method pursuant to APB No. 25, "Accounting for Stock Issued to Employees," under which compensation cost is recognized only if the exercise price of grants issued is below the fair market value of the Company's common stock at the date of grant. Had compensation cost for these grants been determined based on the fair value at the grant dates consistent with SFAS No. 123, "Accounting

for Stock-Based Compensation," the Company's net income would have been reduced to the following pro forma amounts:

	Fiscal Year Ended		
	April 2, 2005	April 3, 2004	March 29, 2003
Net income, as reported	$ 7,260	$ 663	$ 49
Plus: stock-based compensation expense included in reported net income, net of tax	264	—	—
Less: stock-based compensation expense determined under fair value method, net of tax	(540)	(131)	(56)
Pro forma net income (loss)	$ 6,984	$ 532	$ (7)
Net income (loss) per common share, as reported:			
Basic:			
Class A common stock	$ 0.62	$ (0.24)	$ (0.20)
Class B common stock	$ 0.62	$ (0.24)	$ (0.20)
Diluted:			
Class A common stock	$ 0.40	$ (0.24)	$ (0.20)
Class B common stock	$ 0.00	$ (0.24)	$ (0.20)
Net income (loss) per common share, pro forma:			
Basic:			
Class A common stock	$ 0.57	$ (0.26)	$ (0.21)
Class B common stock	$ 0.57	$ (0.26)	$ (0.21)
Diluted:			
Class A common stock	$ 0.37	$ (0.26)	$ (0.21)
Class B common stock	$ 0.00	$ (0.26)	$ (0.21)

For purposes of the pro forma disclosures, the estimated fair value of the options and warrants is amortized to expense over the service period that generally is the option or warrant vesting period. The weighted average fair value per share of options and warrants granted was $8.17 in fiscal 2005, $1.58 in fiscal 2004 and $1.18 in fiscal 2003.

The fair value for the Company's options and warrants was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions.

	Fiscal Year Ended		
	April 2, 2005	April 3, 2004	March 29, 2003
Dividend yield	0.0%	0.0%	0.0%
Expected weighted-average life	3.0	3.0	3.0
Risk-free interest rate	3.5%	3.5%	3.5%
Expected volatility	0.4%	0.1%	0.1%

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options and warrants which have no vesting restrictions and are fully transferable. In addition,

option and warrant valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because our warrants have characteristics significantly different from those of traded options and warrants, and because changes in the subjective input assumptions can materially affect the fair value estimate, the existing models do not necessarily provide a reliable single measure of the fair value of its options and warrants.

Recent Accounting Pronouncements

In November 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4." The amendments made by SFAS No. 151 clarify that abnormal amounts of idle facility expense, freight, handling costs, and wasted materials (spoilage) should be recognized as current-period charges and require the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. It is not believed that the adoption of SFAS No. 151 will have a material impact on the consolidated financial position, results of operations or cash flows of the Company.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment." SFAS No. 123(R) will require that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. SEAS No. 123(R) covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. SFAS No. 123(R) replaces FASB Statement No. 123, "Accounting for Stock-Based Compensation", and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123, as originally issued in 1995, established as preferable a fair value-based method of accounting for share-based payment transactions with employees. However, that Statement permitted entities the option of continuing to apply the guidance in APB Opinion No. 25, as long as the footnotes to financial statements disclosed what net income would have been had the preferable fair value-based method been used. Public entities will be required to apply SFAS No. 123(R) as of the beginning of the first fiscal year beginning after June 15, 2005. SFAS No. 123(R) permits public companies to adopt its requirements using one of two methods:

1. A "modified prospective" method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of SFAS No. 123(R) for all share-based payments granted after the effective date and (b) based on requirements of SFAS No. 123 for all awards granted to employees prior to the effective date of SFAS No. 123(R) that remain unvested on the effective date.

2. A "modified retrospective" method which includes the requirements of the modified prospective method described above, but also permits entities to restate, based on the amount previously recognized under SFAS No. 123 for purpose of pro forma disclosures, either (a) all prior periods presented or (b) prior interim periods of the year of adoption.

The Company is currently evaluating these transition methods and determining the effect on the Company's consolidated results of operations and whether the adoption will result in amounts that are similar to the current pro forma disclosures under SFAS No. 123. For fiscal 2005, the Company will

continue to disclose stock-based compensation information in accordance with SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure—an Amendment of FASB Statement No. 123," and SFAS No. 123.

3. Acquisitions

Effective December 22, 2004, RBCA purchased certain net assets of the US Bearings division of Network Electronic Corporation, a manufacturer of lined and unlined spherical, rod-end and other specialty bearings located in Chatsworth, California. The total consideration paid was $1,228. The purchase price allocation is as follows: inventory ($522), property, plant and equipment ($585), intangible assets ($438) and accrued expenses ($317). All of the products associated with the acquisition are complementary with products already provided by other Company businesses. US Bearings is included in the plain bearings reportable segment.

Effective December 22, 2003, API, a wholly-owned subsidiary of RBCA, purchased the airframe control bearing business of The Timken Company, located in Torrington, CT. The total consideration paid was $5,471 after the final purchase price adjustment of $473 in 2005. The purchase price allocation is as follows: accounts receivable ($379), inventory ($3,911), property, plant and equipment ($2,439), intangible assets ($1,136) and accrued expenses ($2,394). The products associated with the acquisition are complementary with products already provided by other Company businesses. API is included in the roller bearings reportable segment.

In a transaction effective in December 2002, RBCA, through its wholly-owned subsidiary, Schaublin, SA, purchased all of the outstanding capital stock of myonic SAS ("Myonic"). The capital stock of Myonic was purchased from myonic AG, a Swiss corporation. Myonic is engaged in the sale of bearings manufactured by Schaublin and third parties. The total consideration paid by the Company was $2,822, of which $1,722 was allocated to goodwill, which is expected to be deductible for income tax purposes. The corporate name of Myonic has since been changed to RBC France SAS. RBC France is included in the plain bearings reportable segment.

The results of operations subsequent to the effective dates of the acquisitions are included in the results of operations of the Company. Unaudited pro forma consolidated results of operations of the Company, based upon pre-acquisition unaudited historical information provided for the years ended April 2, 2005, April 3, 2004 and March 29, 2003, as if the USB, API and Myonic acquisitions took place on March 31, 2002, are as follows:

	Fiscal Year Ended		
	April 2, 2005	April 3, 2004	March 29, 2003
Net sales	$ 244,566	$ 211,451	$ 209,867
Net income	$ 7,352	$ 3,290	$ 4,081
Net income per common share:			
Basic:			
Class A common stock	$ 0.63	$ 0.14	$ 0.34
Class B common stock	$ 0.63	$ 0.14	$ 0.34
Diluted:			
Class A common stock	$ 0.41	$ 0.10	$ 0.24
Class B common stock	$ 0.00	$ 0.00	$ 0.00

4. Allowance for Doubtful Accounts

The activity in the allowance for doubtful accounts consists of the following:

Fiscal Year Ended	Balance at Beginning of Year	Additions	Write-offs	Balance at End of Year
April 2, 2005	$ 770	$ 472	$ (614)	$ 628
April 3, 2004	744	378	(352)	770
March 29, 2003	621	123	—	744

5. Inventory

Inventory consists of the following:

	April 2, 2005	April 3, 2004
Raw materials	$ 5,598	$ 3,611
Work in process	27,959	25,798
Finished goods	62,097	61,095
	$ 95,654	$ 90,504

6. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	April 2, 2005	April 3, 2004
Land	$ 7,176	$ 6,983
Buildings and improvements	16,136	15,492
Machinery and equipment	108,701	105,143
	132,013	127,618
Less: accumulated depreciation and amortization	76,670	71,369
	$ 55,343	$ 56,249

7. Disposal of Fixed Assets

During the year ended April 2, 2005, the Company had a non-cash charge of $1,778 on the loss on sale and disposal of property, plant and equipment related to the consolidation of production lines and outsourcing certain components to low-cost producers. During the years ended April 3, 2004 and March 29, 2003, the Company had non-cash charges of $236 and $858, respectively, on the loss on disposal of property, plant and equipment related to the consolidation of production lines. All amounts were classified as an "other, net" operating expense in the consolidated statements of operations.

8. Goodwill and Amortizable Intangible Assets

Goodwill balances, by segment, consist of the following:

	April 2, 2005	April 3, 2004
Roller	$ 15,673	$ 15,673
Plain	9,477	9,477
	$ 25,150	$ 25,150

The Company's definite-lived intangible assets, consisting primarily of acquired distribution agreements and customer lists, are amortized over their estimated useful lives of 5 to 15 years. Also included in intangible assets is an asset relating to the Company's minimum pension liability, as further described in Note 13.

Amortization expense for definite-lived intangible assets during fiscal year 2005, 2004 and 2003 was $500, $344 and $105, respectively. Estimated amortization expense for the five succeeding fiscal years and thereafter is as follows:

2006	$ 598
2007	561
2008	452
2009	212
2010	204
2011 and thereafter	744

9. Accrued Expenses and Other Current Liabilities

The significant components of accrued expenses and other current liabilities are as follows:

	April 2, 2005	April 3, 2004
Employee compensation and related benefits	$ 3,150	$ 3,782
Interest	3,140	4,742
Other	4,331	4,752
	$ 10,621	$ 13,276

10. Debt

During fiscal 1998, the Company issued $110,000 aggregate principal amount of 9$^{5}/_{8}$% Senior Subordinated Notes due 2007 ("Notes"). The Notes paid interest semi-annually and had an original maturity date of June 15, 2007, but could be redeemed at the Company's option earlier under certain conditions specified in the indenture (the "Indenture") pursuant to which the Notes were issued. The Notes were unsecured and subordinate to all existing and future Senior Indebtedness (as defined in the Indenture) of the Company. The Notes were fully, unconditionally and irrevocably guaranteed jointly and severally, on a senior subordinated basis, by each of the domestic wholly-owned subsidiaries of RBCA. The Notes were repaid on June 29, 2004.

During fiscal 1998, the Company issued $40,000 of Senior Subordinated Discount Debentures ("Debentures") due in 2009, which had an aggregate principal amount at maturity of $74,882. During fiscal 2003, the Company made principal payments on this debt of $30,400. At April 2, 2005, the principal amount due at maturity is $38,562. The Debentures accrue interest at 13% per annum, payable semi-annually, and mature on June 15, 2009. The Debentures are callable at any point at a premium to the principal amount declining to par at the end of June 2008. Additionally, the Company may, at any time at its option, redeem the Debentures, in whole or in part, with the net cash proceeds from one or more public equity offerings by the Company. The Debentures are senior secured obligations of the Company, senior in right of payment to all existing and future subordinated indebtedness of the Company. The Debentures are secured by all of the outstanding common stock of RBCA.

RBCA and its domestic subsidiaries entered into a $94,000 senior secured credit facility ("Senior Credit Facility"), dated May 30, 2002, with General Electric Capital Corporation, as agent and lender, Congress Financial Corporation (Western), as lender, GECC Capital Markets Group, as lead arranger, and other lenders signatory thereto from time to time, consisting of a $40,000 term loan ("Term Loans") and a $54,000 revolving credit facility ("Revolving Credit Facility"). This credit facility was amended and restated on December 19, 2003 to add a further $10,000 term loan ("Term Loan B"). In connection with this credit facility, RBCA and its domestic subsidiaries granted liens and mortgages on substantially all of their existing and future personal and real property. In addition, RBCA pledged all of its capital stock in its domestic subsidiaries and a portion of its capital stock in its directly-owned foreign subsidiaries.

The proceeds from the Term Loans were used to pay off RBCA's senior credit facility, dated June 23, 1997, by and between RBCA, Credit Suisse First Boston, as administrative agent, and the

lenders thereto, to pay fees and expenses with respect to the new credit facility and for other corporate purposes. The Revolving Credit Facility was available for issuances of letters of credit of up to $25,000 and for loans in connection with acquisitions, working capital needs or other general corporate purposes.

On June 19, 2003, RBCA further amended and restated the Senior Credit Facility in order to increase its liquidity and to facilitate the funding of RBCA's foreign operations. The Senior Credit Facility included a structure under which RBCA could include certain of its foreign assets within the "collateral borrowing base" that sets forth the amounts that RBCA could borrow under its Revolving Credit Facility. As part of this amendment, RBCA created intercompany loan and asset pledge arrangements (including pledges of certain foreign assets) that were all ultimately assigned to the lenders as further collateral to secure the borrowings under the Senior Credit Facility.

The Senior Credit Facility was secured by substantially all of the Company's assets. Under the terms of the Senior Credit Facility, the Company was required to comply with various operational and financial covenants, including minimum EBITDA, minimum fixed charge coverage, total interest coverage and maximum leverage ratio, as defined in the credit agreements.

In addition, the Senior Credit Facility placed limitations on the Company's capital expenditures in any fiscal year, restricted its ability to pay dividends, required the Company to obtain the lenders' consents to certain acquisitions and contained mandatory prepayment provisions which included prepayments from the sale of the Company's stock and 50% of excess cash flow, as defined. The Senior Credit Facility was refinanced on June 29, 2004.

On June 29, 2004, the Company closed a $210,000 debt refinancing agreement (the "New Credit Facility") led and arranged by General Electric Capital Corporation. The agreement provides a $55,000 revolving credit agreement (the "New Revolving Credit Facility"), a $110,000 term loan (the "New Term Loan"), and a $45,000 second lien term loan (the "SCIL Loan"). Each loan is secured by a lien against substantially all of the assets of the Company and subjects the Company to standard affirmative and negative covenants, as well as financial leverage tests. The proceeds were used to refinance the Senior Credit Facility and to redeem outstanding debt. Most notably, concurrently with funding, the Company issued a notice of redemption to the noteholders of the $9^{5}/_{8}$% Senior Subordinated Notes issued pursuant to an indenture and due June 15, 2007. The requisite funds, approximately $113,000 (101.6041% of the principal amount), were irrevocably put on deposit with the trustee, Bank of New York, for redemption July 29, 2004. This amount included a redemption premium of $1,765 that was recorded as a loss on extinguishment of debt, as was $4,303 in unamortized deferred finance fees associated with this debt and $882 in interest expense during the call period. Deferred finance fees of $4,400 were capitalized associated with the new debt refinancing arrangement.

Approximately $20,300 of the New Revolving Credit Facility is being utilized to provide letters of credit to secure RBCA's obligations relating to certain Industrial Development Revenue Bonds and insurance programs. As of April 2, 2005, RBCA had the ability to borrow up to an additional $26,095 under the New Revolving Credit Facility.

The New Revolving Credit Facility bears interest at a floating rate of either the higher of the base rate on corporate loans or the federal funds rate plus 50 basis points, plus 1.75%; or LIBOR plus 3.00%. The Company has the right to elect the applicable interest rate on the New Revolving Credit

Facility. The New Term Loan bears interest at a floating rate of either the higher of the base rate on corporate loans or the federal funds rate plus 50 basis points, plus 2.50%; or LIBOR plus 3.75%. The Company has the right to elect the applicable interest rate on the New Term Loan. The SCIL Loan bears interest at a floating rate of either the higher of the base rate on corporate loans or the federal funds rate plus 50 basis points, plus 7.25%; or LIBOR plus 8.50%. The Company has the right to elect the applicable interest rate on the SCIL Loan. As of April 2, 2005, the blended interest rate on the outstanding New Credit Facility was 7.57%.

On December 8, 2003, Schaublin entered into a bank credit facility (the "Swiss Credit Facility") with Credit Suisse providing for 10,000 swiss francs, or approximately $7,971, of term loans (the "Swiss Term Loans") and up to 2,000 swiss francs, or approximately $1,600, of revolving credit loans and letters of credit (the "Swiss Revolving Credit Facility"). RBCA pledged 99.4% of the present and future share capital of Schaublin (1,366 shares) against this facility. On November 8, 2004, Schaublin amended the Swiss Credit Facility to increase the Swiss Revolving Credit Facility to 4,000 swiss francs, or approximately $3,500. Borrowings under the Swiss Credit Facility bear interest at a floating rate of LIBOR plus 2.25%. As of April 2, 2005, there were no borrowings outstanding under the Swiss Revolving Credit Facility.

In connection with the purchase of Tyson, the Company entered into a loan for $1,072 with the former owner of Tyson for the purchase of certain leasehold improvements, which are included in property, plant and equipment. This loan bears interest at 9.0% and is paid monthly. The term of the loan is for 75 months and ends in June 2005.

During fiscal 1995, the Company entered into a loan agreement with the South Carolina Jobs Economic Development Authority ("SC JEDA") which provides for borrowings up to $10,700 under two industrial development revenue bonds (Series 1994 A and B) and, during fiscal 1999, the Company entered into an additional loan agreement with the SC JEDA which provides for borrowings up to $3,000 under an industrial development revenue bond (Series 1998). The interest rate is variable and based on the 90-day U.S. Treasury Bill rate. Additionally, during fiscal 2000, the Company entered into a loan agreement with the California Infrastructure and Economic Development Bank which provides for borrowings up to $4,800 under an industrial development revenue bond (Series 1999) (collectively, "Bonds"). The interest rate on the Bonds is variable and based on the Bond Market Association 7-day Municipal Swap Index. The proceeds from the Bonds are restricted for working capital requirements and capital expenditure purposes. On March 1, 2002, the Company retired the unused portion of the Series 1998 bonds of $1,845. As of April 2, 2005, $18,254 of the proceeds have been expended (including accumulated interest of $1,611), and the remaining $12 is invested by the trustee in marketable securities. The Series 1994 A and B bonds and the Series 1998 bonds are secured by an irrevocable direct-pay letter of credit issued by one of the Company's lenders. The letter of credit is equal to the aggregate principal amount of the bonds plus not less than forty-five days' interest thereon, calculated at 12% per annum ($12,026 at April 2, 2005). The Series 1999 bonds are likewise secured by an irrevocable direct-pay letter of credit issued by one of the Company's lenders. The Company's obligation to its lenders is secured pursuant to the provisions of the Credit Facility and is equal to the aggregate principal amount of the bonds plus not less than fifty days' interest thereon, calculated at 12% per annum ($4,879 at April 2, 2005).

The balances payable under all borrowing facilities are as follows:

	April 2, 2005	April 3, 2004
$9^{5}/8$% Senior Subordinated Notes Payable	$ —	$ 110,000
13% Senior Subordinated Discount Debentures	37,949	37,806
New Credit Facility		
New Term Loan, payable in quarterly installments of $275, commencing October 1, 2004, with final payment of $103,125 due December 29, 2010; bears interest at variable rates (weighted average interest rate was 6.21% for the fiscal year ended April 2, 2005), payable monthly and upon maturity at prime or LIBOR, plus an applicable margin, at the Company's election	109,175	—
SCIL Loan, payable June 29, 2011; bears interest at variable rates (weighted average interest rate was 11.21% for the fiscal year ended April 2, 2005), payable monthly and upon maturity at prime or LIBOR, plus an applicable margin, at the Company's election.	45,000	—
New Revolving Credit Facility; bears interest at variable rates (weighted average interest rate was 7.29% for the fiscal year ended April 2, 2005), payable monthly and upon maturity at prime or LIBOR, plus an applicable margin, at the Company's election	5,000	—
Senior Credit Facility		
Term Loans, payable in quarterly installments of $1,428, commencing September 30, 2002, with final payment of $12,857 due May 30, 2007; bears interest at variable rates (weighted average interest rate was 4.61% for the fiscal year ended April 3, 2004), payable monthly and upon maturity at prime or LIBOR, at the Company's election	—	30,000
Term Loan B, payable May 30, 2007; bears interest at variable rates (weighted average interest rate was 4.24% for the fiscal year ended April 3, 2004), payable monthly and upon maturity at prime or LIBOR, at the Company's election	—	10,085
Revolving Credit Facility (weighted average interest rate was 3.81% for the fiscal year ended April 3, 2004)	—	2,500
Swiss Credit Facility		
Term Loan, payable in semi-annual installments ranging from approximately $400, commencing March 31, 2004, to approximately $1,000 from September 30, 2005, with final payment due March 31, 2009; bears interest at variable rates (weighted average interest rate was 3.84% and 3.49% for the fiscal years ended April 2, 2005 and April 3, 2004, respectively), plus an applicable margin, payable quarterly	6,233	7,480
Other Loans	67	698

Industrial Development Revenue Bonds		
Series 1994 A, due in annual installments of $180 beginning September 1, 2006, graduating to $815 on September 1, 2014, with final payment due on September 1, 2017; bears interest at a variable rate (weighted average interest rate was 1.79% and 1.43% for the fiscal years ended April 2, 2005 and April 3, 2004, respectively), payable monthly through December 2017	$ 7,700	$ 7,700
Series 1994 B, bears interest at a variable rate (weighted average interest rate was 1.79% and 1.43% for the fiscal years ended April 2, 2005 and April 3, 2004, respectively), payable monthly through December 2017	3,000	3,000
Series 1998, bears interest at variable rates (weighted average interest rate was 4.40% and 3.81% for the fiscal years ended April 2, 2005 and April 3, 2004, respectively), payable monthly through December 2021.	1,155	1,155
Series 1999, bearing interest at variable rates (weighted average interest rate was 3.57% and 3.30% for the fiscal years ended April 2, 2005 and April 3, 2004, respectively), payable monthly through April 2024	4,800	4,800
Total Debt	220,079	215,224
Less: Current Portion	8,245	10,421
Long-Term Debt	$ 211,834	$ 204,803

The current portion of long-term debt as of April 2, 2005 and April 3, 2004 includes $5,000 and $2,500, respectively, of borrowings on the revolving credit facilities.

The Company's exposure to interest rate risk is derived from its outstanding variable-rate debt obligations which primarily consist of the New Credit Facility. The Company is subject to fluctuating interest rates on $182.1 million of debt. In December 2004, RBCA entered into an interest rate cap agreement with LaSalle Bank on $50 million of notes payable. The agreement caps the LIBOR interest rate at five percent and matures on December 31, 2005. The interest rate cap agreement is being accounted for as an economic hedge, with the change in fair market value being applied to operations. There was no material impact on the financial statements of the Company for the year ended April 2, 2005 of the interest rate cap agreement. At April 2, 2005 and April 3, 2004, the weighted average interest rate on the Company's debt was approximately 8.54% and 8.60%, respectively.

Maturities of debt during each of the following five fiscal years and thereafter are as follows:

2006	$ 8,245
2007	2,761
2008	2,554
2009	2,139
2010	39,049
Thereafter	165,331

11. Obligations Under Capital Leases

Machinery and equipment additions under capital leases amounted to $270, $458 and $0 in fiscal 2005, 2004 and 2003, respectively. The average imputed rate of interest on capital leases at each year end is 5.9%, 4.4% and 7.0% in fiscal 2005, 2004 and 2003, respectively.

Included in property, plant and equipment are the following assets held under capital leases:

	April 2, 2005	April 3, 2004
Machinery and equipment	$ 5,227	$ 6,512
Accumulated depreciation	(4,520)	(5,612)
	$ 707	$ 900

Future minimum lease payments under capital leases at April 2, 2005 are as follows:

2006	$ 245
2007	204
2008	11
Total minimum lease payments	460
Less: amount representing interest	29
Present value of net minimum lease payments	431
Less: current maturities	226
Non-current capital lease obligations	$ 205

12. Other Non-Current Liabilities

The significant components of other non-current liabilities consist of:

	April 2, 2005	April 3, 2004
Additional minimum pension liability	$ 3,299	$ 3,979
Other post-retirement benefits	2,826	2,995
Other	1,429	1,513
	$ 7,554	$ 8,487

13. Pension Plans

At April 2, 2005, the Company has noncontributory defined benefit pension plans covering union employees in its Heim division plant in Fairfield, Connecticut, its Nice subsidiary plant in Kulpsville, Pennsylvania, its Bremen subsidiary plant in Plymouth, Indiana and its Tyson subsidiary plant in Glasgow, Kentucky.

Plan assets are comprised primarily of equity securities. The plans provide benefits of stated amounts based on a combination of an employee's age and years of service. The Company uses a December 31 measurement date for its plans. The Company expects to contribute approximately $1,700 to its pension plans in fiscal year 2006.

The following table sets forth net periodic benefit cost of the Company's plans for the three fiscal years in the period ended April 2, 2005:

	Fiscal Year Ended		
	April 2, 2005	April 3, 2004	March 29, 2003
Components of net periodic benefit cost:			
Service cost	$ 507	$ 497	$ 361
Interest cost	944	923	894
Expected return on plan assets	(972)	(803)	(912)
Amortization of prior service cost	19	19	(4)
Amortization of losses	239	343	108
Net periodic benefit cost	$ 737	$ 979	$ 447

The following tables set forth the funded status of the Company's defined benefit pension plans, the amount recognized in the balance sheet at April 2, 2005 and April 3, 2004, and the principal weighted-average assumptions inherent in their determination:

	April 2, 2005	April 3, 2004
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 15,420	$ 14,420
Service cost	507	497
Interest cost	944	923
Plan amendments	160	246
Actuarial loss	48	117
Benefits paid	(844)	(783)
Benefit obligation at end of year	16,235	15,420
Change in plan assets:		
Fair value of plan assets at beginning of year	10,789	9,143
Actual return on plan assets	1,603	1,760
Employer contributions	1,250	669
Benefits paid	(844)	(783)
Fair value of plan assets at end of year	12,798	10,789
Reconciliation of funded status at end of year:		
Underfunded status	(3,437)	(4,631)
Unrecognized prior service cost	444	302
Unrecognized actuarial net loss	2,855	3,677
Net amount recognized in the balance sheet	$ (138)	$ (652)
Amounts recognized in the balance sheet:		
Minimum pension liability	$ (3,437)	$ (4,631)
Intangible asset	562	583
Accumulated other comprehensive loss	2,737	3,396
Net amount recognized in the balance sheet	$ (138)	$ (652)

Benefits under the union plans are not a function of employees' salaries; thus, the accumulated benefit obligation equals the projected benefit obligation.

The assumptions used in determining the net periodic benefit cost information are as follows:

	FY2005	FY2004	FY2003
Discount rate	6.25%	6.50%	7.25%
Expected long-term rate of return on plan assets	9.00%	9.00%	9.00%

The discount rate used in determining the funded status as of April 2, 2005 and April 3, 2004 is 5.9% and 6.25%, respectively.

In developing the overall expected long-term return on plan assets assumption, a building block approach was used in which rates of return in excess of inflation were considered separately for equity securities and debt securities. The excess returns were weighted by the representative target allocation and added along with an appropriate rate of inflation to develop the overall expected long-term return on plan assets assumption.

The Company recorded a minimum pension liability of $3,437 and $4,631 at April 2, 2005 and April 3, 2004, respectively. This liability represents the amount by which the accumulated benefit obligation exceeds the sum of the fair market value of plan assets. The additional minimum pension liability at April 2, 2005 and April 3, 2004 of $3,299 and $3,979, respectively, is offset by an intangible asset to the extent of previously unrecognized prior service cost. The intangible assets of $562 and $583 at April 2, 2005 and April 3, 2004, respectively, are included on the line item entitled "Intangible assets" in the consolidated balance sheet. The remaining amounts of $1,716 and $2,039, net of deferred income taxes of $1,021 and $1,359, respectively, are recorded as a component of stockholders' deficit on the line item titled "Accumulated other comprehensive loss" in the consolidated balance sheet at April 2, 2005 and April 3, 2004, respectively. The intangible asset in 2005 and 2004 is greater than the unrecognized prior service cost because two of the Company's plans have an unrecognized negative prior service cost.

The Company's investment program objective is to achieve a rate of return on plan assets which will fund the plan liabilities and provide for required benefits while avoiding undue exposure to risk to the plan and increases in funding requirements. The Company's target allocation of plan assets was 100 percent equity investments at April 2, 2005 and April 3, 2004.

The following benefit payments, which reflect future service as appropriate, are expected to be paid. The benefit payments are based on the same assumptions used to measure the Company's benefit obligation at the end of fiscal 2005.

2006	$	823
2007		866
2008		869
2009		918
2010		1,003
2011–2016		6,326

In addition, the Company has a defined contribution plan under Section 401(k) of the Internal Revenue Code for all of its employees not covered by a collective bargaining agreement. The plan is funded by eligible participants through employee contributions and by Company contributions equal to a percentage of eligible employee compensation. Effective October 1, 2001, the Company suspended

matching contributions to this plan. Effective April 4, 2004, the Company resumed a program of employer matching contributions to this plan. Employer contributions under this plan amounted to $355 in fiscal 2005.

Effective September 1, 1996, the Company adopted a non-qualified Supplemental Executive Retirement Plan ("SERP") for a select group of highly compensated management employees designated by the Board of Directors of the Company. The SERP allows eligible employees to elect to defer, until termination of their employment, the receipt of up to 25% of their current salary. The Company makes contributions equal to the lesser of 50% of the deferrals, or 3.5% of the employees' annual salary, which vest in full after three years of service following the effective date of the SERP. Employer contributions under this plan amounted to $67, $58, and $52 in fiscal 2005, 2004 and 2003, respectively.

14. Post-retirement Health Care and Life Insurance Benefits

The Company, for the benefit of employees at its Heim, West Trenton, Nice, Tyson and Bremen facilities, sponsors contributory defined benefit health care plans that provide post-retirement medical and life insurance benefits to union employees who have attained certain age and/or service requirements while employed by the Company. The plans are unfunded and costs are paid as incurred. Post-retirement benefit obligations are included in "Other non-current liabilities" in the consolidated balance sheet.

The Company uses a March 31 measurement date for its plans. The Company expects to contribute approximately $250 to its post-retirement benefit plans in fiscal year 2006.

On December 8, 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the "Act") was signed into law. The Company's prescription drug benefit for all post-retirement plans is capped at a set amount each month, which is paid to the retirees so they can obtain prescription drug coverage. As such, the Company is not self-insured for prescription drugs and the Act has no impact on the recorded obligation.

Information with respect to the post-retirement medical and life insurance plans follows:

	April 2, 2005	April 3, 2004
Accumulated benefit obligation at beginning of year	$ 4,163	$ 4,995
Service cost	121	238
Interest cost	217	249
Plan amendments	(482)	(1,300)
Actuarial loss	(119)	317
Benefits paid	(172)	(336)
Accumulated benefit obligation at end of year	3,728	4,163
Unrecognized prior service cost	643	658
Unrecognized net loss	(1,545)	(1,826)
	$ 2,826	$ 2,995

Components of net periodic post-retirement benefit cost are as follows:

	Fiscal Year Ended		
	April 2, 2005	April 3, 2004	March 29, 2003
Service cost	$ 121	$ 238	$ 55
Interest cost	217	249	319
Prior service cost amortization	(496)	(481)	(71)
Amount of loss recognized	161	172	91
	$ 3	$ 178	$ 394

During fiscal 2004, the plans were amended to contractually limit the benefit to be provided for certain groups of current and future retirees. As a result, there is no health care trend associated with these groups. The discount rate used in determining the accumulated post-retirement benefit obligation was 5.9% at April 2, 2005 and 6.25% at April 3, 2004. The discount rate used in determining the net periodic benefit cost was 6.25% for fiscal 2005, 6.50% for fiscal 2004 and 7.25% for fiscal year 2003.

The following benefit payments, which reflect future service as appropriate, are expected to be paid. The benefit payments are based on the same assumptions used to measure the Company's benefit obligation at the end of fiscal 2005.

2006	$ 250
2007	252
2008	265
2009	286
2010	314
2011–2016	1,625

15. Income Taxes

Income (loss) before income taxes for the Company's domestic and foreign operations are as follows:

	Fiscal Year Ended		
	April 2, 2005	April 3, 2004	March 29, 2003
Domestic	$ 3,278	$ (860)	$ (3,182)
Foreign	2,597	2,593	3,344
	$ 5,875	$ 1,733	$ 162

The provision for (benefit from) income taxes consists of the following:

	Fiscal Year Ended		
	April 2, 2005	April 3, 2004	March 29, 2003
Current:			
Federal	$ 915	$ (1,299)	$ (493)
State	364	(201)	(71)
Foreign	449	351	276
	1,728	(1,149)	(288)
Deferred:			
Federal	(2,644)	1,921	352
State	(469)	298	49
	(3,113)	2,219	401
Total	$ (1,385)	$ 1,070	$ 113

A reconciliation of income taxes computed using the U.S. federal statutory rate to that reflected in operations follows:

	Fiscal Year Ended		
	April 2, 2005	April 3, 2004	March 29, 2003
Income taxes using U.S. federal statutory rate	$ 1,998	$ 589	$ 55
State income taxes, net of federal benefit	(66)	58	(13)
Officer's life insurance	44	59	57
Meals and entertainment	55	38	61
ETI benefit	(66)	(70)	(70)
Adjustment of taxes to tax returns as filed	849	225	(1)
Foreign rate differential	(434)	—	—
Impact of indefinite postponement of remittances of undistributed earnings of foreign subsidiaries	(3,781)	—	—
Other	16	171	24
	$ (1,385)	$ 1,070	$ 113

Net deferred tax assets consist of the following:

	April 2, 2005	April 3, 2004
Deferred tax assets:		
Post-retirement benefits	$ 990	$ 1,117
Employee compensation accruals	731	769
Alternative minimum tax credits	1,912	1,558
Net operating losses	2,100	3,694
Inventory	3,492	2,133
Stock warrants	2,103	2,103
Pension	1,021	1,359
Other	1,214	1,150
Total deferred tax assets	13,563	13,883
Deferred tax liabilities:		
Property, plant and equipment	(6,555)	(6,743)
Unremitted foreign earnings	—	(3,781)
Amortizaton of goodwill	(1,836)	(964)
Total deferred tax liabilities	(8,391)	(11,488)
Net deferred tax assets	$ 5,172	$ 2,395

The Company has reduced income tax expense by $3,781 in fiscal 2005 for the undistributed earnings of its foreign subsidiaries on which U.S. income taxes were previously recorded. The Company has reassessed its needs internationally and has determined that, despite the benefits introduced by the American Jobs Creation Act of 2004, its undistributed foreign earnings of approximately $18,000 at April 2, 2005 will be re-invested indefinitely based upon the need for cash in its foreign operations, potential foreign acquisitions and the Company's inability to remit cash back to the United States under its current foreign debt obligations. The amount of unrecognized deferred tax liability relating to undistributed foreign earnings at April 2, 2005 is approximately $4,232.

At April 2, 2005, the Company has federal and state net operating loss carryforwards of approximately $5,519 and $6,953, respectively, to offset future income taxes, which expire at various dates through 2024. In addition, the Company has alternative minimum tax credit carryforwards of approximately $1,912. The net operating loss carryforwards may be subject to certain limitations provided in IRC Sections 382 and 383. The Company's tax returns are subject to review and examination by various taxing authorities, which could result in changes to accrued tax estimates.

16. Stockholders' Deficit

Class A Preferred Stock. The Class A Preferred Stock is the most senior of the Company's capital stock for the purposes of the payment of dividends and distributions upon a liquidation or deemed liquidation event. The holders of Class A Preferred Stock are entitled to an accrued dividend at a rate of 8% per annum payable when and if declared by the Company's board of directors. As of April 2,

2005, no dividends have accrued on the Class A Preferred Stock. The stated value of the Class A Preferred Stock is $3,000 per share. Except to the extent required by law, holders of Class A Preferred Stock have no voting rights.

Class B Exchangeable Convertible Participating Preferred Stock. The Class B Preferred Stock ranks junior to the Class A Preferred Stock, is on par with the Class C Preferred Stock, and is senior to all other classes of stock with respect to payment of dividends. The Class B Preferred Stock ranks junior to the Class A Preferred Stock, and is senior to all other classes of stock with respect to distributions upon a liquidation or deemed liquidation event.

The Class B Preferred Stock is subject to conversion by the Company or exchange by the holders thereof. In either situation, each share of Class B Preferred Stock would yield upon conversion (i) a number of shares of Class A Common Stock determined by multiplying the number of shares of Class B Preferred Stock to be converted by the stated value of the Class B Preferred Stock and dividing the result by the conversion price then in effect, (ii) a number of shares of Class C Preferred Stock determined by multiplying the number of Class B Preferred Stock to be converted by the sum of the stated value of the shares and the amount of all unpaid dividends thereon and dividing the result by the stated value of the Class C Preferred Stock, and (iii) one share of Class D Preferred Stock. The stated value of the Class B Preferred Stock is $100 per share. The Class B Preferred Stock is subject to mandatory conversion upon the consummation of an Initial Public Offering or an Organic Transaction (each as defined in the Company's Amended and Restated Certificate of Incorporation). Diluted net income (loss) per share reflects the assumed conversion of the Class B Preferred Stock.

The Class B Preferred Stock entitles the holders thereof, upon a liquidation or deemed liquidation event, to a payment of its stated value plus an amount determined by reference to a formula set forth in the Company's Amended and Restated Certificate of Incorporation. The holders of Class B Preferred Stock are entitled to an accrued dividend at a rate of 8% per annum payable when and if declared by the Company's board of directors. Such dividends shall accrue whether or not they have been declared and whether or not there are profits. The holders of Class B Preferred Stock are further entitled to participate in any dividends paid to the holders of shares of Common Stock. As of April 2, 2005, the amount of accumulated undeclared and unpaid dividends on the Class B Preferred Stock equaled approximately $5.7 million. Except to the extent required by law, holders of Class B Preferred Stock have no voting rights.

During July 2002, two investors in the Company purchased an aggregate of 240,000 shares of its Class B Exchangeable Convertible Participating Preferred Stock in exchange for gross proceeds of $24,000. In connection with the purchase, the Company paid a fee of $750 to one of the investors and amended the terms of the Whitney (a related party) management services agreement. Following the closing of the sale, the Company utilized the proceeds from the sale and certain of the Company's cash on hand to repurchase approximately $30,400 (Note 10) in principal amount at maturity of certain debt. This repurchase satisfied the Company's obligation to make a scheduled redemption payment relating to such debt. The Company recognized a pre-tax gain on the extinguishment of this debt obligation of approximately $780, net of transaction expenses of $406, during fiscal 2003, which has been recorded as non-operating income.

Class C Redeemable Preferred Stock. The Class C Preferred Stock ranks junior to the Class A Preferred Stock, on par with the Class B Preferred Stock, and senior to all other classes of stock with respect to payment of dividends. The Class C Preferred Stock ranks junior to the Class A Preferred Stock and Class B Preferred Stock, and senior to all other classes of stock with respect to distributions upon a liquidation or deemed liquidation event.

The holders of Class C Preferred Stock are entitled to an accrued dividend at a rate of 8% per annum payable when and if declared by the Company's board of directors. As of April 2, 2005, no dividends have accrued on the Class C Preferred Stock. The Class C Preferred Stock is subject to redemption by the Company at its option. If shares of Class C Preferred Stock are issued in exchange for shares of Class B Preferred Stock, the Company is required to redeem such shares no later than one business day following the day of such issuance. The stated value of the Class C Preferred Stock is $100 per share. Except to the extent required by law, holders of Class C Preferred Stock have no voting rights.

Class D Preferred Stock. The Class D Preferred Stock ranks junior to the Class A Preferred Stock, Class B Preferred Stock and Class C Preferred Stock, and senior to all other classes of stock with respect to the payment of dividends and distributions upon a liquidation or deemed liquidation event. The Class D Preferred Stock entitles the holders thereof, upon a liquidation or deemed liquidation event, to a payment determined by reference to a formula set forth in the Company's Amended and Restated Certificate of Incorporation. Except to the extent required by law, holders of Class D Preferred Stock have no voting rights.

Class A and Class B Common Stock. The Company has 6,202,519 shares of Class A Common Stock outstanding held by 7 holders, and 250 shares of Class B Common Stock outstanding held by Dr. Michael J. Hartnett, the Company's founder and Chief Executive Officer. In addition, as of April 2, 2005, there were outstanding warrants and options to purchase up to an additional 1,911,235 shares of the Company's Class A Common Stock and 1,372,865 shares of Class B Common Stock.

Holders of Class A Common Stock are entitled to one vote per share. Until certain events occur, the holders of Class B Common Stock are entitled to 51% of the voting power of the Company's issued and outstanding common stock.

Stock Option Plans

2001 Stock Option Plan

The RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.) 2001 Stock Option Plan was adopted in fiscal 2002 and amended and restated on October 24, 2003. The terms of the 2001 option plan provide for the grant of options or warrants to purchase up to 1,008,553 shares of Class A Common Stock to officers and employees of, and consultants (including members of the Company's board of directors) of, the Company and its subsidiaries selected by the CEO to participate in the plan. Options granted may be either incentive stock options (under Section 422 of the Internal Revenue Code) or non-qualified stock options. The 2001 option plan, which expires in July 2011, is governed by the Company's board of directors, or a committee to which the board delegates its responsibilities.

1998 Stock Option Plan

Effective February 18, 1998, the Company adopted the RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.) 1998 Stock Option Plan. The terms of the 1998 option plan provide for the grant of options or warrants to purchase up to 8,413,990 shares of Class A Common Stock to officers and employees of, and consultants (including members of the Company's board of directors) to, the Company and its subsidiaries. Options granted may be either incentive stock options (under Section 422 of the Internal Revenue Code) or non-qualified stock options. The 1998 option plan, which expires on December 31, 2008, is governed by the Company's board of directors or a committee to which the board delegates its responsibilities.

The exercise price of options granted under the 2001 and 1998 option plans is determined by the board of directors, but in no event is less than 100% of the fair market value of the Class A Common Stock.

A summary of the status of the Company's warrants and stock options outstanding as of April 2, 2005, April 3, 2004 and March 29, 2003, and changes during the years ended on those dates, is presented below:

	Number Of Class A Common Stock Warrants/Options	Weighted Average Exercise Price
Outstanding, March 30, 2002	1,511,942	$ 0.75
Awarded fiscal 2003	285,243	12.00
Cancelled fiscal 2003	(78,800)	9.98
Outstanding, March 29, 2003	1,718,385	2.12
Awarded fiscal 2004	93,250	9.80
Cancelled fiscal 2004	(45,075)	4.81
Outstanding, April 3, 2004	1,766,560	2.46
Awarded fiscal 2005	179,575	8.00
Exercised fiscal 2005	(13,866)	2.49
Cancelled fiscal 2005	(21,034)	8.07
Outstanding, April 2, 2005	1,911,235	2.98

Certain members of management left the Company during fiscal 2003 without exercising the vested portion of 41,025 Class A warrants and, accordingly, the warrants were cancelled.

The Company has also issued warrants to purchase 1,372,865 shares of Class B Supervoting Common Stock to Dr. Hartnett, the Company's CEO. There has been no warrant activity with respect to the Class B Supervoting Common Stock during fiscal 2005, 2004 and 2003.

The Company has awarded 179,575 options to purchase Class A Common Stock at an exercise price of $8.00 during the year ended April 2, 2005. Determining the fair value of the Company's Class A Common Stock requires making subjective and complex judgments and estimates. The Company employed the market approach to estimate the enterprise value. The market approach involves applying an appropriate market multiple, compared to like public companies in the Company's

industry, to the operating performance for the twelve months ended April 3, 2004 and the actual and projected operating performance for the twelve months ended April 2, 2005. The options awarded during the year ended April 2, 2005 were based on this valuation and approved by the Company's board of directors.

The Company has reassessed the value of its Class A Common Stock given the significant improvement in the Company's operating performance during the fiscal year ended April 2, 2005 as well as the pending initial public offering. This retrospective review indicated that the fair value of the Class A Common Stock was in excess of the option exercise price ($8.00 per share) at the various grant dates (see Note 21). As a result, deferred compensation of $769,000 was recorded for the intrinsic value of the stock (based on the 179,575 options granted during fiscal 2005), which is being amortized over the vesting period. During the fiscal year ended April 2, 2005, approximately $420,000 was recorded as compensation expense.

The following table summarizes information about stock options and warrants outstanding at April 2, 2005:

Exercise Price and Weighted Average Exercise Price	Options/Warrants Outstanding	Weighted Average Contractual Life	Options/Warrants Exercisable
Class A			
$0.40	1,192,118	2.3 years	1,192,118
$2.06	252,375	2.8 years	252,375
$12.00	253,992	7.5 years	237,324
$8.00	203,750	8.5 years	101,250
$3.20	9,000	8.5 years	6,000
	1,911,235		1,789,067
Class B			
$0.40	1,060,365	2.3 years	1,060,365
$2.06	312,500	2.3 years	312,500
	1,372,865		1,372,865

17. Commitments and Contingencies

The Company leases factory facilities under non-cancelable operating leases, which expire on various dates through February 2009, with rental expense aggregating $2,045, $1,801 and $1,657 in fiscal 2005, 2004 and 2003, respectively.

The Company also has non-cancelable operating leases for transportation, computer and office equipment, which expire at various dates. Rental expense for fiscal 2005, 2004 and 2003 aggregated $1,172, $579 and $747, respectively.

The aggregate future minimum lease payments under operating leases are as follows:

2006	$	2,863
2007		2,640
2008		2,087
2009		1,940
2010		498
Thereafter		3,005
	$	13,033

The Company entered into an agreement with Whitney, a related party, whereby a quarterly management services fee is paid for certain consulting and management advisory services, as directed by the board of directors of the Company and agreed to by Whitney. Such ongoing fees aggregated $450, $450 and $375 for fiscal 2005, 2004 and 2003, respectively. At both April 2, 2005 and April 3, 2004, amounts payable to Whitney were $338.

As of April 2, 2005, approximately 29% of the Company's hourly employees in the U.S. and abroad were represented by labor unions. One of the collective bargaining agreements covering approximately 50 employees (4.2% of the Company's hourly employees) expires in October 2005.

The Company enters into government contracts and subcontracts that are subject to audit by the government. In the opinion of the Company's management, the results of such audits, if any, are not expected to have a material impact on the financial condition or results of operations of the Company.

The Company is subject to federal, state and local environmental laws and regulations, including those governing discharges of pollutants into the air and water, the storage, handling and disposal of wastes and the health and safety of employees. The Company also may be liable under the Comprehensive Environmental Response, Compensation, and Liability Act or similar state laws for the costs of investigation and cleanup of contamination at facilities currently or formerly owned or operated by the Company, or at other facilities at which the Company may have disposed of hazardous substances. In connection with such contamination, the Company may also be liable for natural resource damages, government penalties and claims by third parties for personal injury and property damage. Agencies responsible for enforcing these laws have authority to impose significant civil or criminal penalties for non-compliance. The Company believes it is currently in material compliance with all applicable requirements of environmental laws. The Company does not anticipate material capital expenditures for environmental controls in fiscal years 2006 or 2007.

Investigation and remediation of contamination is ongoing at some of the Company's sites. In particular, state agencies have been overseeing groundwater monitoring activities at the Company's facilities in Hartsville, South Carolina and Fairfield, Connecticut. At Hartsville, the Company is monitoring low levels of contaminants in the groundwater caused by former operations. The state will permit the Company to cease monitoring activities after two consecutive sampling periods demonstrate contaminants are below action levels. In connection with the purchase of the Fairfield, Connecticut facility in 1996, the Company agreed to assume responsibility for completing clean-up efforts previously initiated by the prior owner. The Company submitted data to the state that the Company believes demonstrates that no further remedial action is necessary, although the state may require additional clean-up or monitoring. Although there can be no assurance, the Company does not expect any of those to be material.

The Company received notice in 2003 from the U.S. Environmental Protection Agency that the Company had been named a potentially responsible *de minimis* party for past disposal of hazardous substances at the Operating Industries, Inc. Landfill in Monterey, Calif. Any such disposal would have been conducted prior to the Company's ownership, and the Company notified the former owners of a potential claim for indemnification based on the indemnity described above. The Company is currently negotiating a *de minimis* settlement with the U.S. Environmental Protection Agency and expects that any settlement, even if the Company is unsuccessful in obtaining indemnification, will not be material to its financial position or results of operations.

There are various claims and legal proceedings against the Company relating to its operations in the normal course of business, none of which the Company believes is material to its financial position or results of operations. The Company currently maintains insurance coverage for product liability claims.

18. Other Expense, Net

Other expense, net is comprised of the following:

	Fiscal Year Ended		
	April 2, 2005	April 3, 2004	March 29, 2003
Management fees	$ 474	$ 525	$ 375
Loss on disposition of assets	1,989	236	858
Write-off of acquisition costs	—	399	—
Provision for doubtful accounts	472	378	123
Other expense	591	124	68
	$ 3,526	$ 1,662	$ 1,424

19. Related Party Transactions

The Company has loaned Dr. Michael J. Hartnett, President and Chief Executive Officer of the Company and RBCA, $500 to purchase shares of capital stock of the Company. The loan does not bear interest and is due on the earlier of (i) June 23, 2007, (ii) the consummation of a sale of the Company or (iii) the consummation of an initial public offering of the Company. The loan is secured by a pledge of Dr. Hartnett's shares in the Company.

20. Reportable Segments

The Company operates through operating segments for which separate financial information is available, and for which operating results are evaluated regularly by the Company's chief operating decision maker in determining resource allocation and assessing performance. Those operating segments with similar economic characteristics and that meet all other required criteria, including nature of the products and production processes, distribution patterns and classes of customers, are aggregated as reportable segments. Certain other operating segments do not exhibit the common attributes mentioned above and do not meet the quantitative thresholds for separate disclosure, and their information is combined and disclosed as "Other". There is also a segment reflecting corporate charges.

The Company has four reportable business segments engaged in the manufacture and sale of the following:

Roller Bearings. Roller bearings are anti-friction bearings that use rollers instead of balls. The Company manufactures four basic types of roller bearings: heavy duty needle roller bearings with inner rings, tapered roller bearings, track rollers and aircraft roller bearings.

Plain Bearings. Plain bearings are produced with either self-lubricating or metal-to-metal designs and consist of several sub-classes, including rod end bearings, spherical plain bearings and journal bearings. Unlike ball bearings, which are used in high-speed rotational applications, plain bearings are primarily used to rectify inevitable misalignments in various mechanical components.

Ball Bearings. The Company manufactures four basic types of ball bearings: high precision aerospace, airframe control, thin section and commercial ball bearings which are used in high-speed rotational applications,

Other. Other consists of two minor operating locations that do not fall into the above segmented categories. The Company produces precision ground ball bearing screws at its Linear Precision Products (LPP) plant that offer repeatable positioning accuracy in machine tools, transfer lines, robotic handling and semiconductor equipment. The Company's Schaublin location produces precision machine tool collets that provide effective part holding and accurate part location during machining operations.

Corporate. Corporate consists of expenses incurred at the corporate office.

The accounting policies of the reportable segments are the same as those described in Note 2. Segment performance is evaluated based on segment net sales, operating income and total assets. Items not allocated to segment operating income include corporate administrative expenses and certain other amounts. Identifiable assets by reportable segment consist of those directly identified with the segment's operations. Corporate assets consist of cash, fixed assets and certain prepaid expenses.

	Fiscal Year Ended		
	April 2, 2005	April 3, 2004	March 29, 2003
Net External Sales			
Roller	$ 92,281	$ 63,106	$ 60,788
Plain	93,250	77,578	67,448
Ball	41,881	35,801	34,038
Other	15,604	10,846	10,586
	$ 243,016	$ 187,331	$ 172,860
Operating Income			
Roller	$ 17,030	$ 11,259	$ 8,459
Plain	22,647	18,573	16,782
Ball	9,070	6,676	7,009
Other	797	378	1,779
Corporate	(17,405)	(14,757)	(13,326)
	$ 32,139	$ 22,129	$ 20,703
Total Assets			
Roller	$ 43,113	$ 36,784	$ 33,029
Plain	115,930	104,824	99,058
Ball	26,438	21,145	20,440
Other	8,287	6,689	8,206
Corporate	56,401	65,304	71,623
	$ 250,169	$ 234,746	$ 232,356
Capital Expenditures			
Roller	$ 3,496	$ 2,108	$ 2,201
Plain	2,669	1,535	2,187
Ball	936	795	563
Other	784	349	420
Corporate	1,641	164	1,151
	$ 9,526	$ 4,951	$ 6,522

Depreciation & Amortization			
Roller	$ 2,618	$ 2,453	$ 2,298
Plain	2,501	2,568	2,341
Ball	1,300	1,549	1,638
Other	1,281	1,178	956
Corporate	1,085	1,434	1,586
	$ 8,785	$ 9,182	$ 8,819
Geographic External Sales			
Domestic	$ 215,381	$ 166,763	$ 155,579
Foreign	27,635	20,568	17,281
	$ 243,016	$ 187,331	$ 172,860
Geographic Long-Lived Assets			
Domestic	$ 52,566	$ 52,956	$ 53,798
Foreign	2,777	3,293	3,974
	$ 55,343	$ 56,249	$ 57,772
Intersegment Sales			
Roller	$ 7,275	$ 1,669	$ 1,818
Plain	1,982	880	1,787
Ball	4,073	397	18
Other	10,147	6,349	5,135
	$ 23,477	$ 9,295	$ 8,758

All intersegment sales are eliminated in consolidation.

21. Restatement

The Company has historically determined the fair value of its common stock, for purposes of calculating stock-based compensation under APB No. 25, based on internal valuations. Subsequent to the close of fiscal year 2005, the Company considered whether an independent third-party valuation of its common stock would provide a more appropriate estimate of fair value. Accordingly, the Company obtained, on July 19, 2005, an independent third-party valuation of its common stock as of each of the stock option grant dates during fiscal year 2005. After a thorough review of the independent third-party valuation, the Company concluded that the assumptions and methods employed in the third-party valuation were more appropriate and consistent with accepted valuation methods than the internal valuations prepared by Company management. Accordingly, based on the results of these third-party valuations, the Company restated deferred stock compensation and stock compensation expense for fiscal year 2005.

The restatement had the following effect on fiscal year 2005 net income and net income per share of common share:

Net income, as previously reported	$	7,083
Net income, as restated	$	7,260
Net income per common share, as previously reported:		
Basic:		
Class A common stock	$	0.60
Class B common stock	$	0.60
Diluted:		
Class A common stock	$	0.39
Class B common stock	$	0.00
Net income per common share, as restated:		
Basic:		
Class A common stock	$	0.62
Class B common stock	$	0.62
Diluted:		
Class A common stock	$	0.40
Class B common stock	$	0.00

22. Subsequent Event—One-time Special Cash Bonus to CEO

On June 13, 2005, subject to the approval of the Company's senior lenders under the New Credit Facility and Second Lien Term Loan, the Board of Directors agreed to pay the CEO a one-time special cash bonus of $5.2 million on or prior to June 30, 2005 to reimburse the CEO for taxes owed by him in connection with a previous stock sale by the CEO to Whitney. As such, the Company will record a charge of $5.2 million in the first quarter of 2005. In connection with such transaction, the Company will receive offsetting cash tax benefits of approximately $5.2 million.

23. Subsequent Event—Stock Split

Prior to the completion of the Company's planned initial public offering, the Company intends to effect a 5-for-2 stock split of its common stock. All share and per share information in the consolidated financial statements has been retroactively restated to reflect the stock split for all years presented.

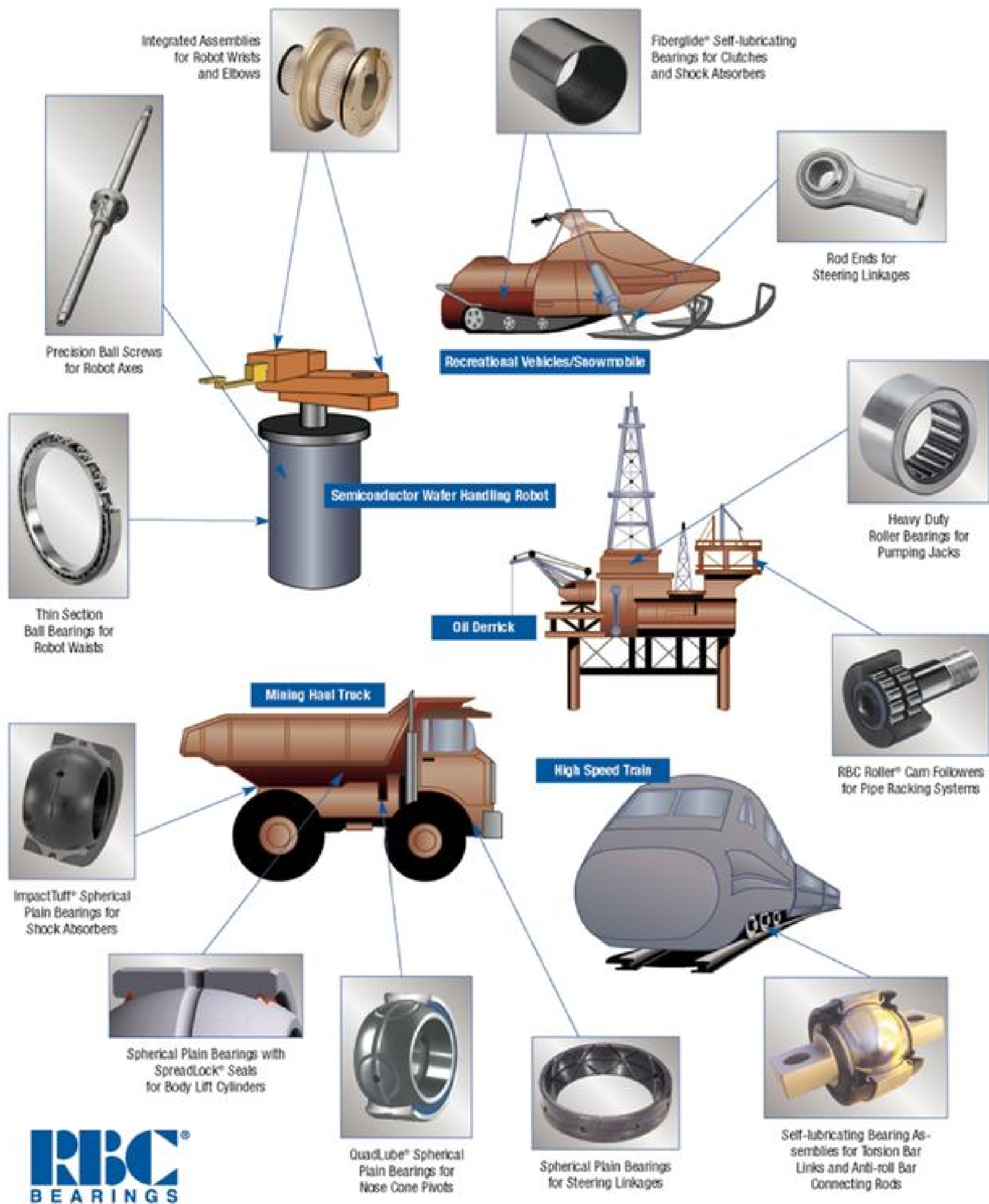
Schedule II-Valuation and Qualifying Accounts

Allowance for Doubtful Accounts

The activity in the allowance for doubtful accounts consists of the following:

Fiscal Year Ended	Balance at Beginning of Year	Additions	Write-offs	Balance at End of Year
April 2, 2005	$ 770	$ 472	$ (614)	$ 628
April 3, 2004	744	378	(352)	770
March 29, 2003	621	123	—	744

RBC Industrial Applications



Through and including , 2005 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

8,288,000 Shares

Common Stock

PROSPECTUS

Merrill Lynch & Co.

KeyBanc Capital Markets

Jefferies & Company, Inc.

, 2005

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by RBC Bearings Incorporated in connection with the offer and sale of the securities being registered. All amounts are estimates except the SEC registration fee and the NASD filing fee.

SEC registration fee	$	17,949.16
NASD filing fee		15,538.00
Nasdaq National Market listing fee		*
Transfer Agent's Fee		*
Printing and engraving costs		*
Legal fees and expenses		*
Accounting fees and expenses		*
Additional Director's & Officer's Insurance Premium		*
Miscellaneous		*
Total	$	

Item 14. Indemnification of Directors and Officers

Delaware. The General Corporation Law of the State of Delaware ("DGCL") authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties. The certificates of incorporation of the Delaware registrants include a provision that eliminates the personal liability of directors for monetary damages for actions taken as a director, except for liability for breach of duty of loyalty; for acts or omissions not in good faith or involving intentional misconduct or knowing violation of law; under Section 174 of the DGCL (unlawful dividends and stock repurchases); or for transactions from which the director derived improper personal benefit.

The certificates of incorporation of the Delaware registrants provide that these registrants must indemnify their directors and officers to the fullest extent authorized by the DGCL and must also pay expenses incurred in defending any such proceeding in advance of its final disposition upon delivery of an undertaking, by or on behalf of an indemnified person, to repay all amounts so advanced if it should be determined ultimately that such person is not entitled to be indemnified under this section or otherwise.

The indemnification rights set forth above shall not be exclusive of any other right which an indemnified person may have or hereafter acquire under any statute, provision of our certificate of incorporation, our by laws, agreement, vote of stockholders or disinterested directors or otherwise.

The purchase agreement to be entered into between RBC Bearings Incorporated and the underwriters in connection with this offering will include provisions pursuant to which the underwriters indemnify the directors and officers of RBC Bearings Incorporated.

RBC Bearings Incorporated maintains insurance to protect itself and its directors and, officers and those of its subsidiaries against any such expense, liability or loss, whether or not it would have the power to indemnify them against such expense, liability or loss under applicable law.

Item 15. Recent Sales of Unregistered Securities

Set forth in chronological order is information regarding all securities sold and employee stock options granted since April 1, 2002 by us. Also included is the consideration, if any, received for such securities, and information relating to the section of the Securities Act of 1933, as amended, and the rules of the Securities and Exchange Commission pursuant to which the following issuances were exempt from registration. None of these securities were issued under the Securities Act. No award of options involved any sale under the Securities Act. No sale of securities involved the use of an underwriter and no commissions were paid in connection with the sales of any securities. All shares amounts set forth in this Item 15 are prior to giving effect to our 5-for-2 stock split which will be completed prior to the consummation of this offering.

1. At various times during the period from April 2002 through July 2005, we granted options pursuant to our 2001 Stock Option Plan, as amended, to purchase an aggregate of 181,396.5 shares of our Class A Common Stock to employees and directors at exercise prices of $8.00, $20.00 and $30.00.

Following the reclassification of our shares, all outstanding options to purchase our Class A Common Stock will become exercisable into shares of our newly created common stock in accordance with the terms of our 2001 Stock Option Plan, as amended. With the exception of options that are exercised in connection with this offering, we expect that substantially all outstanding options to purchase common stock held by our employees will be subject to a lock-up period of not less than 180 days following the date of this prospectus.

2. During fiscal year 2005, upon the exercise of options granted pursuant to our 2001 Stock Option Plan, as amended, we issued 16,056 shares of our Class A Common Stock for an aggregate purchase price of $34,542.80 to one of our former directors and his affiliates.

3. During fiscal year 2005, upon the exercise of options granted pursuant to our 1998 Stock Option Plan, as amended, we issued 10,000 shares of our Class A Common Stock for an aggregate purchase price of $134,347.70 to one of our employees and, upon the exercise of warrants pursuant to a warrant agreeement between us and such employee, we issued 7,504 shares of our Class A Common Stock for an aggregate purchase price of $74,987.47 to the employee.

4. On July 29, 2002, we issued and sold 240,000 shares of Class B Exchangeable Convertible Participating Preferred Stock of RBCI for an aggregate purchase price of $24.0 million to Dr. Hartnett and an affiliate of Whitney RBHC Investor, LLC.

5. On February 6, 2003, we issued and sold 1,008.41 shares of Class A preferred stock for $3 per share, or an aggregate purchase price of approximately $3.0 million to Dr. Hartnett and an affiliate of Whitney RBHC Investor, LLC. On February 10, 2002, we exercised our option to repurchase such stock for the purchase price plus all accrued dividends. Accordingly, no Class A preferred stock is outstanding as of the date hereof.

The issuances of the securities described in paragraph 1 were exempt from registration under the Securities Act under Rule 701, as transactions pursuant to compensatory benefit plans and contracts relating to compensation as provided under such Rule 701. The recipients of such options and common stock were our employees and directors, who received the securities under our compensatory benefit plans or a contract relating to compensation. Appropriate legends were affixed to the share certificates issued in such transactions. All recipients either received adequate information from us or had adequate access, through their employment with us or otherwise, to information about us.

The issuances of the securities described in paragraphs 2 through 5 were exempt from registration under the Securities Act in reliance on Section 4(2) because the issuance of securities to recipients did not involve a public offering. The recipients of securities in each such transaction represented their intention to acquire the securities for investment only and not with a view to resale or distribution

thereof, and appropriate legends were affixed to share certificates and warrants issued in such transactions. Each of the recipients of securities in the transactions described in paragraphs 2 through 5 were accredited persons and had adequate access, through employment, business or other relationships, to information about us.

Item 16. Exhibits and Financial Statement Schedules

(a) *Exhibit.* The following exhibits are filed as part of this Registration Statement.

1.1	Form of Purchase Agreement.
3.1	Form of Amended and Restated Certificate of Incorporation of RBC Bearings Incorporated dated , 2005.
3.3	Form of Bylaws of RBC Bearings Incorporated.
4.3	Form of stock certificate for common stock.
5.1	Form of Opinion of Kirkland & Ellis LLP.**
10.1	Indenture, dated as of June 15, 1997 between RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.) and the United States Trust Company of New York.**
10.2	Stock Option Plan of RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.), dated as of February 18, 1998 with form of agreement.**
10.3	Form of Stock Transfer Restriction Agreement between RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.) and certain of its stockholders.**
10.4	Amended and Restated 2001 Stock Option Plan of RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.), dated October 24, 2003.**
10.5	Form of 2005 Long Term Equity Incentive Plan.
10.6	Agreement of Lease between Robear West Trenton Associates, L.P. and Roller Bearing Company of America, Inc., dated February 10, 1999, for West Trenton, New Jersey premises.**
10.7	First Amendment to Office Lease, dated July 26, 2004, between Robear West Trenton Associates, L.P. and Roller Bearing Company of America, Inc.**
10.8	Indenture of Lease dated March 31, 2004 between Roller Bearing Company of America, Inc., and Raymond Hunicke, LLC, a Connecticut limited liability company.**
10.9	Executed counterpart of the Pledge and Security Agreement, dated as of September 1, 1994, between Roller Bearing Company of America, Inc., Heller Financial, Inc. and Mark Twain Bank.**
10.10	Loan Agreement, dated as of September 1, 1994, between the South Carolina Job—Economic Development Authority and Roller Bearing Company of America, Inc. with respect to the Series 1994A Bonds.**
10.11	Agreement between Bremen, Indiana Plant of SKF USA, Inc. and International Union Automobile, Aerospace and Agricultural Workers of America, U.A.W., Local 1368, expires October 29, 2005.**
10.12	Trust Indenture, dated as of September 1, 1994, between the South Carolina Job—Economic Development Authority and Mark Twain Bank, as Trustee, with respect to the Series 1994A Bonds.**
10.13	Loan Agreement, dated as of September 1, 1994, between the South Carolina Job—Economic Development Authority and Roller Bearing Company of America, Inc., with respect to the Series 1994B Bonds.**
10.14	Trust Indenture, dated as of September 1, 1994, between the South Carolina Job—Economic Development Authority and Mark Twain Bank, as Trustee, with respect to the Series 1994B Bonds.**

10.15	Collective Bargaining Agreement between Heim, the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, U.A.W., and Amalgamated Local 376, U.A.W., expires January 31, 2008.**
10.16	Nice Union Agreement, between Nice Ball Bearings, Inc. and United Steelworkers of America, Local 6816-12, expires January 31, 2008.
10.17	Collective Bargaining Agreement between Roller Bearing Company of America, Inc. and the International Union U.A.W. and its Local 502, expires June 30, 2007.**
10.18	Collective Bargaining Agreement between Tyson Bearing Company, Inc. and the United Steelworkers of America, AFL-CIO, Local 7461-01, expires June 13, 2008.
10.19	Employment Agreement, effective as of December 18, 2000, between the Company and Michael J. Hartnett, Ph.D.**
10.20	Amended and Restated Promissory Note, dated as of December 15, 2000, for $500,000, made by Michael J. Hartnett, Ph.D. and payable to Roller Bearing Company of America, Inc.**
10.21	Loan Agreement, dated as of April 1, 1999, by and between California Infrastructure and Economic Development Bank and Roller Bearing Company of America, Inc.**
10.22	Indenture Of Trust, dated as of April 1, 1999, between California Infrastructure and Economic Development Bank and U.S. Bank Trust National Association, as Trustee.**
10.23	Tax Regulatory Agreement, dated as of April 1, 1999, by and among California Infrastructure and Economic Development Bank, U.S. Bank Trust National Association, as Trustee, and Roller Bearing Company of America, Inc.**
10.24	Lease Agreement, dated as of December 17, 1999, between Schaublin SA and RBC Schaublin SA.**
10.25	Lease by and among ABCS Properties, LLC, Michael H. Short and Lynn C. Short and Bremen Bearings, Inc. dated August 31, 2001.**
10.26	Fourth Amended and Restated Credit Agreement, dated June 29, 2004, by and among Roller Bearing Company of America, Inc., certain of its domestic subsidiaries, General Electric Capital Corporation, as agent and lender and GECC Capital Markets Group, Inc.**
10.27	Security Agreement, dated May 30, 2002, by and among Roller Bearing Company of America, Inc., certain of its domestic subsidiaries, General Electric Capital Corporation, as agent and Lender.**
10.28	Pledge Agreement, dated May 30, 2002, by and among Roller Bearing Company of America, Inc., certain of its domestic subsidiaries, General Electric Capital Corporation, as agent and Lender.**
10.29	SCIL Credit Agreement, dated June 29, 2004, by and among Roller Bearing Company of America, Inc. and certain of its domestic subsidiaries, General Electric Capital Corporation, as SCIL agent and GECC Capital Markets Group as Lead Arranger.**
10.30	Security Agreement, dated June 29, 2004, by and among Roller Bearing Company of America, Inc., certain of its domestic subsidiaries, General Electric Capital Corporation, as Agent for SCIL Lenders.**
10.31	Pledge Agreement, dated June 29, 2004, by and among Roller Bearing Company of America, Inc., certain of its domestic subsidiaries, General Electric Capital Corporation, as Agent for SCIL Lenders.**
10.32	Master Reaffirmation and Amendment to Loan Documents, dated June 29, 2004, by and among Roller Bearing Company of America, Inc., certain of its domestic subsidiaries, General Electric Capital Corporation, as agent and Lender.**

10.33	Lease Agreement dated May 17, 2004 by and between Shadowmoss Properties, LLC, a South Carolina limited liability company and Roller Bearing Company of America, Inc.**
10.34	Credit Agreement, dated December 8, 2003, between Credit Suisse and Schaublin SA.**
10.35	Amendment No. 1 to Credit Agreement, dated November 8, 2004, between Credit Suisse and Schaublin SA.**
10.36	Letter Agreement by and among RBC Bearings Incorporated, Roller Bearing Company of America, Inc. Whitney & Co. and Dr. Michael J. Hartnett dated June 17, 2005.
14.1	Code of Ethics of the Registrant.
21.2	Subsidiaries of the Registrant.**
23.1	Consent of Ernst & Young LLP.
23.2	Consent of Kirkland & Ellis LLP (included in Exhibit 5.1).*
23.3	Consent of Valuation Research Corporation.
24.1	Powers of Attorney.**

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* To be filed by amendment.

** Previously filed.

(b) Financial Statement Schedules

Schedule II-Valuation and Qualifying Accounts

The schedule entitled "Schedule II—Valuation and Qualifying Accounts" set forth on page F-39 of the Company's Consolidated Financial Statements is hereby incorporated by reference herein.

Item 17. Undertakings

1. The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

2. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification by the registrant against such liabilities, other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding, is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

3. The undersigned registrant hereby undertakes that

   (i) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

   (ii) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, as amended, the registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Oxford, Connecticut on July 26, 2005.

RBC BEARINGS INCORPORATED

By: /s/ DANIEL A. BERGERON

Name: Daniel A. Bergeron
Title: Chief Financial Officer

Pursuant to the requirements of the Securities Act, this Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities indicated on July 26, 2005.

Signature	Title
* Dr. Michael J. Hartnett	Chief Executive Officer (Principal Executive Officer and Chairman)
/s/ DANIEL A. BERGERON Daniel A. Bergeron	Chief Financial Officer (Principal Financial and Accounting Officer)
Robert Anderson	Director
* Richard R. Crowell	Director
* William P. Killian	Director
* Michael Stone	Director
* Dr. Amir Faghri	Director

*By: /s/ DANIEL A. BERGERON

Daniel A. Bergeron
as attorney-in-fact

EXHIBIT INDEX

1.1	Form of Purchase Agreement.
3.1	Form of Amended and Restated Certificate of Incorporation of RBC Bearings Incorporated dated , 2005.
3.3	Form of Bylaws of RBC Bearings Incorporated.
4.3	Form of stock certificate for common stock.
5.1	Form of Opinion of Kirkland & Ellis LLP.**
10.1	Indenture, dated as of June 15, 1997 between RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.) and the United States Trust Company of New York.**
10.2	Stock Option Plan of RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.), dated as of February 18, 1998 with form of agreement.**
10.3	Form of Stock Transfer Restriction Agreement between RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.) and certain of its stockholders.**
10.4	Amended and Restated 2001 Stock Option Plan of RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.), dated October 24, 2003.**
10.5	Form of 2005 Long Term Equity Incentive Plan.
10.6	Agreement of Lease between Robear West Trenton Associates, L.P. and Roller Bearing Company of America, Inc., dated February 10, 1999, for West Trenton, New Jersey premises.**
10.7	First Amendment to Office Lease, dated July 26, 2004, between Robear West Trenton Associates, L.P. and Roller Bearing Company of America, Inc.**
10.8	Indenture of Lease dated March 31, 2004 between Roller Bearing Company of America, Inc., and Raymond Hunicke, LLC, a Connecticut limited liability company.**
10.9	Executed counterpart of the Pledge and Security Agreement, dated as of September 1, 1994, between Roller Bearing Company of America, Inc., Heller Financial, Inc. and Mark Twain Bank.**
10.10	Loan Agreement, dated as of September 1, 1994, between the South Carolina Job—Economic Development Authority and Roller Bearing Company of America, Inc. with respect to the Series 1994A Bonds.**
10.11	Agreement between Bremen, Indiana Plant of SKF USA, Inc. and International Union Automobile, Aerospace and Agricultural Workers of America, U.A.W., Local 1368, expires October 29, 2005.**
10.12	Trust Indenture, dated as of September 1, 1994, between the South Carolina Job—Economic Development Authority and Mark Twain Bank, as Trustee, with respect to the Series 1994A Bonds.**
10.13	Loan Agreement, dated as of September 1, 1994, between the South Carolina Job—Economic Development Authority and Roller Bearing Company of America, Inc., with respect to the Series 1994B Bonds.**
10.14	Trust Indenture, dated as of September 1, 1994, between the South Carolina Job—Economic Development Authority and Mark Twain Bank, as Trustee, with respect to the Series 1994B Bonds.**
10.15	Collective Bargaining Agreement between Heim, the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, U.A.W., and Amalgamated Local 376, U.A.W., expires January 31, 2008.**
10.16	Nice Union Agreement, between Nice Ball Bearings, Inc. and United Steelworkers of America, Local 6816-12, expires January 31, 2008.

10.17	Collective Bargaining Agreement between Roller Bearing Company of America, Inc. and the International Union U.A.W. and its Local 502, expires June 30, 2007.**
10.18	Collective Bargaining Agreement between Tyson Bearing Company, Inc. and the United Steelworkers of America, AFL-CIO, Local 7461-01, expires June 13, 2008.
10.19	Employment Agreement, effective as of December 18, 2000, between the Company and Michael J. Hartnett, Ph.D.**
10.20	Amended and Restated Promissory Note, dated as of December 15, 2000, for $500,000, made by Michael J. Hartnett, Ph.D. and payable to Roller Bearing Company of America, Inc.**
10.21	Loan Agreement, dated as of April 1, 1999, by and between California Infrastructure and Economic Development Bank and Roller Bearing Company of America, Inc.**
10.22	Indenture Of Trust, dated as of April 1, 1999, between California Infrastructure and Economic Development Bank and U.S. Bank Trust National Association, as Trustee.**
10.23	Tax Regulatory Agreement, dated as of April 1, 1999, by and among California Infrastructure and Economic Development Bank, U.S. Bank Trust National Association, as Trustee, and Roller Bearing Company of America, Inc.**
10.24	Lease Agreement, dated as of December 17, 1999, between Schaublin SA and RBC Schaublin SA.**
10.25	Lease by and among ABCS Properties, LLC, Michael H. Short and Lynn C. Short and Bremen Bearings, Inc. dated August 31, 2001.**
10.26	Fourth Amended and Restated Credit Agreement, dated June 29, 2004, by and among Roller Bearing Company of America, Inc., certain of its domestic subsidiaries, General Electric Capital Corporation, as agent and lender and GECC Capital Markets Group, Inc.**
10.27	Security Agreement, dated May 30, 2002, by and among Roller Bearing Company of America, Inc., certain of its domestic subsidiaries, General Electric Capital Corporation, as agent and Lender.**
10.28	Pledge Agreement, dated May 30, 2002, by and among Roller Bearing Company of America, Inc., certain of its domestic subsidiaries, General Electric Capital Corporation, as agent and Lender.**
10.29	SCIL Credit Agreement, dated June 29, 2004, by and among Roller Bearing Company of America, Inc. and certain of its domestic subsidiaries, General Electric Capital Corporation, as SCIL agent and GECC Capital Markets Group as Lead Arranger.**
10.30	Security Agreement, dated June 29, 2004, by and among Roller Bearing Company of America, Inc., certain of its domestic subsidiaries, General Electric Capital Corporation, as Agent for SCIL Lenders.**
10.31	Pledge Agreement, dated June 29, 2004, by and among Roller Bearing Company of America, Inc., certain of its domestic subsidiaries, General Electric Capital Corporation, as Agent for SCIL Lenders.**
10.32	Master Reaffirmation and Amendment to Loan Documents, dated June 29, 2004, by and among Roller Bearing Company of America, Inc., certain of its domestic subsidiaries, General Electric Capital Corporation, as agent and Lender.**
10.33	Lease Agreement dated May 17, 2004 by and between Shadowmoss Properties, LLC, a South Carolina limited liability company and Roller Bearing Company of America, Inc.**
10.34	Credit Agreement, dated December 8, 2003, between Credit Suisse and Schaublin SA.**
10.35	Amendment No. 1 to Credit Agreement, dated November 8, 2004, between Credit Suisse and Schaublin SA.**
10.36	Letter Agreement by and among RBC Bearings Incorporated, Roller Bearing Company of America, Inc. Whitney & Co. and Dr. Michael J. Hartnett dated June 17, 2005.
14.1	Code of Ethics of the Registrant.

21.2	Subsidiaries of the Registrant.**
23.1	Consent of Ernst & Young LLP.
23.2	Consent of Kirkland & Ellis LLP (included in Exhibit 5.1).*
23.3	Consent of Valuation Research Corporation.
24.1	Powers of Attorney.**

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* To be filed by amendment.

** Previously filed.

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Exhibit 1.1

FORM OF PURCHASE AGREEMENT

RBC BEARINGS INCORPORATED
(a Delaware corporation)

8,288,000 Shares of Common Stock

PURCHASE AGREEMENT

Dated: , 2005

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Exhibit B – Form of Opinion of Counsel for the Selling Shareholders
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Exhibit 1.1

RBC BEARINGS INCORPORATED
(a Delaware corporation)

8,288,000 Shares of Common Stock

($0.01 Par Value)

PURCHASE AGREEMENT

, 2005

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
KeyBanc Capital Markets, a division of McDonald Investments, Inc.
Jefferies & Company, Inc.
as Representatives of the several Underwriters
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
4 World Financial Center, 25th Floor
New York, New York 10281-1209

Ladies and Gentlemen:

RBC Bearings Incorporated, a Delaware corporation (the "Company"), and the persons listed in Schedule B hereto (collectively, the "Selling Shareholders"), confirm their respective agreements with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and each of the other Underwriters named in Schedule A hereto (collectively, the "Underwriters," which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Merrill Lynch, KeyBanc Capital Markets and Jefferies & Company, Inc., are acting as representatives (in such capacity, the "Representatives"), with respect to (i) the issue and sale by the Company and the Selling Shareholders, acting severally and not jointly, and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of shares of Common Stock, $.01 par value per share, of the Company ("Common Stock") set forth in Schedules A and B hereto, and (ii) the grant by the Company and the Selling Shareholders to the Underwriters, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or any part of 1,243,200 additional shares of Common Stock to cover over-allotments, if any. The aforesaid 8,288,000 shares of Common Stock (the "Initial Securities") to be purchased by the Underwriters and all or any part of the 1,243,200 shares of Common Stock subject to the option described in Section 2(b) hereof (the "Option Securities") are hereinafter called, collectively, the "Securities."

The Company and the Selling Shareholders understand that the Underwriters propose to make a public offering of the Securities as soon as the Representatives deem advisable after this Agreement has been executed and delivered.

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-1 (No. 333-124824), including the related preliminary prospectus or prospectuses, covering the registration of the Securities under the Securities Act of 1933, as amended (the "1933 Act"). Promptly after execution and delivery of this Agreement, the Company will prepare and file a prospectus in accordance with the provisions of Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations") and paragraph (b) of Rule 424 ("Rule 424(b)") of the 1933 Act Regulations. The information included in such prospectus that was omitted from such registration statement at the time it became effective but that is deemed to be part of such registration statement at the time it became effective pursuant to paragraph (b) of Rule 430A is referred to as "Rule 430A Information." Each prospectus used before such registration statement became effective, and any prospectus that omitted the Rule 430A Information, that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a "preliminary prospectus." Such registration statement, including the exhibits and any schedules thereto, at the time it became effective, and including the Rule 430A Information, is herein called the "Registration Statement." Any registration statement filed pursuant to Rule 462(b) of the 1933 Act Regulations is herein referred to as the "Rule 462(b) Registration Statement," and after such filing the term "Registration Statement" shall include the Rule 462(b) Registration Statement. The final prospectus in the form first furnished to the Underwriters for use in connection with the offering of the Securities is herein called the "Prospectus." For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospectus or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

Prior to the consummation of the sale of the Securities, (1) the Company will amend and restate or certificate of incorporation to effect a 5-for-2 stock split of the Common Stock, (2) all outstanding shares of the Company's Class B preferred stock will be converted in accordance with their terms into 1,846,396 (on a post stock split basis) shares of Class A common stock, shares of Class C preferred stock and shares of Class D preferred stock, (3) all of the outstanding shares of the Company's Class C Preferred Stock will be redeemed, (4) all of the outstanding shares of the Company's Class D preferred stock will be repurchased, (5) the Company's certificate of incorporation will be amended and restated to effect the authorization of 60,000,000 shares of Common Stock (of which 15,458,833 will be outstanding), 10,000,000 shares of undesignated preferred stock (of which none will be outstanding), and the reclassification into Common Stock of all other classes of common and preferred stock, as otherwise described in the Prospectus, and (6) all outstanding options and warrants will become exercisable into shares of Common Stock (collectively, in each case as more precisely described in the Prospectus, the "Pre-Offering Transactions").

SECTION 1. Representations and Warranties.

(a) *Representations and Warranties by the Company*. The Company represents and warrants to each Underwriter as of the date hereof, as of the Closing Time referred to in Section 2(c) hereof, and as of each Date of Delivery (if any) referred to in Section 2(b) hereof, and agrees

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with each Underwriter, as follows:

(i) Compliance with Registration Requirements. Each of the Registration Statement and any Rule 462(b) Registration Statement and any post-effective amendment thereto has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement, any Rule 462(b) Registration Statement or any post-effective amendment thereto has been issued under the 1933 Act and the Company has not received any notice that proceedings for that purpose have been instituted or are pending or,, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with in all material respects.

At the respective times the Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendments thereto became effective and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), the Registration Statement, the Rule 462(b) Registration Statement and any amendments and supplements thereto complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. Neither the Prospectus nor any amendments or supplements thereto (including any prospectus wrapper), at the time the Prospectus or any such amendment or supplement was issued and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), included or will include an untrue statement of a material fact or omitted or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or Prospectus made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through Merrill Lynch expressly for use in the Registration Statement (or any amendment thereto) or Prospectus (or any amendment or supplement thereto). The parties acknowledge and agree that such information consists of the information set forth in Section 6(c).

Each preliminary prospectus and the prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto complied when so filed in all material respects with the 1933 Act Regulations and each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Independent Accountants. The accountants who certified the financial statements and supporting schedules included in the Registration Statement are independent public accountants as required by the 1933 Act and the 1933 Act Regulations.

(iii) Financial Statements. The financial statements included in the Registration Statement and the Prospectus, together with the related schedules and notes, present fairly the financial position of the Company and its consolidated subsidiaries at the dates indicated and the statement of operations, shareholders' equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The supporting schedules included in the Registration Statement present fairly in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Registration Statement and the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Registration Statement and the Prospectus. The pro forma financial statements and the related notes thereto and the other pro forma and as adjusted financial information included in the Registration Statement and the Prospectus present fairly the information shown therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and pro forma financial information and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. All financial statements and pro forma financial statements required to be included in the Registration Statement and the Prospectus pursuant to the 1933 Act, the 1933 Act Regulations and Regulation S-X have been included in the Registration Statement and the Prospectus.

(iv) No Material Adverse Change in Business. Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein, (A) there has been no material adverse change in the condition, financial or otherwise, earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise, and (C) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(v) Good Standing of the Company. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(vi) Good Standing of Subsidiaries. Each subsidiary of the Company (each a "Subsidiary" and, collectively, the "Subsidiaries") has been duly organized and is validly existing as a corporation or limited liability company in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and is duly qualified as a foreign corporation or limited liability company to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect; except as otherwise disclosed in the Registration Statement, all of the issued and outstanding capital stock of each such Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; none of the outstanding shares of capital stock of any Subsidiary was issued in violation of the preemptive or similar rights of any securityholder of such Subsidiary. The only subsidiaries of the Company are the subsidiaries listed on Exhibit 21 to the Registration Statement.

(vii) Capitalization. The authorized, issued and outstanding capital stock of the Company is (or will be at the Closing Time) as set forth in the Prospectus in the column entitled "Actual" under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to this Agreement, pursuant to reservations, agreements or employee benefit plans referred to in the Prospectus or pursuant to the exercise of convertible securities or options referred to in the Prospectus). The shares of issued and outstanding capital stock of the Company, including the Securities to be purchased by the Underwriters from the Selling Shareholders, have been duly authorized and have been (or will be at the Closing Time) validly issued and are (or will be at the Closing Time) fully paid and non-assessable; none of the outstanding shares of capital stock of the Company, including the Securities to be purchased by the Underwriters from the Selling Shareholders, was (or will be at the Closing Time) issued in violation of the preemptive or other similar rights of any securityholder of the Company; the shares of Common Stock to be issued by the Company in connection with the Pre-Offering Transactions, including the Securities to be purchased by the Underwriters from the Selling Shareholders, have been duly authorized and as of the Closing Time will be validly issued and fully paid and non-assessable and will not be issued in violation of the preemptive or other similar rights of any securityholder of the Company and will not trigger any anti-dilution rights of any security holder of the Company; the sale of shares of Common Stock by the Company to the Underwriters will not trigger any anti-dilution rights of any securityholder of the Company and the sale of shares of Common Stock by the Selling Shareholders to the Underwriters will not trigger any co-sale or tag-along rights or other similar rights of any other securityholder of the Company.

(viii) Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Company.

(ix) Authorization and Description of Securities. The Securities to be purchased by the Underwriters from the Company have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth herein, will be validly issued and fully paid and non-assessable; the Common Stock conforms to all statements relating thereto contained in the Prospectus and such description conforms to the rights set forth in the instruments defining the same; no holder of the Securities will be subject to personal liability by reason of being such a holder; and the issuance of the Securities is not subject to the preemptive or other similar rights of any securityholder of the Company.

(x) Absence of Defaults and Conflicts. Neither the Company nor any of its subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any subsidiary is subject (collectively, "Agreements and Instruments") except for such defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein and in the Registration Statement (including the consummation of the Pre-Offering Transactions and the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described in the Prospectus under the caption "Use of Proceeds") and compliance by the Company with its obligations hereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any subsidiary pursuant to, the Agreements and Instruments (except for such conflicts, breaches, defaults or Repayment Events or liens, charges or encumbrances that would not result in a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any subsidiary or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any subsidiary or any of their assets, properties or operations (except such violation of applicable law, statute, rule, regulation, judgment, order, writ or decree that would not result in a Material Adverse Effect). As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any subsidiary.

(xi) Absence of Labor Disputes. No labor dispute with the employees of the Company or any subsidiary exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the

employees of any of its or any subsidiary's principal suppliers, manufacturers, customers or contractors, which, in either case, would result in a Material Adverse Effect.

(xii) Absence of Proceedings. There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any subsidiary, which is required to be disclosed in the Registration Statement (other than as disclosed therein), or which would reasonably be expected to result in a Material Adverse Effect, or which might materially and adversely affect the properties or assets thereof or the consummation of the transactions contemplated in this Agreement (including the Pre-Offering Transactions) or the performance by the Company of its obligations hereunder; the aggregate of all pending legal or governmental proceedings to which the Company or any subsidiary is a party or of which any of

their respective property or assets is the subject which are not described in the Registration Statement, including ordinary routine litigation incidental to the business, would not reasonably be expected to result in a Material Adverse Effect.

(xiii) Accuracy of Exhibits. There are no contracts or documents which are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits thereto which have not been so described and filed as required.

(xiv) Possession of Intellectual Property. The Company and its subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by them, and neither the Company nor any of its subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would result in a Material Adverse Effect.

(xv) Absence of Further Requirements. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations hereunder, in connection with the offering, issuance or sale of the Securities hereunder or the consummation of the transactions contemplated by this Agreement (including the Pre-Offering Transactions and the use of the proceeds of the sale of the Securites as described in the Prospectus under "Use of Proceeds"), except such as have been already obtained or as may be required under the 1933 Act or the 1933 Act Regulations or state securities laws.

(xvi) Absence of Manipulation. Neither the Company nor any affiliate of the Company has taken, nor will the Company or any affiliate take, directly or indirectly, any action which is designed to or which has constituted or which would be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(xvii) Possession of Licenses and Permits. The Company and its subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by them, except where the failure so to possess would not, singly or in the aggregate, result in a Material Adverse Effect; the Company and its subsidiaries are in compliance with the terms and conditions of all such Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, result in a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not, singly or in the aggregate, result in a Material Adverse Effect; and neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(xviii) Title to Property. The Company and its subsidiaries have good and marketable title to all real property owned by the Company and its subsidiaries and good title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (a) are described in the Prospectus or (b) do not, singly or in the aggregate, materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any of its subsidiaries; and all of the leases and subleases material to the business of the Company and its subsidiaries, considered as one enterprise, and under which the Company or any of its subsidiaries holds properties as described in the Prospectus, are in full force and effect, and neither the Company nor any subsidiary has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease, except as would not reasonably be expected to result in a Material Adverse Effect.

(xix) Investment Company Act. The Company is not required, and upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the Prospectus will not be required, to register as an "investment company" under the Investment Company Act of 1940, as amended (the "1940 Act").

(xx) Environmental Laws. Except as described in the Registration Statement and except as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) neither the Company nor any of its subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release, to the knowledge of the Company, or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products, asbestos containing materials or mold (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Company and its subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its subsidiaries and (D) to the knowledge of the Company, there are no events, facts or circumstances that would reasonably be expected to form the basis of any liability or obligation of the Company or any of its subsidiaries, including, without limitation, any order, decree, plan or agreement requiring clean-up or remediation, or any action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its subsidiaries relating to any Hazardous Materials or any Environmental Laws.

(xxi) Registration Rights. Except as described in the Registration Statement, there are no persons with registration rights or other similar rights to have any securities registered pursuant to the Registration Statement (except for rights which have been complied with or waived) or otherwise registered by the Company under the 1933 Act.

(xxii) Related Party Transactions. No relationship, direct or indirect, exists between or among the Company or any affiliate of the Company, on the one hand, and any director, officer, stockholder, customer or supplier of any of them, on the other hand, which is required by the 1933 Act or by the 1933 Act Regulations to be described in the Registration Statement or the Prospectus which is not so described or is not described as required.

(xxiii) Suppliers. Except as described in the Registration Statement, or as would not reasonably be expected to have a Material Adverse Effect, no supplier of merchandise to the Company or any of its subsidiaries has ceased shipments of merchandise to the Company or indicated an interest in decreasing or ceasing its sales to the Company or materially increasing pricing or otherwise modifying its relationship

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with the Company, other than in the normal and ordinary course of business consistent with past practices.

(xxiv) Insurance. The Company and its subsidiaries carry insurance in such amounts and covering such risks as are adequate in the reasonable judgment of the Company for the conduct of their respective businesses and the value of their respective properties and the Company believes that, following the completion of the offering, it and its subsidiaries will continue to be able to obtain insurance on substantially the same terms as it now possesses.

(xxv) Accounting Controls. The Company and its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(xxvi) Disclosure Controls. The Company and its subsidiaries employ disclosure controls and procedures that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the 1934 Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and is accumulated and communicated to the Company's management, including its principal executive officer or officers and principal financial officer or officers, as appropriate to allow timely decisions regarding disclosure.

(xxvii) No Extension of Credit. The Company has not, directly or indirectly, extended credit, arranged to extend credit, or renewed any extension of credit, in the form of a personal loan, to any director or executive officer of the Company or its subsidiaries, or to or for the family member or affiliate of any director or executive officer of the Company or its subsidiaries, except for extensions of credit no longer outstanding.

(xxviii) Sarbanes-Oxley Act. As of the Closing Time, the Company and any of the Company's directors or officers, in their capacities as such, will comply with any applicable provision of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith (the "Sarbanes Oxley Act").

(xxix) Tax Returns. The Company and its subsidiaries have filed all federal, state, local and foreign tax returns that are required to have been filed by them pursuant to applicable foreign, federal, state, local or other law or have duly requested extensions thereof, except insofar as the failure to file such returns or request such extensions would not reasonably be expected to result in a Material Adverse Effect, and have paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company and

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its Subsidiaries, except for such taxes or assessments, if any, as are being contested in good faith and as to which adequate reserves have been provided or where the failure to pay would not reasonably be expected to result in a Material Adverse Effect. The charges, accruals and reserves on the books of the Company in respect of any income and corporation tax liability of the Company and each subsidiary for any years not finally determined are adequate to meet any assessments or re-assessments for additional income tax for any years not finally determined, except to the extent of any inadequacy that would not reasonably be expected to result in a Material Adverse Effect.

(xxx) Pre-Offering Transactions. The Pre-Offering Transactions have been duly authorized by the Company and have been consummated by the Company on or before the Closing Time. The Company's Amended and Restated Charter as described in the Prospectus has been approved by all necessary corporate, board and shareholder action, does not require any governmental or third party approval and will be in full force and effect on or before the Closing Time. The issuance of shares of Common Stock in accordance with the Pre-Offering Transactions does not require registration under the 1933 Act or the 1933 Act Regulations and will not be integrated with the sale of the Securities hereunder.

(b) *Representations and Warranties by the Selling Shareholders*. Each Selling Shareholder severally and not jointly represents and warrants to each Underwriter as of the date hereof, as of the Closing Time, and, if the Selling Shareholder is selling Option Securities on a Date of Delivery, as of each such Date of Delivery, and agrees with each Underwriter, as follows:

(i) Accurate Disclosure. The information which relates specifically to each Selling Shareholder, as set forth under the caption "Principal and Selling Shareholders" does not contain, and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein; there are no agreements between such Selling Shareholder and any other Selling Shareholder that would be required to be described in the Prospectus that are not so described; and each such Selling Shareholder is not prompted to sell the Securities to be sold by such Selling Shareholder hereunder by any information concerning the Company or any subsidiary of the Company which is not set forth in the Prospectus.

(ii) Authorization of this Agreement. This Agreement has been duly authorized, executed and delivered by or on behalf of such Selling Shareholder.

(iii) Authorization of Power of Attorney and Custody Agreement. The Power of Attorney and Custody Agreement, in the form heretofore furnished to the Representatives (the "Power of Attorney and Custody Agreement"), has been duly authorized, executed and delivered by such Selling Shareholder and, assuming the due authorization, execution and delivery by the other parties thereto, is the valid and binding agreement of such Selling Shareholder; the Custodian (as defined below) is authorized to

deliver the Securities to be sold by such Selling Shareholder hereunder and to accept payment therefore; and each Attorney-in-Fact is authorized to execute and deliver this Agreement and the certificate referred to in Section 5(f) or that may be required pursuant to Sections 5(n) and 5(o) on behalf of such Selling Shareholder, to exercise the Options and/or Warrants for shares of Common Stock, to sell, assign and transfer to the Underwriters the Securities to be sold by such Selling Shareholder, as provided in Section 2(a) hereof, to agree to an upsizing or downsizing of the Offering or cutback in the number of Securities to be sold by the Selling Shareholder, to determine the purchase price to be paid by the Underwriters to such Selling Shareholder, to authorize the delivery of the Shares to be sold by such Selling Shareholder under the Purchase Agreement, to take actions and execute and deliver all such agreements, documents, instruments and certificates as may be necessary or desirable, otherwise to act on behalf of such Selling Shareholder in connection with this Agreement, Pre-Offering Transactions (including, without limitation, the stock split of the Common Stock), the sale of Shares to the Underwriters and the offering of Securities by the Underwriters and the registration of Securities by the Company and approve any of the Pre-Offering Transactions on behalf of the Selling Shareholder.

(iv) Noncontravention. The execution and delivery of this Agreement and the Power of Attorney and Custody Agreement and the sale and delivery of the Securities to be sold by such Selling Shareholder and the consummation of the transactions contemplated herein and compliance by such Selling Shareholder with its obligations hereunder do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default under, or result in the creation or imposition of any tax, lien, charge or encumbrance upon the Securities to be sold by such Selling Shareholder or any property or assets of such Selling Shareholder pursuant to any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, license, lease or other agreement or instrument to which such Selling Shareholder is a party or by which such Selling Shareholder may be bound, or to which any of the property or assets of such Selling Shareholder is subject, including any applicable state laws requiring any spousal or other consent in connection with the disposition of property by the Selling Stockholder (except for such conflicts, breaches or defaults that would adversely effect such Selling Shareholder's ability to fulfill its obligations hereunder or under the Power of Attorney and Custody Agreement in any material respect), nor will such action result in any violation of the provisions of the charter or by-laws or other organizational instrument of such Selling Shareholder, if applicable, or any applicable treaty, law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over such Selling Shareholder or any of its properties (except for violations of any treaty, law, statute, rule, regulation, judgment, order, writ or decree that would adversely effect such selling shareholder's ability to fulfill its obligations hereunder or under the Power of Attorney and Custody Agreement in any material respect). Such Selling Shareholder has no registration rights with respect to the Registration Statement other than rights which have been complied with by the Company or waived by such Selling Shareholder.

(v) Certificates Suitable for Transfer. The Securities to be sold by such Selling Shareholder pursuant to this Agreement are certificated securities in registered form and are not held in any securities account or by or through any securities intermediary within the meaning of the Uniform Commercial Code as in effect in the State of New York (the "UCC"). Certificates for all of the Securities to be sold by such Selling Shareholder pursuant to this Agreement, in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank with signatures guaranteed, or warrants exercisable for such Securities or common or preferred stock convertible into or which may be exchanged for such Securities, have been placed in custody with RBC Bearings Incorporated (the "Custodian") (in the form of shares of Class A common stock, Class B common stock (or Common Stock) or options and/or warrants (evidenced by option agreements and warrant agreements to which the undersigned is a party)) with irrevocable conditional instructions to deliver such Securities to the Underwriters pursuant to this Agreement.

(vi) Valid Title. At the Closing Time, such Selling Shareholder has valid title to the Securities to be sold by such Selling Shareholder free and clear of all security interests, claims, liens, equities or other encumbrances other than pursuant to this Agreement and other than those arising from the lock-up agreements contemplated by Section 5(l) hereof, and all legal right and power, and all authorization and approval required by law, and further represents that such Selling Stockholder has obtained and delivered any consents, including spousal consents, to transfer his, her or its Securities required by applicable state law, to enter into this Agreement and the Power of Attorney and Custody Agreement and to sell, transfer and deliver the Securities to be sold by such Selling Shareholder or a valid security entitlement in respect of such Securities.

(vii) Delivery of Securities. Upon the Underwriters' acquiring possession of the Securities to be sold by the Selling Shareholder and paying the purchase price therefor pursuant to this Agreement, the Underwriters (assuming that no such Underwriter has notice of any "adverse claim", within the meaning of Section 8-105 of the New York Uniform Commercial Code, to such Securities) will acquire their respective interests in such Securities (including, without limitation, all rights that such Selling Shareholder had or has the power to transfer in such Securities) free and clear of any adverse claim within the meaning of Section 8-102 of the New York Uniform Commercial Code.

(viii) Absence of Manipulation. Such Selling Shareholder has not taken, and will not take, directly or indirectly, any action which is designed to or which has constituted or would reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(ix) Absence of Further Requirements. No filing with, or consent, approval, authorization, order, registration, qualification or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the performance by

each Selling Shareholder of his, her or its obligations hereunder or in the Power of Attorney and Custody Agreement, or in connection with the sale and delivery of the Securities hereunder or the consummation of the transactions contemplated by this Agreement, except such as may have previously been made or obtained or as may be required under the 1933 Act or the 1933 Act Regulations or state securities laws.

(x) Restriction on Sale of Securities. During a period of 180 days from the date of the Prospectus, such Selling Shareholder will not, without the prior written consent of Merrill Lynch, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any share of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or file, or cause to be filed, any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. Notwithstanding the foregoing, such Selling Shareholder may transfer any Securities without the prior written consent of Merrill Lynch, so long as such transfer does not give rise to a public filing requirement pursuant to the 1933 Act, the 1934 Act or otherwise, (i) as a *bona fide* gift or gifts, provided that the donee or donees thereof agree in writing to be bound by the restriction set forth herein, (ii) to any trust for the direct or indirect benefit of the Selling Shareholder or the immediate family of the Selling Shareholder, provided that the trustee of the trust agrees in writing to be bound by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, (iii) as a distribution to partners or stockholders of the Selling Shareholder, provided that the distributee agrees in writing to be bound by the restrictions set forth herein and provided further that any such distribution shall not involve a disposition for value or (iv) to the Selling Shareholder's affiliates or to any investment fund or other entity controlled or managed by the Selling Shareholder, provided that the transferee agrees in writing to be bound by the restrictions set forth herein and provided further that any such transfer shall not involve a disposition for value. In addition, the Selling Shareholder may exercise any warrants or options (in each case as described in the Prospectus) to purchase securities of the Company held by such Selling Shareholder; provided that the Selling Shareholder hereby acknowledges and agrees that any securities of the Company issued upon exercise of such warrants or options shall be subject to the restrictions set forth in this paragraph. The Selling Shareholder also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the locked-up Securities except in compliance with the foregoing restrictions. For purposes of this paragraph, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin. Notwithstanding the foregoing, if: (1) during the last 17 days of such 180-day period the Company issues an earnings release or material news or a material event relating to the Company occurs; or (2) prior to the expiration of the such 180-day period, the Company announces that it will release earnings results during the 16-day-period beginning on the last day of such 180-day

period, the restrictions imposed by this letter shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

(xi) No Association with NASD. Neither such Selling Shareholder nor any of his/her/its affiliates directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, or is an associated person (within the meaning of Article I, (dd) of the By-laws of the National Association of Securities Dealers, Inc.) of, any member firm of the National Association of Securities Dealers, Inc., other than as set forth on an exhibit to such Selling Shareholder's Power of Attorney and Custody Agreement.

(xii) Power and Authority. If any Selling Shareholder is a corporation, partnership, limited partnership, limited liability company or trust, such Selling Shareholder has been duly organized or incorporated and is validly existing as a corporation, partnership, limited partnership, limited liability company or trust, as the case may be, in good standing under the laws or its jurisdiction of incorporation or organization, as applicable.

(c) *Certificates*. Any certificate signed by any officer of the Company or any of its subsidiaries delivered to the Representatives or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby; and any certificate signed by or on behalf of any of the Selling Shareholders as such and delivered to the Representatives or to counsel for the Underwriters pursuant to the terms of this Agreement shall be deemed a representation and warranty by such Selling Shareholder to the Underwriters as to matters covered thereby.

SECTION 2. Sale and Delivery to Underwriters; Closing.

(a) *Initial Securities.* On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company and each Selling Shareholder, severally and not jointly, agree to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company and each Selling Shareholder, at the price per share set forth in Schedule C, that proportion of the number of Initial Securities set forth in Schedule B opposite the name of the Company or such Selling Shareholder, as the case may be, which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional number of Initial Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof, bears to the total number of Initial Securities, subject, in each case, to such adjustment among the Underwriters as the Representatives in their sole discretion shall make to eliminate any sales or purchase of fractional securities.

(b) *Option Securities*. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company and the Selling Shareholders, acting severally and not jointly, hereby grant an option to the Underwriters,

severally and not jointly, to purchase up to an additional 1,243,200 shares of Common Stock set forth in Schedule B, at the price per share set forth in Schedule C, less an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities. The option hereby granted will expire 30 days after the date hereof and may be exercised in whole or in part from time to time on one or more occasions only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Initial Securities upon notice by Merrill Lynch to the Company and the Selling Shareholders setting forth the number of Option Securities as to which the several Underwriters are then exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery (a

"Date of Delivery") shall be determined by Merrill Lynch, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Closing Time, as hereinafter defined. If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, acting severally and not jointly, will purchase that proportion of the total number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter bears to the total number of Initial Securities, first from the Selling Shareholders on a pro rata basis in accordance with the number of Option Securities of each of the Selling Shareholders set forth in Schedule B and then from the Company, subject in each case to such adjustments as Merrill Lynch in its discretion shall make to eliminate any sales or purchases of fractional shares.

(c) *Payment*. Payment of the purchase price for, and delivery of certificates for, the Initial Securities shall be made at the offices of Fried, Frank, Harris, Shriver & Jacobson LLP, One New York Plaza, New York, New York 10004, or at such other place as shall be agreed upon by the Representatives and the Company and the Selling Shareholders, at 9:00 A.M. (Eastern time) on the third (fourth, if the pricing occurs after 4:30 P.M. (Eastern Time) on any given day) business day after the date hereof (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as shall be agreed upon by the Representatives and the Company and the Selling Shareholders (such time and date of payment and delivery being herein called "Closing Time").

In addition, in the event that any or all of the Option Securities are purchased by the Underwriters, payment of the purchase price for, and delivery of certificates for, such Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Representatives and the Company and the Selling Shareholders, on each Date of Delivery as specified in the notice from Merrill Lynch to the Company and the Selling Shareholders.

Payment shall be made to the Company and the Selling Shareholders by wire transfer of immediately available funds to a bank account designated by the Company and the Custodian pursuant to each Selling Shareholder's Power of Attorney and Custody Agreement, against delivery to the Representatives for the respective accounts of the Underwriters of certificates for the Securities to be purchased by them. It is understood that each Underwriter has authorized the Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Initial Securities and the Option Securities, if any, which it has agreed to

purchase. Merrill Lynch, individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial Securities or the Option Securities, if any, to be purchased by any Underwriter whose funds have not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

(d) *Denominations; Registration*. Certificates for the Initial Securities and the Option Securities, if any, shall be in such denominations and registered in such names as the Representatives may request in writing at least one full business day before the Closing Time or the relevant Date of Delivery, as the case may be. The certificates for the Initial Securities and the Option Securities, if any, will be made available for examination and packaging by the Representatives in The City of New York not later than 10:00 A.M. (Eastern time) on the business day prior to the Closing Time or the relevant Date of Delivery, as the case may be.

SECTION 3. Covenants of the Company. The Company covenants with each Underwriter as follows:

(a) *Compliance with Securities Regulations and Commission Requests*. The Company, subject to Section 3(b), will comply with the requirements of Rule 430A or Rule 434, as applicable, and will notify the Representatives immediately, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective, or any supplement to the Prospectus or any amended Prospectus shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes. The Company will promptly effect the filings necessary pursuant to Rule 424(b) and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) *Filing of Amendments*. The Company will give the Representatives notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b)), or any amendment, supplement or revision to either the prospectus included in the Registration Statement at the time it became effective or to the Prospectus, will furnish the Representatives with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which the Representatives or counsel for the Underwriters shall reasonably object. Neither the consent to nor the distribution of any amendment shall constitute a waiver of any of the conditions of Section 5 hereof.

(c) *Delivery of Registration Statements*. The Company has furnished or will deliver to the Representatives and counsel for the Underwriters, without charge, signed copies of the Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein) and signed copies of all consents and certificates of experts, and will also deliver to the Representatives, without charge, a conformed copy of the Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) *Delivery of Prospectuses*. The Company has delivered to each Underwriter, without charge, as many copies of each preliminary prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when the Prospectus is required to be delivered under the 1933 Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto

furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) *Continued Compliance with Securities Laws*. The Company will comply with the 1933 Act and the 1933 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and in the Prospectus. If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the reasonable opinion of counsel for the Underwriters or for the Company, to amend the Registration Statement or amend or supplement the Prospectus in order that the Prospectus will not include any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the reasonable opinion of such counsel, at any such time to amend the Registration Statement or amend or supplement the Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectus comply with such requirements, and the Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request.

(f) *Blue Sky Qualifications*. The Company will use its best efforts, in cooperation with the Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Representatives may designate and to maintain such qualifications in effect for a period of not less than one year from the later of the effective date of the Registration Statement and any Rule 462(b) Registration Statement; provided, however, that the Company shall not be obligated to file any

general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(g) *Rule 158*. The Company will timely file such reports pursuant to the Securities and Exchange Act (the “1934 Act”) as are necessary in order to make generally available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(h) *Use of Proceeds*. The Company will use the net proceeds received by it from the sale of the Securities in the manner specified in the Prospectus under “Use of Proceeds.”

(i) *Listing*. The Company will use its best efforts to effect and maintain the quotation of the Common Stock (including the Securities) on the Nasdaq National Market.

(j) *Restriction on Sale of Securities*. During a period of 180 days from the date of the Prospectus, the Company will not, without the prior written consent of Merrill Lynch, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any share of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Securities to be sold hereunder, (B) any shares of Common Stock issued by the Company upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof and referred to in the Prospectus, (C) any shares of Common Stock issued or options to purchase Common Stock granted pursuant to existing employee benefit plans of the Company referred to in the Prospectus or (D) any shares of Common Stock issued in connection with the Pre-Offering Transactions as described in the Prospectus. Notwithstanding the foregoing, if: (1) during the last 17 days of such 180-day period the Company issues an earnings release or material news or a material event relating to the Company occurs; or (2) prior to the expiration of the such 180-day period, the Company announces that it will release earnings results during the 16-day-period beginning on the last day of such 180-day period, the restrictions imposed by this letter shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

(k) *Reporting Requirements*. The Company, during the period when the Prospectus is required to be delivered under the 1933 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and the rules and regulations of the Commission thereunder, subject to any permitted extensions thereunder.

SECTION 4. Payment of Expenses.

(a) *Expenses*. The Company and the Selling Shareholders will pay or cause to be paid all expenses incident to the performance of their obligations under this Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and of each amendment thereto, (ii) the preparation, printing and delivery to the Underwriters of this Agreement, any Agreement among Underwriters and such other documents as may be required in connection with the offering, purchase, sale, issuance or delivery of the Securities, (iii) the preparation, issuance and delivery of the certificates for the Securities to the Underwriters, including any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Securities to the Underwriters, (iv) the fees and disbursements of the Company’s counsel, accountants and other advisors, (v) the qualification of the Securities under securities laws in accordance with the provisions of Section 3(f) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters (not to exceed $5,000) in connection therewith and in connection with the preparation of the Blue Sky Survey and any supplement thereto, (vi) the printing and delivery to the Underwriters of copies of each preliminary prospectus and of the Prospectus and any amendments or supplements thereto, (vii) the preparation, printing and delivery to the Underwriters of copies of the Blue Sky Survey and any supplement thereto, (viii) the fees and expenses of any transfer agent, registrar or custodian for the Securities, (ix) the costs and expenses of the Company relating to investor presentations on any “road show” undertaken in connection with the marketing of the Securities, travel and lodging expenses of the representatives and officers of the Company and one-half of the total cost of aircraft or other transportation chartered in connection with the road show, (x) the filing fees incident to, and the reasonable fees and disbursements of counsel to the Underwriters (not to exceed $10,000) in connection with, the review by the NASD of the terms of the sale of the Securities, and (xi) the fees and expenses incurred in connection with the quotation of the

Securities on the Nasdaq National Market. Except as otherwise set forth herein, the Underwriters shall be responsible for all other expenses incurred by them, including the fees and expenses of their counsel.

(b) *Expenses of the Selling Shareholders*. The Company, jointly and severally, will pay all expenses incident to the performance of the Selling Shareholders' respective obligations under, and the consummation of the transactions contemplated by this Agreement, including (i) any stamp duties, capital duties and stock transfer taxes, if any, payable upon the sale of the Securities to the Underwriters, and their transfer between the Underwriters pursuant to an agreement between such Underwriters, and (ii) the fees and disbursements of the Selling Shareholders' respective counsel and other advisors.

(c) *Termination of Agreement*. If this Agreement is terminated by the Representatives in accordance with the provisions of Section 5, Section 9(a)(i) or (ii) or Section 11 hereof, the Company shall reimburse the Underwriters for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

(d) *Allocation of Expenses*. The provisions of this Section shall not affect any agreement that the Company and the Selling Shareholders may make for the sharing of such

costs and expenses.

SECTION 5. Conditions of Underwriters' Obligations. The obligations of the several Underwriters hereunder are subject to the accuracy of the representations and warranties of the Company and the Selling Shareholders contained in Section 1 hereof or in certificates of any officer of the Company or any subsidiary of the Company or on behalf of any Selling Shareholder, to the performance by the Company and the Selling Shareholders of their respective covenants and other obligations hereunder, and to the following further conditions:

(a) *Effectiveness of Registration Statement*. The Registration Statement, including any Rule 462(b) Registration Statement, has become effective and at Closing Time no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act or proceedings therefor initiated or threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the Underwriters. A prospectus containing the Rule 430A Information shall have been filed with the Commission in accordance with Rule 424(b) (or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A).

(b) *Opinion of Counsel for Company*. At Closing Time, the Representatives shall have received the opinion, dated as of the Closing Time, of each of Kirkland & Ellis LLP, counsel for the Company, in form and substance reasonably satisfactory to counsel for the Underwriters together with signed or reproduced copies of such letter for each of the other Underwriters to the effect set forth in Exhibit A hereto and to such further effect as counsel to the Underwriters may reasonably request. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and the subsidiaries and certificates of public officials.

(c) *Opinion of Counsel for the Selling Shareholders*. At Closing Time, the Representatives shall have received the opinion, dated as of the Closing Time, of Kirkland & Ellis LLP, counsel for the Selling Shareholders, in form and substance reasonably satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters to the effect set forth in Exhibit B hereto and to such further effect as counsel to the Underwriters may reasonably request. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and the subsidiaries and certificates of public officials.

(d) *Opinion of Counsel for Underwriters*. At Closing Time, the Representatives shall have received the favorable opinion, dated as of Closing Time, of Fried, Frank, Harris, Shriver & Jacobson LLP, counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to the Representatives. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper,

upon certificates of officers of the Company and its subsidiaries and certificates of public officials.

(e) *Officers' Certificate*. At Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the Representatives shall have received a certificate of the Chief Executive Officer of the Company and of the chief financial or chief accounting officer of the Company, dated as of Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties in Section 1(a) hereof are true and correct with the same force and effect as though expressly made at and as of Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to Closing Time, and (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or, to their knowledge, contemplated by the Commission.

(f) *Certificate of Selling Shareholders*. At Closing Time, the Representatives shall have received a certificate of an Attorney-in-Fact on behalf of each Selling Shareholder, dated as of Closing Time, to the effect that (i) the representations and warranties of each Selling Shareholder contained in Section 1(b) hereof are true and correct in all respects with the same force and effect as though expressly made at and as of Closing Time and (ii) each Selling Shareholder has complied in all material respects with all agreements and all conditions on its part to be performed under this Agreement at or prior to Closing Time.

(g) *Accountant's Comfort Letter*. At the time of the execution of this Agreement, the Representatives shall have received from Ernst & Young LLP a letter dated such date, in form and substance satisfactory to the Representatives, together with signed or reproduced copies of such letter for each of the other Underwriters containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus.

(h) *Bring-down Comfort Letter*. At Closing Time, the Representatives shall have received from Ernst & Young LLP a letter, dated as of Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (g) of this Section, except that the specified date referred to shall be a date not more than three business days prior to Closing Time.

(i) *Approval of Listing*. At Closing Time, the Securities shall have been approved for inclusion in the Nasdaq National Market, subject only to official notice of issuance.

(j) *No Objection*. The NASD has confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements.

(k) *Lock-up Agreements*. At the date of this Agreement, the Representatives shall have received an agreement substantially in the form of Exhibit C hereto signed by the persons listed on Schedule D hereto.

(l) *Employment Agreement.* At the date of this Agreement, the Representatives shall have received an executed amended employment agreement with Dr. Hartnett as described in the Prospectus satisfactory to the Representatives.

(m) *Pre-Offering Transactions.* At Closing Time, the Pre-Offering Transactions as described in the Prospectus shall have been consummated in a manner reasonably satisfactory to the Representatives.

(n) *Conditions to Purchase of Option Securities.* In the event that the Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company and the Selling Shareholders contained herein and the statements in any certificates furnished by the Company, any subsidiary of the Company and the Selling Shareholders hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Representatives shall have received:

(i) Officers' Certificate. A certificate, dated such Date of Delivery, of the Chief Executive Officer of the Company and of the Chief Financial Officer of the Company confirming that the certificate delivered at the Closing Time pursuant to Section 5(e) hereof remains true and correct as of such Date of Delivery.

(ii) Certificate of Selling Shareholders. A certificate, dated such Date of Delivery, of an Attorney-in-Fact on behalf of each Selling Shareholder confirming that the certificate delivered at Closing Time pursuant to Section 5(f) remains true and correct as of such Date of Delivery.

(iii) Opinions of Counsel for Company. The opinion of Kirkland & Ellis LLP, counsel for the Company, in form and substance reasonably satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(b) hereof.

(iv) Opinion of Counsel for the Selling Shareholders. The opinion of counsel for the Selling Shareholders, in form and substance reasonably satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(c) hereof.

(v) Opinion of Counsel for Underwriters. The favorable opinion of Fried, Frank, Harris, Shriver & Jacobson LLP, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(d) hereof.

(vi) Bring-down Comfort Letter. A letter from Ernst & Young LLP, in form and substance satisfactory to the Representatives and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Representatives pursuant to Section 5(g) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than five days prior to such Date of Delivery.

(o) *Additional Documents*. At Closing Time and at each Date of Delivery, counsel for the Underwriters shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company and the Selling Shareholders in connection with the issuance and sale of the Securities as herein contemplated shall be reasonably satisfactory in form and substance to the Representatives and counsel for the Underwriters; and the Company shall have obtained all consents and/or waivers which may reasonably be required in order to consummate the issuance and sale of the Securities as herein contemplated.

(p) *Termination of Agreement*. If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement, or, in the case of any condition to the purchase of Option Securities, on a Date of Delivery which is after the Closing Time, the obligations of the several Underwriters to purchase the relevant Option Securities, may be terminated by the Representatives by notice to the Company at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7 and 8 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) *Indemnification of Underwriters by the Company*. The Company agrees to indemnify and hold harmless each Underwriter, its affiliates, as such term is defined in Rule 501(b) under the 1933 Act (each, an "Affiliate"), its selling agents and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(e) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by Merrill Lynch), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through Merrill Lynch expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto); and provided further, however, that the Company will not be liable to any of the Underwriters with respect to the Prospectus to the extent that any such loss, liability, claim, damage or expense resulted from the fact that such Underwriter, in contravention of a requirement of this Agreement or applicable law, sold Securities to a person to whom such Underwriter failed to send or give, at or prior to the Closing Time or Date of Delivery, as applicable, a copy of the final prospectus, as then amended or supplemented if the Company has previously furnished copies thereof (sufficiently in advance of the Closing Time or Date of Delivery, as applicable, to allow for distribution by the Closing Time or Date of Delivery, as applicable,) to the Underwriters and the loss, liability, claim, damage or expense of such Underwriter resulted from an untrue statement or omission of a material fact contained in or omitted from the preliminary prospectus which was corrected in the final prospectus as, if applicable, amended or supplemented prior to the Closing Time or Date of Delivery, as applicable, and such prospectus was required by law to be delivered at or prior to the written confirmation of the sale to such person.

(b) *Indemnification of Underwriters by Selling Shareholders*. Each Selling Shareholder, severally and not jointly, agrees to indemnify and hold harmless each Underwriter, its Affiliates and selling agents and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act to the extent and in the manner set forth in clauses (a)(i), and (ii) above; provided, however, that this indemnity agreement shall only apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by such Selling Stockholder expressly for use in the Registration Statement (or any amendment thereto),

including the Rule 430A Information or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto). It is hereby understood that each Selling Shareholder shall be deemed to have provided the information with respect to such Selling Shareholder as set forth under the caption “Principal and Selling Shareholders.” Notwithstanding anything to the contrary contained herein, the extent of such Selling Shareholder’s liability under this Agreement shall be limited to the net proceeds received by such Selling Shareholder from the sale of the shares of Common Stock by such Selling Shareholder pursuant to this Agreement.

(c) *Acknowledgement by the Company and the Selling Shareholders*. The Company and the Selling Shareholders also acknowledge and agree that (i) the purchase and sale of any Securities pursuant to this Agreement, including the determination of the public offering price of the Securities and any related discounts and commissions, is an arm’s-length commercial transaction between the Company, on the one hand, and the several Underwriters of such Securities, on the other hand, (ii) in connection with the public offering of the Securities and the process leading to such transaction each Underwriter will act solely as a principal and not as agent or fiduciary of the Company or its stockholders, creditors, employees or any other party, (iii) no Underwriter will assume an advisory or fiduciary responsibility in favor of the Company with respect to the offering of Securities contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) and no Underwriter will have any obligation to the Company with respect to the Offering except the obligations expressly set forth herein, (iv) any Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company, and (v) the Underwriters have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to the offering of the Securities and the Company has consulted and will consult its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

(d) *Indemnification of Company, Directors and Officers and Selling Shareholders*. Each Underwriter severally agrees to indemnify and hold harmless the Company, their directors, each of their officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, and each Selling Shareholder and each person, if any, who controls any Selling Shareholder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter through Merrill Lynch expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto). The parties hereto agree that such written information consists of: the information in the table under the caption “Underwriting,” the information in the first paragraph under the caption “Underwriting—Commissions and Discounts,” and the information under the caption “Underwriting—Internet Distribution”; provided however, that the Underwriters shall not be liable for any losses,

liabilities, claims, damages or expenses arising out of or based upon the Company's failure to perform its obligations under Section 3(a) of this Agreement.

(e) *Actions against Parties; Notification*. Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a) and 6(b) above, counsel to the indemnified parties shall be selected by Merrill Lynch, and, in the case of parties indemnified pursuant to Section 6(c) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(f) *Settlement without Consent if Failure to Reimburse*. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel with respect to a claim in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a) (ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(g) *Other Agreements with Respect to Indemnification*. The provisions of this Section shall not affect any agreement among the Company and the Selling Shareholders with respect to indemnification.

SECTION 7. Contribution. If the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Shareholders on the one hand and the Underwriters on the other hand from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Selling Shareholders on the one hand and of the Underwriters on the other hand in connection with the statements or omissions, which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company and the Selling Shareholders on the one hand and the Underwriters on the other hand in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Company and the Selling Shareholders and the total underwriting discount received by the Underwriters, in each case as set forth on the cover of the Prospectus bear to the aggregate initial public offering price of the Securities as set forth on the cover of the Prospectus.

The relative fault of the Company and the Selling Shareholders on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or the Selling Shareholders or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Selling Shareholders and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, (i) no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such

untrue or alleged untrue statement or omission or alleged omission, and (ii) no Selling Shareholder shall be required to contribute any amount in excess of the net proceeds received by such Selling Shareholder from the sale of its Securities pursuant to this Agreement.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act and each Underwriter's Affiliates and selling agents shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company or any Selling Shareholder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company or such Selling Shareholder, as the case may be. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial Securities set forth opposite their respective names in Schedule A hereto and not joint. The Selling Shareholders' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Securities set forth opposite their respective names in Schedule B hereto and not joint.

The provisions of this Section 7 shall not affect any agreement among the Company and the Selling Shareholders with respect to contribution.

SECTION 8. Representations, Warranties and Agreements to Survive. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of its subsidiaries or any of the Selling Shareholders submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or its Affiliates or selling agents, any person controlling any Underwriter, its officers or directors, any person controlling the Company or any person controlling the Selling Shareholders and (ii) delivery of and payment for the Securities.

SECTION 9. Termination of Agreement.

(a) *Termination; General*. The Representatives may terminate this Agreement, by notice to the Company and the Selling Shareholders, at any time at or prior to Closing Time (i) if there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of

which is such as to make it, in the judgment of the Representatives, impracticable or inadvisable to market the Securities or to enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended or materially limited by the Commission or the Nasdaq National Market, or if trading generally on the American Stock Exchange or the New York Stock Exchange or in the Nasdaq National Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, the National Association of Securities Dealers, Inc. or any other governmental authority, or (iv) a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States, or (v) if a banking moratorium has been declared by either Federal or New York authorities.

(b) *Liabilities*. If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6, 7 and 8 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail at Closing Time or a Date of Delivery to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(a) if the number of Defaulted Securities does not exceed 10% of the number of Securities to be purchased on such date, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) if the number of Defaulted Securities exceeds 10% of the number of Securities to be purchased on such date, this Agreement or, with respect to any Date of Delivery which occurs after the Closing Time, the obligation of the Underwriters to purchase and of the Company to sell the Option Securities to be purchased and sold on such Date of Delivery shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of a Date of Delivery which is after the Closing Time, which does not result in a termination of the obligation of the Underwriters to purchase and the Selling Shareholders to sell the relevant Option Securities, as the case may be, either (i) the Representatives or (ii) the

Company and any Selling Shareholder shall have the right to postpone Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements. As used herein, the term "Underwriter" includes any person substituted for an Underwriter under this Section 10.

SECTION 11. Default by one or more of the Selling Shareholders or the Company. (a) If a Selling Shareholder shall fail at Closing Time or at a Date of Delivery to sell and deliver the number of Securities which such Selling Shareholders are obligated to sell hereunder, and the remaining Selling Shareholders do not exercise the right hereby granted to increase, pro rata or otherwise, the number of Securities to be sold by them hereunder to the total number to be sold by all Selling Shareholders as set forth in Schedule B hereto, then the Underwriters may, at option of the Representatives, by notice from the Representatives to the Company and the non-defaulting Selling Shareholders, either (i) terminate this Agreement without any liability on the fault of any non-defaulting party except that the provisions of Sections 1, 4, 6, 7 and 8 shall remain in full force and effect or (ii) elect to purchase the Securities which the

non-defaulting Selling Shareholders and the Company have agreed to sell hereunder. No action taken pursuant to this Section 11 shall relieve any Selling Shareholder so defaulting from liability, if any, in respect of such default.

In the event of a default by any Selling Shareholder as referred to in this Section 11, each of the Representatives, the Company and the non-defaulting Selling Shareholders shall have the right to postpone Closing Time or Date of Delivery for a period not exceeding seven days in order to effect any required change in the Registration Statement or Prospectus or in any other documents or arrangements.

(b) If the Company shall fail at Closing Time or at the Date of Delivery to sell the number of Securities that it is obligated to sell hereunder, then this Agreement shall terminate without any liability on the part of any nondefaulting party; provided, however, that the provisions of Sections 1, 4, 6, 7 and 8 shall remain in full force and effect. No action taken pursuant to this Section shall relieve the Company from liability, if any, in respect of such default.

SECTION 12. Tax Disclosure. Notwithstanding any other provision of this Agreement, from the commencement of discussions with respect to the transactions contemplated hereby, the Company (and each employee, representative or other agent of the Company) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure (as such terms are used in Sections 6011, 6111 and 6112 of the U.S. Code and the Treasury Regulations promulgated thereunder) of the transactions contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided relating to such tax treatment and tax structure.

SECTION 13. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to the Representatives

at 4 World Financial Center, New York, New York 10281-1201, attention of Michael L. Santini; with a copy to Fried, Frank, Harris, Shriver & Jacobson LLP, One New York Plaza, New York, New York 10004, attention of Valerie Ford Jacob, Esq.; and notices to the Company shall be directed to RBC Bearings Incorporated, One Tribology Center, Oxford, CT 06478, attention of President; with a copy to Kirkland & Ellis LLP, Citigroup Center, 153 East 53rd Street, New York, NY 10022, attention of Joshua N. Korff, Esq.; and notices to the Selling Shareholders shall be directed to Whitney & Co., LLC, attention of Ransom Langford; with a copy to Kirkland & Ellis LLP, Citigroup Center, 153 East 53rd Street, New York, NY 10022, attention of Joshua N. Korff, Esq.

SECTION 14. Parties. This Agreement shall each inure to the benefit of and be binding upon the Underwriters, the Company and the Selling Shareholders and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters, the Company and the Selling Shareholders and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Underwriters, the Company and the Selling Shareholders and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 15. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 16. TIME. TIME SHALL BE OF THE ESSENCE OF THIS AGREEMENT. EXCEPT AS OTHERWISE SET FORTH HEREIN, SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

SECTION 17. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

SECTION 18. Effect of Headings. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company and the Attorney-in-Fact for the Selling Shareholders a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the Underwriters, the Company and the Selling Shareholders in accordance with its terms.

Very truly yours,

RBC BEARINGS INCORPORATED

By: ______________________________
Name:
Title:

[NAMES OF ATTORNEY-IN-FACT OF
THE SELLING SHAREHOLDERS]

By: ______________________________
Name:
Title:

By: ______________________________

As Attorney-in-Fact acting on behalf of
the Selling Shareholders named in
Schedule B hereto

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

KEYBANC CAPITAL MARKETS, A DIVISION OF MCDONALD INVESTMENTS INC.
JEFFERIES & COMPANY, INC.

By: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By: ______________________________
Authorized Signatory

For themselves and as Representatives of the
other Underwriters named in Schedule A hereto.

SCHEDULE A

Name of Underwriters	**Number of Initial Securities**
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
KeyBanc Capital Markets, a division of McDonald Investments, Inc.	
Jefferies & Company, Inc.	
Total	

SCHEDULE B

	Number of Initial Securities to be Sold	**Maximum Number of Option Securities to be Sold**
RBC Bearings Incorporated	6,273,000	761,516
Dr. Michael J. Hartnett	295,444	194,702
Phillip H. Beausoleil	26,000	
Thomas C. Crainer	17,000	
Richard J. Edwards	64,000	
Whitney RBHC Investor, LLC	1,030,099	286,982
Hartnett Family Investments, LP	405,556	
Ronald E. Lemansky	27,000	
Christopher S. Thomas	16,000	
Tom King	10,000	
George Sabochick	9,000	
Frederick Merlok	81,425	
Kirk Morrison	33,476	
Total	8,288,000	1,243,200

SCHEDULE C

RBC BEARINGS INCORPORATED

8,288,000 Shares of Common Stock

($0.01 Par Value Per Share)

1. The initial public offering price per share for the Securities, determined as provided in Section 2, shall be $.

2. The purchase price per share for the Securities to be paid by the several Underwriters shall be $, being an amount equal to the initial public offering price set forth above less $ per share; provided that the purchase price per share for any Option Securities purchased upon the exercise of the over-allotment option described in Section 2(b) shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities.

SCHEDULE D

LIST OF PERSONS AND ENTITIES SUBJECT TO LOCK-UP

Exhibit A

FORM OF OPINION OF COMPANY'S COUNSEL
TO BE DELIVERED PURSUANT TO
SECTION 5(b)

Exhibit B

FORM OF OPINION OF COUNSEL FOR EACH SELLING SHAREHOLDER
TO BE DELIVERED PURSUANT TO SECTION 5(c)

FORM OF LOCK-UP LETTER PURSUANT TO SECTION 5(K)

Exhibit C

, 2005

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
KeyBanc Capital Markets, a division of McDonald Investments Inc.
Jefferies & Company, Inc.
as Representatives of the several
Underwriters to be named in the
within-mentioned Purchase Agreement
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
4 World Financial Center, 25th Floor
New York, New York 10281-1209

Re: Proposed Public Offering by RBC Bearings Incorporated

Dear Sirs:

The undersigned, a stockholder, warrantholder, optionholder, officer and/or director of RBC Bearings Incorporated, a Delaware corporation (the "Company"), understands that Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), KeyBanc Capital Markets and Jefferies & Company, Inc. propose to enter into a Purchase Agreement (the "Purchase Agreement") with the Company providing for the initial public offering of shares (the "Securities") of the Company's common stock, $0.01 par value per share (the "Common Stock"). In recognition of the benefit that such an offering will confer upon the undersigned as a stockholder, warrantholder, optionholder, officer and/or director of the Company, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees with each underwriter to be named in the Purchase Agreement that, during a period of 180 days from the date of the Purchase Agreement (the "Initial Lock-Up Period"), the undersigned will not, without the prior written consent of Merrill Lynch, directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of the Company's Common Stock or any securities convertible into or exchangeable or exercisable for Common Stock, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition, or file, or cause to be filed, any registration statement under the Securities Act of 1933, as amended, with respect to any of the foregoing (collectively, the "Lock-Up Securities"), notwithstanding anything to the contrary in any shareholders agreements or

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other agreements governing the undersigned or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Lock-Up Securities, whether any such swap or transaction is to be settled by delivery of Common Stock or other securities, in cash or otherwise.

Notwithstanding the foregoing, the undersigned may transfer any Lock-Up Securities without the prior written consent of Merrill Lynch, so long as such transfer does not give rise to a public filing requirement pursuant to the 1933 Act, the 1934 Act or otherwise, (i) as a *bona fide* gift or gifts, provided that the donee or donees thereof agree in writing to be bound by the restriction set forth herein, (ii) to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned, provided that the trustee of the trust agrees in writing to be bound by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, (iii) as a distribution to partners or stockholders of the undersigned, provided that the distributee agrees in writing to be bound by the restrictions set forth herein and provided further that any such distribution shall not involve a disposition for value or (iv) to the undersigned's affiliates or to any investment fund or other entity controlled or managed by the undersigned, provided that the transferee agrees in writing to be bound by the restrictions set forth herein and provided further that any such transfer shall not involve a disposition for value. In addition, the undersigned may exercise any warrants or options (in each case as described in the Prospectus) to purchase securities of the Company held by the undersigned; provided that the undersigned hereby acknowledges and agrees that any securities of the Company issued upon exercise of such warrants or options shall be subject to the restrictions set forth in this paragraph. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the Lock-Up Securities except in compliance with the foregoing restrictions. For purposes of this lock-up agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin. The foregoing shall not apply to the Securities to be sold in connection with the Company's initial public offering and shall not be deemed to prohibit the Pre-Offering Transactions as described in the registration statement with respect to the Securities as filed with the Securities and Exchange Commission, as amended, so long as such party (including, if applicable, the transferor) receiving any Common Stock or securities convertible into or exchangeable or exercisable for Common Stock pursuant to the Pre-Offering Transactions agrees to be subject to the remaining portion of the Initial Lock-Up Period.

If:

(1) during the last 17 days of the Initial Lock-Up Period, the Company issues an earnings release or material news or a material event relating to the Company occurs; or

(2) prior to the expiration of the Initial Lock-Up Period, the Company announces that it will release earnings results or becomes aware that material news or a material event will occur during the 16-day period beginning on the last day of the Initial Lock-Up Period,

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the restrictions imposed by this letter shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event, as applicable, unless Merrill Lynch waive, in writing, such extension.

The undersigned hereby acknowledges and agrees that written notice of any extension of the Initial Lock-Up Period pursuant to the previous paragraph will be delivered by Merrill Lynch to the Company (in accordance with Section 13 of the Purchase Agreement) and that any such notice properly delivered will be deemed to have been given to, and received by, the undersigned. The undersigned further agrees that, prior to engaging in any transaction or taking any other action that is subject to the terms of this lock-up agreement during the period from the date of this lock-up agreement to and including the 34th day following the expiration of the Initial Lock-Up Period, it will give notice thereof to the Company and will not consummate such transaction or take any such action unless it has received written confirmation from the Company that the lock-up period (as may have been extended pursuant to the previous paragraph) has expired.

Very truly yours,

Signature: ______________________________

Print Name: ______________________________

Exhibit 3.1

FORM OF AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
RBC BEARINGS INCORPORATED

RBC BEARINGS INCORPORATED, a corporation organized and existing under the laws of the state of Delaware (the "Corporation") hereby certifies that:

1. The name of the Corporation is RBC Bearings Incorporated. The Corporation was originally incorporated under the name Roller Bearing Holding Company, Inc.

2. The date of filing of the Corporation's original Certificate of Incorporation was March 23, 1992.

3. The Amended and Restated Certificate of Incorporation of the Corporation as provided in Exhibit A hereto was duly adopted in accordance with the provisions of Section 245 of the General Corporation Law of the State of Delaware by the Board of Directors of the Corporation.

4. Pursuant to Section 245 of the Delaware General Corporation Law, approval of the stockholders of the Corporation has been obtained.

5. The Amended and Restated Certificate of Incorporation so adopted reads in full as set forth in Exhibit A attached hereto and is hereby incorporated by reference.

IN WITNESS WHEREOF, the undersigned has signed this certificate this day of , 2005, and hereby affirms and acknowledges under penalty of perjury that the filing of this Amended and Restated Certificate of Incorporation is the act and deed of RBC Bearings Incorporated.

RBC BEARINGS INCORPORATED

By ______________________________
Daniel A. Bergeron
Vice President and Chief Financial Officer

EXHIBIT A

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF
RBC BEARINGS INCORPORATED

ARTICLE ONE

The name of the Corporation is RBC Bearing Incorporated (the "Corporation").

ARTICLE TWO

The address of the Corporation's registered office in the state of Delaware is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is Corporation Service Company.

ARTICLE THREE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE FOUR

Section 1. Authorized Shares. The total number of shares of capital stock which the Corporation has authority to issue is 70,000,000 shares, consisting of:

(a) 10,000,000 shares of Preferred Stock, par value $.01 per share ("Preferred Stock"); and

(b) 60,000,000 shares of Common Stock, par value $.01 per share ("Common Stock").

The Preferred Stock and the Common Stock shall have the rights, preferences and limitations set forth below.

Section 2. Preferred Stock. The Preferred Stock may be issued from time to time and in one or more series. The Board of Directors of the Corporation is authorized to determine or alter the powers, preferences and rights (including voting rights), and the qualifications, limitations and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock, and within the limitations or restrictions stated in any resolution or resolutions of

the Board of Directors originally fixing the number of shares constituting any series of Preferred Stock, to increase or decrease (but not below the number of shares of any such series of Preferred Stock then outstanding) the number of shares of any such series of Preferred Stock, and to fix the number of shares of any series of Preferred Stock. In the event that the number of shares of any series of Preferred Stock shall be so decreased, the shares constituting such decrease shall resume the status which such shares had prior to the adoption of the resolution originally fixing the number of shares of such series of Preferred Stock subject to the requirements of applicable law.

Section 3. Common Stock.

(a) Dividends. Except as otherwise provided by the Delaware General Corporation Law or this Amended and Restated Certificate of Incorporation (this "Certificate of Incorporation"), the holders of Common Stock: (i) subject to the rights of holders of any series of Preferred Stock, shall share ratably, on a per share basis, in all dividends and other distributions payable in cash, securities or other property of the Corporation as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor; and (ii) are subject to all the powers, rights, privileges, preferences and priorities of any series of Preferred Stock as provided herein or in any resolution or resolutions adopted by the Board of Directors pursuant to authority expressly vested in it by the provisions of Section 2 of this ARTICLE FOUR.

(b) Conversion Rights. The Common Stock shall not be convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same class of the Corporation's capital stock.

(c) Preemptive Rights. No holder of Common Stock shall have any preemptive rights with respect to the Common Stock or any other securities of the Corporation, or to any obligations convertible (directly or indirectly) into securities of the Corporation whether now or hereafter authorized.

(d) Voting Rights. Except as otherwise provided by the Delaware General Corporation Law or this Certificate of Incorporation and subject to the rights of holders of any series of Preferred Stock, all of the voting power of the stockholders of the Corporation shall be vested in the holders of the Common Stock, and each holder of Common Stock shall have one vote for each share held by such holder on all matters voted upon by the stockholders of the Corporation.

(e) Liquidation Rights. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the Corporation's debts and subject to the rights of the holders of shares of Preferred Stock upon such dissolution, liquidation or winding up, the remaining net assets of the Corporation shall be distributed among holders of shares of Common Stock ratably on a per share basis. A merger or consolidation of the Corporation with or into any other corporation or other entity, or a sale or conveyance of all or any part of the assets of the Corporation (which shall not in fact result in the liquidation of the Corporation and the distribution of assets to its stockholders) shall not be deemed to be a voluntary or involuntary liquidation or dissolution or winding up of the Corporation within the meaning of this Section 3(e).

(f) Registration or Transfer. The Corporation shall keep or cause to be kept at its principal office (or such other place as the Corporation reasonably designates) a register for the registration of Common Stock. Upon the surrender of any certificate representing shares of any class of Common Stock at such place, the Corporation shall, at the request of the registered holder of such certificate, execute and deliver a new certificate or certificates in exchange therefor representing in the aggregate the number of shares of such class represented by the surrendered certificate, and the Corporation forthwith shall cancel such surrendered certificate. Each such new certificate will be registered in such name and will represent such number of shares of such class as is requested by the holder of the surrendered certificate and shall be

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substantially identical in form to the surrendered certificate. The issuance of new certificates shall be made without charge to the holders of the surrendered certificates for any issuance tax in respect thereof or other cost incurred by the Corporation in connection with such issuance.

(g) Replacement. Upon receipt of evidence reasonably satisfactory to the Corporation (an affidavit of the registered holder will be satisfactory) of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing one or more shares of any class of Common Stock, and in the case of any such loss, theft or destruction, upon receipt of indemnity reasonably satisfactory to the Corporation (provided that if the holder is a financial institution or other institutional investor, its own agreement will be satisfactory), or, in the case of any such mutilation upon surrender of such certificate, the Corporation shall (at its expense) execute and deliver in lieu of such certificate a new certificate of like kind representing the number of shares of such class represented by such lost, stolen, destroyed or mutilated certificate and dated the date of such lost, stolen, destroyed or mutilated certificate.

(h) Notices. All notices referred to herein shall be in writing, shall be delivered personally or by first class mail, postage prepaid, and shall be deemed to have been given when so delivered or mailed to the Corporation at its principal executive offices and to any stockholder at such holder's address as it appears in the stock records of the Corporation (unless otherwise specified in a written notice to the Corporation by such holder).

(i) Fractional Shares. In no event will holders of fractional shares be required to accept any consideration in exchange for such shares other than consideration which all holders of Common Stock are required to accept.

ARTICLE FIVE

The Corporation is to have perpetual existence.

ARTICLE SIX

Section 1. Number, Election and Term of Office. At each annual meeting of stockholders, directors of the Corporation shall be elected to hold office until the expiration of the term for which they are elected, and until their successors have been duly elected and qualified; except that if any such election shall be not so held, such election shall take place at stockholders' meeting called and held in accordance with the Delaware General Corporation Law. The directors of the Corporation shall be divided into 3 classes as nearly equal in size as is practicable, hereby designated Class I, Class II and Class III. The term of office of the initial Class I directors shall expire at the next succeeding annual meeting of stockholders, the term of office of the initial

Class II directors shall expire at the second succeeding annual meeting of stockholders and the term of office of the initial Class III directors shall expire at the third succeeding annual meeting of the stockholders. For the purposes hereof, the initial Class I, Class II and Class III directors shall be those directors elected by the stockholders of the Corporation in connection with the adoption of this Certificate of Incorporation. At each annual meeting after the first annual meeting of stockholders, directors to replace those of a Class whose terms expire at such annual meeting shall be elected to hold office until the third succeeding annual meeting and until their respective successors shall have been duly elected and qualified. If the number of directors is hereafter changed, any newly created directorships or decrease in directorships shall be so apportioned among the classes as to make all classes as nearly equal in number as practicable.

Section 2. Vacancies. Vacancies occurring on the Board of Directors for any reason may be filled by vote of a majority of the remaining members of the Board of Directors, although less than a quorum, at any meeting of the Board of Directors. A person so elected by the Board of Directors to fill a vacancy shall hold office until the next succeeding annual meeting of stockholders of the Corporation and until his or her successor shall have been duly elected and qualified.

ARTICLE SEVEN

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

ARTICLE EIGHT

Section 1. Limitation of Liability.

(a) To the fullest extent permitted by the Delaware General Corporation Law as it now exists or may hereafter be amended (but, in the case of any such amendment, only to the

extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), and except as otherwise provided in the Corporation's Bylaws, no Director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages arising from a breach of fiduciary duty owed to the Corporation or its stockholders.

(b) Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a Director of the Corporation existing at the time of such repeal or modification.

Section 2. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved (including involvement as a witness) in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he or she is or was a Director or officer of the Corporation or, while a Director, officer or other employee of the Corporation, is or was serving at the request of the Corporation as a Director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a Director or officer or in any other capacity while serving as a Director or officer, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators; provided, however, that, except as provided in Section 3 of this ARTICLE EIGHT with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Section 2 of this ARTICLE EIGHT shall be a contract right and shall include the obligation of the Corporation to pay the expenses incurred in defending any such proceeding in advance of its final disposition (an "advance of expenses"); provided, however, that, if and to the extent that the Delaware General Corporation Law requires, an advance of expenses incurred by an indemnitee in his or her capacity as a Director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise. The Corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the Corporation with the same or lesser scope and effect as the foregoing indemnification of Directors and officers.

Section 3. Procedure for Indemnification. Any indemnification of a Director or officer of the Corporation or advance of expenses under Section 2 of this ARTICLE EIGHT

shall be made promptly, and in any event within forty-five days (or, in the case of an advance of expenses, twenty days), upon the written request of the Director or officer. If a determination by the Corporation that the Director or officer is entitled to indemnification pursuant to this ARTICLE EIGHT is required, and the Corporation fails to respond within sixty days to a written request for indemnity, the Corporation shall be deemed to have approved the request. If the Corporation denies a written request for indemnification or advance of expenses, in whole or in part, or if payment in full pursuant to such request is not made within forty-five days (or, in the case of an advance of expenses, twenty days), the right to indemnification or advances as granted by this ARTICLE EIGHT shall be enforceable by the Director or officer in any court of competent jurisdiction. Such person's costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such action shall also be indemnified by the Corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of expenses where the undertaking required pursuant to Section 2 of this ARTICLE EIGHT, if any, has been tendered to the Corporation) that the claimant has not met the standards of conduct

which make it permissible under the Delaware General Corporation Law for the Corporation to indemnify the claimant for the amount claimed, but the burden of such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct. The procedure for indemnification of other employees and agents for whom indemnification is provided pursuant to Section 2 of this ARTICLE EIGHT shall be the same procedure set forth in this Section 3 for Directors or officers, unless otherwise set forth in the action of the Board of Directors providing indemnification for such employee or agent.

Section 4. Insurance. The Corporation may purchase and maintain insurance on its own behalf and on behalf of any person who is or was a Director, officer, employee or agent of the Corporation or was serving at the request of the Corporation as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan, against any expense, liability or loss asserted against him or her and incurred by him or her in any such capacity, whether or not the Corporation would have the power to indemnify such person against such expenses, liability or loss under the Delaware General Corporation Law.

Section 5. Service for Subsidiaries. Any person serving as a Director, officer, employee or agent of another corporation, partnership, limited liability company, joint venture or other enterprise, at least 50% of whose equity interests are owned by the Corporation (a "subsidiary" for this ARTICLE EIGHT) shall be conclusively presumed to be serving in such capacity at the request of the Corporation.

Section 6. Reliance. Persons who after the date of the adoption of this provision become or remain Directors or officers of the Corporation or who, while a Director, officer or

other employee of the Corporation, become or remain a Director, officer, employee or agent of a subsidiary, shall be conclusively presumed to have relied on the rights to indemnity, advance of expenses and other rights contained in this ARTICLE EIGHT in entering into or continuing such service. The rights to indemnification and to the advance of expenses conferred in this ARTICLE EIGHT shall apply to claims made against an indemnitee arising out of acts or omissions which occurred or occur both prior and subsequent to the adoption hereof.

Section 7. Non-Exclusivity of Rights. The rights to indemnification and to the advance of expenses conferred in this ARTICLE EIGHT shall not be exclusive of any other right which any person may have or hereafter acquire under this Restated Certificate or under any statute, by-law, agreement, vote of stockholders or disinterested Directors or otherwise.

Section 8. Merger or Consolidation. For purposes of this ARTICLE EIGHT, references to the "Corporation" shall include, in addition to the resulting Corporation, any constituent Corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its Directors, officers and employees or agents, so that any person who is or was a Director, officer, employee or agent of such constituent Corporation, or is or was serving at the request of such constituent Corporation as a Director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this ARTICLE EIGHT with respect to the resulting or surviving Corporation as he or she would have with respect to such constituent Corporation if its separate existence had continued.

Section 9. Savings Clause. If this ARTICLE EIGHT or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each person entitled to indemnification under Section 2 of this ARTICLE EIGHT as to all expense, liability and loss (including attorneys' fees and related disbursements, judgments, fines, ERISA excise taxes and penalties, penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person and for which indemnification is available to such person pursuant to this ARTICLE EIGHT to the full extent permitted by any applicable portion of this ARTICLE EIGHT that shall not have been invalidated and to the full extent permitted by applicable law.

ARTICLE NINE

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

ARTICLE TEN

For so long as any security of the Company is registered under Section 12 of the Securities Exchange Act of 1934: (i) the stockholders of the Corporation may not take any action by written consent in lieu of a meeting, and must take any actions at a duly called annual or special meeting of stockholders and the power of stockholders to consent in writing without a

meeting is specifically denied; and (ii) special meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution adopted by the affirmative vote of the majority of the total number of directors then in office.

ARTICLE ELEVEN

Section 1. Certain Acknowledgments. In recognition and anticipation that: (i) the partners, principals, directors, officers, members, managers and/or employees of Whitney & Co., LLC ("Whitney") may serve as directors and/or officers of the Corporation, (ii) Whitney may engage in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, and (iii) that the Corporation and its subsidiaries may engage in

material business transactions with Whitney and that the Corporation is expected to benefit therefrom, the provisions of this ARTICLE ELEVEN are set forth to regulate and define the conduct of certain affairs of the Corporation as they may involve Whitney and their respective directors, officers, members, managers and/or employees, and the powers, rights, duties and liabilities of the Corporation and its officers, directors and stockholders in connection therewith.

Section 2. Competition and Corporate Opportunities. Whitney shall not have any duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business as the Corporation or any of its subsidiaries. In the event that Whitney acquires knowledge of a potential transaction or matter which may be a corporate opportunity for itself and the Corporation or any of its subsidiaries, neither the Corporation nor any of its subsidiaries shall have any expectancy in such corporate opportunity, and neither Whitney shall have any duty to communicate or offer such corporate opportunity to the Corporation or any of its subsidiaries and may pursue or acquire such corporate opportunity for itself or direct such corporate opportunity to another person.

Section 3. Allocation of Corporate Opportunities. In the event that a director or officer of the Corporation who is also a partner, principal, director, officer, member, manager and/or employee of Whitney acquires knowledge of a potential transaction or matter which may be a corporate opportunity for the Corporation or any of its subsidiaries and Whitney, neither the Corporation nor any of its subsidiaries shall have any expectancy in such corporate opportunity unless such corporate opportunity is expressly offered to such person solely in his or her capacity as a director or officer of the Corporation.

Section 4. Certain Matters Deemed Not Corporate Opportunities. In addition to and notwithstanding the foregoing provisions of this ARTICLE ELEVEN, a corporate opportunity shall not be deemed to belong to the Corporation if it is a business opportunity that the Corporation is not financially able or contractually permitted or legally able to undertake, or that is, from its nature, not in the line of the Corporation’s business or is of no practical advantage to it or that is one in which the Corporation has no interest or reasonable expectancy.

Section 5. Agreements and Transactions with Whitney. In the event that Whitney enters into an agreement or transaction with the Corporation or any of its subsidiaries, a director or officer of the Corporation who is also a partner, principal, director, officer, member, manager

and/or employee of Whitney, as applicable, shall have fully satisfied and fulfilled the fiduciary duty of such director or officer to the Corporation and its stockholders with respect to such agreement or transaction, if:

(a) The agreement or transaction was approved, after being made aware of the material facts of the relationship between each of the Corporation or subsidiary thereof and Whitney, and the material terms and facts of the agreement or transaction, by (i) an affirmative vote of a majority of the members of the Board of Directors of the Corporation who are not persons or entities with a material financial interest in the agreement or transaction (“Interested Persons”) or (ii) an affirmative vote of a majority of the members of a committee of the Board of Directors of the Corporation consisting of members who are not Interested Persons;

(b) The agreement or transaction was fair to the Corporation at the time the agreement or transaction was entered into by the Corporation; or

(c) The agreement or transaction was approved by an affirmative vote of a majority of the shares of the Corporation’s Common Stock entitled to vote, excluding Whitney, and any Interested Person; provided that if no Common Stock is then outstanding a majority of the voting power of the Corporation’s capital stock entitled to vote, excluding Whitney and any other Interested Person, as applicable.

Section 6. Amendment of this Article. Notwithstanding anything to the contrary elsewhere contained in this Certificate of Incorporation, the affirmative vote of the holders of at least 80% of the voting power of all shares of Common Stock then outstanding, voting together as a single class, shall be required to alter, amend or repeal, or to adopt any provision inconsistent with, this ARTICLE ELEVEN.

Section 7. Deemed Notice. Any person or entity purchasing or otherwise acquiring any interest in any shares of the Corporation shall be deemed to have notice or and to have consented to the provisions of this ARTICLE ELEVEN.

ARTICLE TWELVE

Notwithstanding any other provisions of this Certificate or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of the capital stock required by law or this Certificate, the affirmative vote of the holders of at least two-thirds (2/3) of the combined voting power of all of the then outstanding shares of the Corporation eligible to be cast in the election of directors shall be required to alter, amend or repeal ARTICLES EIGHT, TEN or FOURTEEN hereof, or this ARTICLE TWELVE, or any provision thereof or hereof.

ARTICLE THIRTEEN

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

ARTICLE FOURTEEN

The Corporation expressly elects to be governed by Section 203 of the Delaware General Corporation Law. Notwithstanding the terms of Section 203 of the Delaware General Corporation Law, Whitney and its affiliates shall not be deemed at any time and without regard to the percentage of voting stock of the Corporation owned by Whitney or any of its affiliates, as applicable, to be an “interested stockholder” as such term is defined in Section 203(c)(5) of the Delaware General Corporation Law.

ARTICLE FIFTEEN

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

* * * * * *

Exhibit 3.3

BYLAWS

OF

RBC BEARINGS INCORPORATED

A Delaware Corporation
(Adopted as of [ ], 2005)

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of RBC Bearings Incorporated (the "Corporation") in the State of Delaware shall be located at 2711 Centerville Road, Wilmington, Delaware 19801. The name of the Corporation's registered agent at such address shall be Corporation Service Company. The registered office and/or registered agent of the Corporation may be changed from time to time by action of the Board of Directors.

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

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Annual Meeting. An annual meeting of the stockholders shall be held each year within 150 days after the close of the immediately preceding fiscal year of the Corporation or at such other time specified by the Board of Directors for the purpose of electing Directors and conducting such other proper business as may come before the annual meeting. At the annual meeting, stockholders shall elect Directors and transact such other business as properly may be brought before the annual meeting pursuant to Section 11 of ARTICLE II hereof.

Section 2. Special Meetings. Special meetings of the stockholders may only be called in the manner provided in ARTICLE NINE of the Amended and Restated Certificate of Incorporation of the Corporation (the "Certificate of Incorporation").

Section 3. Place of Meetings. The Board of Directors may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting or for any special meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal executive office of the Corporation. If for any reason any annual meeting shall not be held during any year, the business thereof may be transacted at any special meeting of the stockholders.

Section 4. Notice. Whenever stockholders are required or permitted to take action at a meeting, written or printed notice stating the place, date, time and, in the case of special meetings, the purpose or purposes, of such meeting, shall be given to each stockholder entitled to vote at such meeting not less than 10 nor more than 60 days before the date of the meeting. All such notices shall be delivered, either personally or by mail, by or at the direction of the Board of Directors, the chairman of the board, the president or the secretary, and if mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the stockholder at his, her or its address as the same appears on the records of the Corporation. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5. Stockholders List. The officer having charge of the stock ledger of the Corporation shall make, at least 10 days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 6. Quorum. The holders of a majority of the outstanding shares of capital stock entitled to vote, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders, except as otherwise provided by the General Corporation Law of the State of Delaware or by the Certificate of Incorporation. If a quorum is not present, the holders of a majority of the shares present in person or represented by proxy at the meeting, and entitled to vote at the meeting, may adjourn the meeting to another time and/or place. When a specified item of business requires a vote by a class or series (if the Corporation shall then have outstanding shares of more than one class or series) voting as a class or series, the holders of a majority of the shares of such class or series shall constitute a quorum (as to such class or series) for the transaction of such item of business.

Section 7. Adjourned Meetings. When a meeting is adjourned to another time and place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. Vote Required. When a quorum is present, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders, unless (i) by express provisions of an

applicable law or of the Certificate of Incorporation a different vote is required, in which case such express provision shall govern and control the decision of such question, or (ii) the subject matter is the election of Directors, in which case Section 2 of ARTICLE III hereof shall govern and control the approval of such subject matter.

Section 9. Voting Rights. Except as otherwise provided by the General Corporation Law of the State of Delaware, the Certificate of Incorporation or these Bylaws, every stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of capital stock held by such stockholder.

Section 10. Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him or her by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally. Any proxy is suspended when the person executing the proxy is present at a meeting of stockholders and elects to vote, except that when such proxy is coupled with an interest and the fact of the interest appears on the face of the proxy, the agent named in the proxy shall have all voting and other rights referred to in the proxy, notwithstanding the presence of the person executing the proxy. At each meeting of the stockholders, and before any voting commences, all proxies filed at or before the meeting shall be submitted to and examined by the secretary or a person designated by the secretary, and no shares may be represented or voted under a proxy that has been found to be invalid or irregular.

Section 11. Business Brought Before an Annual Meeting. At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) brought before the meeting by or at the direction of the Board of Directors or (iii) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation, not less than 60 days nor more than 90 days prior to the meeting; provided, however, that in the event that less than 70 days' notice or prior public announcement of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the date on which such notice of the date of the annual meeting was mailed or such public announcement was made. A stockholder's notice to the secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting, (ii) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (iii) the class and number of shares of the Corporation which are beneficially owned by the stockholder and (iv) any material interest of the stockholder in such business. Notwithstanding anything in these Bylaws to the contrary, no business shall be

conducted at an annual meeting except in accordance with the procedures set forth in this section. The presiding officer of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of this section; if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. For purposes of this section, "public announcement" shall mean disclosure in a press release reported by Dow Jones News Service, Associated Press or a comparable national news service. Nothing in this section shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934 (the "Exchange Act").

ARTICLE III

DIRECTORS

Section 1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to such powers as are herein and in the Certificate of Incorporation expressly conferred upon it, the Board of Directors shall have and may exercise all the powers of the Corporation, subject to the provisions of the laws of Delaware, the Certificate of Incorporation and these Bylaws.

Section 2. Number, Election and Term of Office. The number of Directors which shall constitute the board shall initially be 6 and may thereafter be increased up to 9. Thereafter, the number of Directors shall be established from time to time by resolution of the board. The directors shall be divided into three classes in the manner set forth in the Certificate of Incorporation, each class to be elected for the term set forth therein. The Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote in the election of directors. The Directors shall be elected in this manner at the annual meeting of the stockholders, except as provided in Section 4 of this Article III. Each Director elected shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

Section 3. Removal and Resignation. No Director may be removed from office without cause and without the affirmative vote of the holders of a majority of the voting power of the then outstanding shares of capital stock entitled to vote generally in the election of Directors voting together as a single class; provided, however, that if the holders of any class or series of capital stock are entitled by the provisions of the Certificate of Incorporation (it being understood that any references to the Certificate of Incorporation shall include any duly authorized certificate of designation) to elect one or more Directors, such Director or Directors so elected may be removed without cause only by the vote of the holders of a majority of the outstanding shares entitled to vote for such Director(s). Any Director may resign at any time upon written notice to the Corporation.

Section 4. Vacancies. Vacancies occurring on the Board of Directors for any reason may be filled by vote of a majority of the remaining members of the Board of Directors, even if less than a quorum, at any meeting of the Board of Directors. A Person so elected by the Board of Directors to fill a vacancy shall hold office until the next succeeding annual meeting of

stockholders of the Corporation and until his or her successor shall have been duly elected and qualified.

Section 5. Nominations.

(a) Only persons who are nominated in accordance with the procedures set forth in these Bylaws shall be eligible to serve as Directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in these Bylaws, who is entitled to vote generally in the election of Directors at the meeting and who shall have complied with the notice procedures set forth below in Section 5(b).

(b) In order for a stockholder to nominate a person for election to the Board of Directors of the Corporation at a meeting of stockholders, such stockholder shall have delivered timely notice of such stockholder's intent to make such nomination in writing to the secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation (i) in the case of an annual meeting, not less than 60 nor more than 90 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is changed by more than 30 days from such anniversary date, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was mailed or public disclosure of the meeting was made, and (ii) in the case of a special meeting at which Directors are to be elected, not later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was mailed or public disclosure of the meeting was made. Such stockholder's notice shall set forth (i) as to each person whom the stockholder proposes to nominate for election as a Director at such meeting all information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected); (ii) as to the stockholder giving the notice (A) the name and address, as they appear on the Corporation's books, of such stockholder and (B) the class and number of shares of the Corporation which are beneficially owned by such stockholder and also which are owned of record by such stockholder; and (iii) as to the beneficial owner, if any, on whose behalf the nomination is made, (A) the name and address of such person and (B) the class and number of shares of the Corporation which are beneficially owned by such person. At the request of the Board of Directors, any person nominated by the Board of Directors for election as a Director shall furnish to the secretary of the Corporation that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee.

(c) No person shall be eligible to serve as a Director of the Corporation unless nominated in accordance with the procedures set forth in this section. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by this section, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

A stockholder seeking to nominate a person to serve as a Director must also comply with all applicable requirements of the Exchange Act, and the rules and regulations thereunder with respect to the matters set forth in this section.

Section 6. Annual Meetings. The annual meeting of the Board of Directors shall be held, without any notice other than this Section 6, immediately after, and at the same place as, the annual meeting of stockholders.

Section 7. Other Meetings and Notice. Regular meetings, other than the annual meeting, of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by resolution of the Board of Directors. Special meetings of the Board of Directors may be called by the chairman of the board, the president (if the president is a Director) or, upon the written request of at least two (2) Directors then in office, the secretary of the Corporation on at least 24 hours notice to each Director, either personally, by telephone, by mail or by telecopy.

Section 8. Chairman of the Board, Quorum, Required Vote and Adjournment. The Board of Directors shall elect, by the affirmative vote of a majority of the total number of Directors then in office, a chairman of the board, who shall preside at all meetings of the stockholders and Board of Directors at which he or she is present and shall have such powers and perform such duties as the Board of Directors may from time to time prescribe. If the chairman of the board is not present at a meeting of the stockholders or the Board of Directors, the president (if the president is a Director and is not also the chairman of the board) shall preside at such meeting, and, if the president is not present at such meeting, a majority of the Directors present at such meeting shall elect one of their members to so preside. A majority of the total number of Directors then in office shall constitute a quorum for the transaction of business. Unless by express provision of an applicable law, the Certificate of Incorporation or these Bylaws a different vote is required, the vote of a majority of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Committees. The Board of Directors may, by resolution passed by a majority of the total number of Directors then in office, designate one or more committees, each committee to consist of one or more of the Directors of the Corporation, which to the extent provided in such resolution or these Bylaws shall have, and may exercise, the powers of the Board of Directors in the management and affairs of the Corporation, except as otherwise limited by law. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors upon request.

Section 10. Committee Rules. Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may

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otherwise be provided by a resolution of the Board of Directors designating such committee. Unless otherwise provided in such a resolution, the presence of at least a majority of the members of the committee shall be necessary to constitute a quorum. Unless otherwise provided in such a resolution, in the event

that a member and that member's alternate, if alternates are designated by the Board of Directors, of such committee is or are absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

Section 11. Communications Equipment. Members of the Board of Directors or any committee thereof may participate in and act at any meeting of such board or committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear and speak with each other, and participation in the meeting pursuant to this section shall constitute presence in person at the meeting.

Section 12. Waiver of Notice and Presumption of Assent. Any member of the Board of Directors or any committee thereof who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such member attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Such member shall be conclusively presumed to have assented to any action taken unless his or her dissent shall be entered in the minutes of the meeting or unless his or her written dissent to such action shall be filed with the person acting as the secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to any member who voted in favor of such action.

Section 13. Action by Written Consent. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of such board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

ARTICLE IV

OFFICERS

Section 1. Number. The officers of the Corporation shall be elected by the Board of Directors and shall consist of a chairman of the board, a chief executive officer, a president, one or more vice-presidents, a secretary, a chief financial officer and such other officers and assistant officers as may be deemed necessary or desirable by the Board of Directors. Any number of offices may be held by the same person, except that neither the chief executive officer nor the president shall also hold the office of secretary. In its discretion, the Board of Directors may choose not to fill any office for any period as it may deem advisable, except that the offices of president and secretary shall be filled as expeditiously as possible.

Section 2. Election and Term of Office. The officers of the Corporation shall be elected annually by the Board of Directors at its first meeting held after each annual meeting of stockholders or as soon thereafter as convenient. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

Section 3. Removal. Any officer or agent elected by the Board of Directors may be removed by the Board of Directors at its discretion, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Vacancies. Any vacancy occurring in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors.

Section 5. Compensation. Compensation of all executive officers shall be approved by the Board of Directors, and no officer shall be prevented from receiving such compensation by virtue of his or her also being a Director of the Corporation; provided however, that compensation of all executive officers may be determined by a committee established for that purpose if so authorized by the Board of Directors.

Section 6. Chairman of the Board. The chairman of the Board of Directors shall preside at all meetings of the stockholders and of the Board of Directors and shall have such other powers and perform such other duties as may be prescribed to him or her by the Board of Directors or provided in these Bylaws.

Section 7. Chief Executive Officer. The chief executive officer shall have the powers and perform the duties incident to that position. Subject to the powers of the Board of Directors and the chairman of the board, the chief executive officer shall be in the general and active charge of the entire business and affairs of the Corporation, and shall be its chief policy making officer. The chief executive officer shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or provided in these Bylaws. The chief executive officer is authorized to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. Whenever the president is unable to serve, by reason of sickness, absence or otherwise, the chief executive officer shall perform all the duties and responsibilities and exercise all the powers of the president.

Section 8. The President. The president of the Corporation shall, subject to the powers of the Board of Directors, the chairman of the board and the chief executive officer, have general charge of the business, affairs and property of the Corporation, and control over its officers, agents and employees. The president shall see that all orders and resolutions of the Board of Directors are carried into effect. The president is authorized to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other

officer or agent of the Corporation. The president shall have such other powers and perform such other duties as may be prescribed by the chairman of the board, the chief executive officer, the Board of Directors or as may be provided in these Bylaws.

Section 9. Vice-Presidents. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the Board of Directors or the chairman of the board, shall, in the absence or disability of the president, act with all of the powers and be subject to all the restrictions of the president. The vice-presidents shall also perform such other duties and have such other powers as the Board of Directors, the chairman of the board, the chief executive officer, the president or these Bylaws may, from time to time, prescribe. The vice-presidents may also be designated as executive vice-presidents or senior vice-presidents, as the Board of Directors may from time to time prescribe.

Section 10. The Secretary and Assistant Secretaries. The secretary shall attend all meetings of the Board of Directors, all meetings of the committees thereof and all meetings of the stockholders and record all the proceedings of the meetings in a book or books to be kept for that purpose or shall ensure that his or her designee attends each such meeting to act in such capacity. Under the chairman of the Board of Directors' supervision, the secretary shall give, or cause to be given, all notices required to be given by the Certificate of Incorporation, these Bylaws or by applicable law; shall have such powers and perform such duties as the Board of Directors, the chairman of the board, the chief executive officer, the president or these Bylaws may, from time to time, prescribe; and shall have custody of the corporate seal of the Corporation. The secretary, or an assistant secretary, shall have authority to affix the corporate seal to any instrument requiring it and when so affixed, it may be attested by his or her signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his or her signature. The assistant secretary, or if there be more than one, any of the assistant secretaries, shall in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of Directors, the chairman of the board, the chief executive officer, the president, or secretary may, from time to time, prescribe.

Section 11. The Chief Financial Officer. The chief financial officer shall have the custody of the corporate funds and securities; shall keep full and accurate all books and accounts of the Corporation as shall be necessary or desirable in accordance with applicable law or generally accepted accounting principles; shall deposit all monies and other valuable effects in the name and to the credit of the Corporation as may be ordered by the chairman of the board or the Board of Directors; shall cause the funds of the Corporation to be disbursed when such disbursements have been duly authorized, taking proper vouchers for such disbursements; and shall render to the Board of Directors, at its regular meeting or when the Board of Directors so requires, an account of the Corporation; shall have such powers and perform such duties as the Board of Directors, the chairman of the board, the chief executive officer, the president or these Bylaws may, from time to time, prescribe. If required by the Board of Directors, the chief financial officer shall give the Corporation a bond (which shall be rendered every six years) in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of chief financial officer and for the

restoration to the Corporation, in case of death, resignation, retirement or removal from office of all books, papers, vouchers, money and other property of whatever kind in the possession or under the control of the chief financial officer belonging to the Corporation.

Section 12. Other Officers, Assistant Officers and Agents. Officers, assistant officers and agents, if any, other than those whose duties are provided for in these Bylaws, shall have such authority and perform such duties as may from time to time be prescribed by resolution of the Board of Directors.

Section 13. Absence or Disability of Officers. In the case of the absence or disability of any officer of the Corporation and of any person hereby authorized to act in such officer's place during such officer's absence or disability, the Board of Directors may by resolution delegate the powers and duties of such officer to any other officer or to any Director, or to any other person selected by it.

ARTICLE V

CERTIFICATES OF STOCK

Section 1. Form. Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by the chairman of the board, the chief executive officer or the president and the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by such holder in the Corporation. If such a certificate is countersigned (i) by a transfer agent or an assistant transfer agent other than the Corporation or its employee or (ii) by a registrar, other than the Corporation or its employee, the signature of any such chairman of the board, chief executive officer, president, secretary or assistant secretary may be facsimiles. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the Corporation whether because of death, resignation or otherwise before such certificate or certificates have been delivered by the Corporation, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation. All certificates for shares shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the books of the Corporation. Shares of stock of the Corporation shall only be transferred on the books of the Corporation by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the Corporation of the certificate or certificates for such shares endorsed by the appropriate person or persons, with such evidence of the authenticity of such endorsement, transfer, authorization and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps. In that event, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate or certificates and record the transaction on its books. The Board of Directors may appoint a bank or trust company organized under the laws of the United States or any state thereof to act as its transfer agent or registrar, or both in connection with the transfer of any class or series of securities of the Corporation.

Section 2. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Corporation may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his or her legal representative, to give the Corporation a bond sufficient to indemnify the Corporation against any claim that may be made against the Corporation on account of the loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 3. Fixing a Record Date for Stockholder Meetings. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the next day preceding the day on which notice is first given. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 4. Fixing a Record Date for Other Purposes. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment or any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purposes of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 5. Registered Stockholders. Prior to the surrender to the Corporation of the certificate or certificates for a share or shares of stock with a request to record the transfer of such share or shares, the Corporation may treat the registered owner as the person entitled to receive dividends, to vote, to receive notifications and otherwise to exercise all the rights and powers of an owner. The Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof.

Section 6. Subscriptions for Stock. Unless otherwise provided for in the subscription agreement, subscriptions for shares shall be paid in full at such time, or in such installments and at such times, as shall be determined by the Board of Directors. Any call made by the Board of Directors for payment on subscriptions shall be uniform as to all shares of the same class or as to all shares of the same series. In case of default in the payment of any installment or call when

such payment is due, the Corporation may proceed to collect the amount due in the same manner as any debt due the Corporation.

ARTICLE VI

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, in accordance with applicable law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or any other purpose and the Directors may modify or abolish any such reserve in the manner in which it was created.

Section 2. Checks, Drafts or Orders. All checks, drafts or other orders for the payment of money by or to the Corporation and all notes and other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner, as shall be determined by resolution of the Board of Directors or a duly authorized committee thereof.

Section 3. Contracts. In addition to the powers otherwise granted to officers pursuant to ARTICLE IV hereof, the Board of Directors may authorize any officer or officers, or any agent or agents, of the Corporation to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 4. Loans. Subject to compliance with applicable laws, the Corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the Corporation or of its subsidiaries, including any officer or employee who is a Director of the Corporation or its subsidiaries, whenever, in the judgment of the Directors, such loan, guaranty or assistance may reasonably be expected to benefit the Corporation. The loan, guaranty or other assistance may be with or without interest, and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the Corporation. Nothing in this section shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the Corporation at common law or under any statute.

Section 5. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 6. Corporate Seal. The Board of Directors may provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the

Corporation and the words “Corporate Seal, Delaware.” The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. No seal shall be required by virtue of this Section.

Section 7. Voting Securities Owned By Corporation. Voting securities in any other Corporation held by the Corporation shall be voted by the chief executive officer, the president or a vice-president, unless the Board of Directors specifically confers authority to vote with respect thereto, which authority may be general or confined to specific instances, upon some other person or officer. Any person authorized to vote securities shall have the power to appoint proxies, with general power of substitution.

Section 8. Inspection of Books and Records. The Board of Directors shall have power from time to time to determine to what extent and at what times and places and under what conditions and regulations the accounts and books of the Corporation, or any of them, shall be open to the inspection of

the stockholders; and no stockholder shall have any right to inspect any account or book or document of the Corporation, except as conferred by the laws of the State of Delaware, unless and until authorized so to do by resolution of the Board of Directors or of the stockholders of the Corporation.

Section 9. Section Headings. Section headings in these Bylaws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 10. Inconsistent Provisions. In the event that any provision of these Bylaws is or becomes inconsistent with any provision of the Certificate of Incorporation, the General Corporation Law of the State of Delaware or any other applicable law, the provision of these Bylaws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

ARTICLE VII

AMENDMENTS

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized to make, alter, amend, change, add to or repeal these Bylaws by the affirmative vote of a majority of the total number of Directors then in office. Any alteration or repeal of these Bylaws by the stockholders of the Corporation shall require the affirmative vote of a majority of the outstanding shares of the Corporation entitled to vote on such alteration or repeal; provided, however, that Section 11 of ARTICLE II and Sections 2, 3, 4 and 5 of ARTICLE III and this ARTICLE VII of these Bylaws shall not be altered, amended or repealed and no provision inconsistent therewith shall be adopted without the affirmative vote of the holders of at least two thirds (2/3) of the combined voting power of all of the then outstanding shares of the Corporation entitled to vote on such alteration or repeal.

Exhibit 4.3

COMMON STOCK

RBC BEARINGS INCORPORATED

NUMBER **SHARES**

RBC INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

SEE REVERSE FOR CERTAIN DEFINITIONS

THIS CERTIFICATE IS TRANSFERABLE IN
NEW YORK, NEW YORK AND CHICAGO, ILLINOIS

CUSIP 755248 10 4

CERTIFICATE OF STOCK

THIS CERTIFIES THAT

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE PAR VALUE OF $0.01 EACH OF THE COMMON STOCK OF
RBC BEARINGS INCORPORATED
transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney upon surrender of this certificate properly endorsed.

This certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

SIGNATURE TO COME

CHIEF FINANCIAL OFFICER

SIGNATURE TO COME

PRESIDENT AND CHIEF EXECUTIVE OFFICER

COUNTERSIGNED AND REGISTERED:
LASALLE NATIONAL BANK
TRANSFER AGENT AND REGISTRAR

BY:

AUTHORIZED SIGNATURE

© SECURITY-COLUMBIAN UNITED STATES BANKNOTE CORPORATION

The Corporation will furnish without charge to each stockholder who so requests a statement of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common
TEN ENT — as tenants by the entireties
JT TEN — as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT— ______ Custodian ______
(Cust) (Minor)
under Uniform Gifts to Minors
Act ____________
(State)

Additional abbreviations may also be used though not in the above list.

For value received, ________________________________ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

shares of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

Attorney to

transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

SIGNATURE GUARANTEED:

By

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCK-BROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

EXHIBIT 10.5

FORM OF RBC 2005 LONG-TERM EQUITY INCENTIVE PLAN

1. Purpose.

This plan shall be known as the RBC 2005 Long-Term Equity Incentive Plan (the "Plan"). The purpose of the Plan shall be to promote the long-term growth and profitability of RBC Bearings Incorporated (the "Company") and its Subsidiaries by (i) providing certain directors, officers and employees of, and certain other individuals who perform services for, or to whom an offer of employment has been extended by, the Company and its Subsidiaries with incentives to maximize stockholder value and otherwise contribute to the success of the Company and (ii) enabling the Company to attract, retain and reward the best available persons for positions of responsibility. Grants ("Grants") of incentive or non-qualified stock options, stock appreciation rights ("SARs"), either alone or in tandem with options, restricted stock, performance awards or any combination of the foregoing may be made under the Plan. This Plan supercedes any prior plans, and any Grant hereunder supercedes any prior written agreement pursuant to which such Grant is made.

2. Definitions.

(a) "Award Agreement" means any written agreement between the Company and any person pursuant to which the Company makes any Grant under the Plan.

(b) "Board of Directors" and "Board" mean the board of directors of the Company.

(c) "Cause" means, unless otherwise defined in any Award Agreement, the occurrence of one or more of the following events:

(i) conviction of a felony or any crime or offense lesser than a felony involving the property of the Company or a Subsidiary or commission of an act involving fraud or dishonesty; or, in the case of any of the foregoing, a plea of *nolo contendere* with respect thereto;

(ii) conduct that has caused demonstrable and serious injury to the Company or a Subsidiary, reputational, monetary or otherwise;

(iii) willful refusal to perform or substantial disregard of duties properly assigned, as determined by the Company;

(iv) willful misrepresentation or material non-disclosure to the Board;

(v) engaging willfully in misconduct in connection with the performance of any of one's duties, including, without limitation, the misappropriation of funds or securing or

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attempting to secure personally any profit in connection with any transaction entered into on behalf of the Company or its Subsidiaries or affiliates;

(vi) willful breach of duty of loyalty to the Company or, if applicable, a Subsidiary or any other active disloyalty to the Company or, if applicable, any Subsidiary, including, without limitation, willfully aiding a competitor or, without duplication of clause (vii), improperly disclosing confidential information;

(vii) willful breach of any confidentiality or non-disclosure agreement with the Company or any Subsidiary; or

(viii) material violation of any code or standard of behavior generally applicable to employees (or executive employees, in the case of an executive of the Company or any Subsidiary) of the Company or any Subsidiary.

(d) "Change in Control" means, unless otherwise defined in any Award Agreement,

(i) if any "person" or "group" as those terms are used in Sections 13(d) and 14(d) of the Exchange Act or any successors thereto, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act or any successor thereto), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities, provided, that the acquisition of additional securities by any person or group that owns 50% or more of the voting power prior to such acquisition of additional securities shall not be a Change of Control; or

(ii) during any twelve-month period, individuals who at the beginning of such period constitute the Board and any new directors whose election by the Board or nomination for election by the Company's stockholders was approved by at least a majority of the directors then still in office who either were directors at the beginning of the period or whose election was previously so approved, cease for any reason to constitute a majority thereof; or

(iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation (A) which would result in all or a portion of the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (B) by which the corporate existence of the Company is not affected and following which the Company's chief executive officer and directors retain their positions with the Company (and constitute at least a majority of the Board); or

(iv) the stockholders of the Company approve an agreement for the sale or disposition by the Company of all or substantially all the Company's assets.

(e) "Code" means the Internal Revenue Code of 1986, as amended.

(f) "Committee" means the Compensation Committee of the Board, which shall consist solely of two or more outside directors.

(g) "Common Stock" means the common stock, par value $0.01 per share, of the Company, and any other shares into which such stock may be changed by reason of a recapitalization, reorganization, merger, consolidation or any other change in the corporate structure or capital stock of the Company.

(h) "Disability" means a disability that would entitle an eligible participant to payment of monthly disability payments under any Company disability plan or as otherwise determined by the Committee; provided that in any instance where a grant to a participant is treated as "deferred compensation" within the meaning of Section 409A of the Code, "Disability" shall be interpreted consistently with the meaning of Section 409A of the Code and guidance issued thereunder.

(i) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(j) "Fair Market Value" of a share of Common Stock of the Company means, as of the date in question, the officially-quoted closing selling price of the stock (or if no selling price is quoted, the bid price) on the principal securities exchange or market on which the Common Stock is then listed for trading (including, for this purpose, the New York Stock Exchange or the Nasdaq National Market) (the "Market") for the applicable trading day or, if the Common Stock is not then listed or quoted in the Market, the Fair Market Value shall be the fair value of the Common Stock determined in good faith by the Board using any reasonable method; provided, however, that when shares received upon exercise of an option are immediately sold in the open market, the net sale price received may be used to determine the Fair Market Value of any shares used to pay the exercise price or applicable withholding taxes and to compute the withholding taxes.

(k) "Incentive Stock Option" means an option conforming to the requirements of Section 422 of the Code and/or any successor thereto.

(l) "Initial Public Offering" means an underwritten initial public offering and sale of any shares of Common Stock pursuant to an effective registration statement under the Securities Act.

(m) "Non-Employee Director" has the meaning given to such term in Rule 16b-3 under the Exchange Act and/or any successor thereto.

(n) "Non-qualified Stock Option" means any stock option other than an Incentive Stock Option.

(o) "Other Securities" mean securities of the Company other than Common Stock, which may include, without limitation, debentures, unbundled stock units or components thereof, preferred stock, warrants and securities convertible into or exchangeable for Common Stock or other property.

(p) "Retirement" means retirement as defined under any Company pension plan or retirement program or termination of one's employment on retirement with the approval of the Committee; provided that in any instance where a grant to a participant is treated as "deferred compensation" within the meaning of Section 409A of the Code, "Retirement" shall be interpreted consistently with the meaning of Section 409A(a)(2)(A)(i) of the Code and guidance issued thereunder..

(q) "Subsidiary" means a corporation or other entity of which outstanding shares or ownership interests representing 50% or more of the combined voting power of such corporation or other entity entitled to elect the management thereof, or such lesser percentage as may be approved by the Committee, are owned directly or indirectly by the Company.

3. Administration.

The Plan shall be administered by the Committee; provided that the Board may, in its discretion, at any time and from time to time, resolve to administer the Plan, in which case the term "Committee" shall be deemed to mean the Board for all purposes herein. Subject to the provisions of the Plan, the Committee shall be authorized to (i) select persons to participate in the Plan, (ii) determine the form and substance of Grants made under the Plan to each participant, and the conditions and restrictions, if any, subject to which such Grants will be made, (iii) certify that the conditions and restrictions applicable to any Grant have been met, (iv) modify the terms of Grants made under the Plan in accordance with the provisions of Sections 16 and 17 hereof, (v) interpret the Plan and Grants made thereunder, (vi) make any adjustments necessary or desirable in connection with Grants made under the Plan to eligible participants located outside the United States and (vii) adopt, amend, or rescind such rules and regulations, and make such other determinations, for carrying out the Plan as it may deem appropriate. Decisions of the Committee on all matters relating to the Plan shall be in the Committee's sole discretion and shall be conclusive and binding on all parties. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with applicable federal and state laws and rules and regulations promulgated pursuant thereto. No member of the Committee and no officer of the Company shall be liable for any action taken or omitted to be taken by such member, by any other member of the Committee or by any officer of the Company in connection with the performance of duties under the Plan, except for such person's own willful misconduct or as expressly provided by statute.

The expenses of the Plan shall be borne by the Company. The Company shall not be required to establish any special or separate fund or make any other segregation of assets to assume the obligations pursuant to any Grant made under the Plan, and rights to any payment in connection with such Grants shall be no greater than the rights of the Company's general creditors.

4. Shares Available for the Plan.

Subject to adjustments as provided in Section 15, an aggregate of 1,139,170 shares of Common Stock, which represents the number of shares equal to six percent (6%) of the number of shares of Common Stock outstanding immediately following the consummation of the Company's Initial Public Offering (the "Shares"), may be issued pursuant to the Plan. Such Shares may be in whole or in part authorized and unissued or held by the Company as

treasury shares. If any Grant under the Plan expires or terminates unexercised, becomes unexercisable or is forfeited as to any Shares, or is tendered or withheld as to any Shares in payment of the exercise price of the Grant or taxes payable with respect to the Grant or the vesting or exercise thereof, then such unpurchased, forfeited, tendered or withheld Shares may thereafter be available for further Grants under the Plan as the Committee shall determine.

Without limiting the generality of the foregoing provisions of this Section 4 or the generality of the provisions of Sections 3, 6 or 17 or any other section of this Plan, the Committee may, at any time or from time to time, and on such terms and conditions (that are consistent with and not in contravention of the other provisions of this Plan) as the Committee may, in its sole discretion, determine, enter into agreements (or take other actions with respect to the Grants) for new Grants containing terms (including exercise prices) more (or less) favorable than the outstanding Grants.

5. Participation.

Participation in the Plan shall be limited to those directors (including Non-Employee Directors), officers (including non-employee officers) and employees of, and other individuals performing services for, or to whom an offer of employment has been extended by, the Company and its Subsidiaries selected by the Committee (including participants located outside the United States). Nothing in the Plan or in any Grant thereunder shall confer any right on a participant to continue in the employ as a director or officer of, or in any other capacity or in the performance of services for, the Company or shall interfere in any way with the right of the Company to terminate the employment or performance of services or to reduce the compensation or responsibilities of a participant at any time. By accepting any Grant under the Plan, each participant and each person claiming under or through him or her shall be conclusively deemed to have indicated his or her acceptance and ratification of, and consent to, any action taken under the Plan by the Company, the Board or the Committee.

Incentive Stock Options or Non-qualified Stock Options, SARs alone or in tandem with options, restricted stock awards, performance awards or any combination thereof may be granted to such persons and for such number of Shares as the Committee shall determine (such individuals to whom Grants are made being sometimes herein called "optionees" or "grantees," as the case may be). Determinations made by the Committee under the Plan need not be uniform and may be made selectively among eligible individuals under the Plan, whether or not such individuals are similarly situated. A Grant of any type made hereunder in any one year to an eligible participant shall neither guarantee nor preclude a further Grant of that or any other type to such participant in that year or subsequent years.

6. Incentive and Non-qualified Options and SARs.

The Committee may from time to time grant to eligible participants Incentive Stock Options, Non-qualified Stock Options, or any combination thereof; provided that the Committee may grant Incentive Stock Options only to eligible employees of the Company or its subsidiaries (as defined for this purpose in Section 424(f) of the Code or any successor thereto). In any one calendar year, the Committee shall not grant to any one participant options or SARs to purchase or receive the economic equivalent of a number of shares of Common Stock in excess of 10% of the total number

of Shares authorized under the Plan pursuant to Section 4; provided, however, that the Committee shall be permitted to grant to Dr. Michael J. Hartnett up to 40% of the total number of Shares authorized under the plan at any time. The options granted shall take such form as the Committee shall determine, subject to the following terms and conditions.

It is the Company's intent that Non-qualified Stock Options granted under the Plan not be classified as Incentive Stock Options, that Incentive Stock Options be consistent with and contain or be deemed to contain all provisions required under Section 422 of the Code or any successor thereto, that neither any Non-qualified Stock Option nor any Incentive Stock Option be treated as a payment of deferred compensation for the purposes of Section 409A of the Code and any successor thereto, and that any ambiguities in construction be interpreted in order to effectuate such intent. If an Incentive Stock Option granted under the Plan does not qualify as such for any reason, then to the extent of such non-qualification, the stock option represented thereby shall be regarded as a Non-qualified Stock Option duly granted under the Plan, provided that such stock option otherwise meets the Plan's requirements for Non-qualified Stock Options.

(a) Price. The price per Share deliverable upon the exercise of each option ("exercise price") shall not be less than 100% of the Fair Market Value of a share of Common Stock as of the date of Grant of the option, and in the case of the Grant of any Incentive Stock Option to an employee who, at the time of the Grant, owns more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries, the exercise price may not be less than 110% of the Fair Market Value of a share of Common Stock as of the date of Grant of the option, in each case unless otherwise permitted by Section 422 of the Code or any successor thereto.

(b) Payment. Options may be exercised, in whole or in part, upon payment of the exercise price of the Shares to be acquired. Unless otherwise determined by the Committee, payment shall be made (i) in cash (including check, bank draft, money order or wire transfer of immediately available funds), (ii) by delivery of outstanding shares of Common Stock with a Fair Market Value on the date of exercise equal to the aggregate exercise price payable with respect to the options' exercise, (iii) by simultaneous sale through a broker reasonably acceptable to the Committee of Shares acquired on exercise, as permitted under Regulation T of the Federal Reserve Board, (iv) by authorizing the Company to withhold from issuance a number of Shares issuable upon exercise of the options which, when multiplied by the Fair Market Value of a share of Common Stock on the date of exercise, is equal to the aggregate exercise price payable with respect to the options so exercised or (v) by any combination of the foregoing.

In the event a grantee elects to pay the exercise price payable with respect to an option pursuant to clause (ii) above, (A) only a whole number of share(s) of Common Stock (and not fractional shares of Common Stock) may be tendered in payment, (B) such grantee must present evidence acceptable to the Company that he or she has owned any such shares of Common Stock tendered in payment of the exercise price (and that such tendered shares of Common Stock have not been subject to any substantial risk of forfeiture) for at least six months prior to the date of exercise, and (C) Common Stock must be delivered to the Company. Delivery for this purpose may, at the election of the grantee, be made either by (A) physical delivery of the certificate(s) for all such shares of Common Stock tendered in payment of the price, accompanied by duly executed instruments of transfer in a form acceptable to the Company, or (B) direction to the grantee's broker to transfer, by book entry, of such shares of Common Stock from a brokerage account of the grantee to a brokerage account specified by the Company. When payment of the exercise price is made by delivery of

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Common Stock, the difference, if any, between the aggregate exercise price payable with respect to the option being exercised and the Fair Market Value of the shares of Common Stock tendered in payment (plus any applicable taxes) shall be paid in cash. No grantee may tender shares of Common Stock having a Fair Market Value exceeding the aggregate exercise price payable with respect to the option being exercised (plus any applicable taxes).

In the event a grantee elects to pay the exercise price payable with respect to an option pursuant to clause (iv) above, only a whole number of Shares (and not fractional Shares) may be withheld in payment. When payment of the exercise price is made by withholding of Shares, the difference, if any, between the aggregate exercise price payable with respect to the option being exercised and the Fair Market Value of the Shares withheld in payment (plus any applicable taxes) shall be paid in cash. No grantee may authorize the withholding of Shares having a Fair Market Value exceeding the aggregate exercise price payable with respect to the option being exercised (plus any applicable taxes). Any withheld Shares shall no longer be issuable under such option.

(c) Terms of Options; Vesting. The term during which each option may be exercised shall be determined by the Committee, but if required by the Code and except as otherwise provided herein, no option shall be exercisable in whole or in part more than ten years from the date it is granted, and no Incentive Stock Option granted to an employee who at the time of the Grant owns more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries shall be exercisable more than five years from the date it is granted. All rights to purchase Shares pursuant to an option shall, unless sooner terminated, expire at the date designated by the Committee. The Committee shall determine the date on which each option shall become exercisable and may provide that an option shall become exercisable in installments. The Shares constituting each installment may be purchased in whole or in part at any time after such installment becomes exercisable, subject to such minimum exercise requirements as may be designated by the Committee. Prior to the exercise of an option and delivery of the Shares represented thereby, the optionee shall have no rights as a stockholder with respect to any Shares covered by such outstanding option (including any dividend or voting rights).

(d) Limitations on Grants. If required by the Code, the aggregate Fair Market Value (determined as of the Grant date) of Shares for which an Incentive Stock Option is exercisable for the first time during any calendar year under all equity incentive plans of the Company and its Subsidiaries (as defined in Section 422 of the Code or any successor thereto) may not exceed $100,000.

(e) Termination; Forfeiture.

(i) Death or Disability. Unless otherwise provided in any Award Agreement, if a participant ceases to be a director, officer or employee of, or to perform other services for, the Company and any Subsidiary due to death or Disability, (A) all of the participant's options and SARs that were exercisable on the date of death or Disability shall remain exercisable for, and shall otherwise terminate at the end of, a period of one year after the date of death or Disability, but in no event after the expiration date of the options and SARs and (B) all of the participant's options and SARs that were not exercisable on the date of death or Disability shall be forfeited immediately upon such death or Disability; provided, however, that the Committee may

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determine to additionally vest such options and SARs, in whole or in part, in its discretion. Notwithstanding the foregoing, if the Disability giving rise to the termination of employment is not within the meaning of Section 22(e)(3) of the Code or any successor thereto, Incentive Stock Options not exercised by such participant within one year after the date of termination of employment will cease to qualify as Incentive Stock Options and will be treated as Non-qualified Stock Options under the Plan if required to be so treated under the Code.

(ii) Retirement. Unless otherwise provided in any Award Agreement, if a participant ceases to be a director, officer or employee of, or to perform other services for, the Company and any Subsidiary upon the occurrence of his or her Retirement, (A) all of the participant's options and SARs that were exercisable on the date of Retirement shall remain exercisable for, and shall otherwise terminate at the end of, a period of 90 days after the date of Retirement, but in no event after the expiration date of the options or SARs; provided that the participant does not engage in Competition during such 90-day period unless he or she receives written consent to do so from the Board or the Committee, and (B) all of the participant's options and SARs that were not exercisable on the date of Retirement shall be forfeited immediately upon such Retirement; provided, however, that such options and SARs, may become fully vested and exercisable in the discretion of the Committee. Notwithstanding the foregoing, Incentive Stock Options not exercised by such participant within 90 days after Retirement will cease to qualify as Incentive Stock Options and will be treated as Non-qualified Stock Options under the Plan if required to be so treated under the Code.

(iii) Discharge for Cause. Unless determined by the Committee, if a participant ceases to be a director, officer or employee of, or to perform other services for, the Company or a Subsidiary due to Cause, or if a participant does not become a director, officer or employee of, or does not begin performing other services for, the Company or a Subsidiary for any reason, all of the participant's options and SARs shall expire and be forfeited immediately upon such cessation or non-commencement, whether or not then exercisable.

(iv) Other Termination. If a participant ceases to be a director, officer or employee of, or to otherwise perform services for, the Company or a Subsidiary for any reason other than death, Disability, Retirement or Cause, (A) all of the participant's options and SARs that were

exercisable on the date of such cessation shall remain exercisable for, and shall otherwise terminate at the end of, a period of 30 days after the date of such cessation, but in no event after the expiration date of the options or SARs; provided that the participant does not engage in Competition during such 30-day period unless he or she receives written consent to do so from the Board or the Committee, and (B) all of the participant's options and SARs that were not exercisable on the date of such cessation shall be forfeited immediately upon such cessation.

(v) Change of Control. If there is a Change in Control of the Company or similar event, the Committee may, in its discretion, provide for the vesting of a participant's options and SARs on such terms and conditions as it deems appropriate in such participant's Award Agreement.

7. Stock Appreciation Rights.

Provided that the Company's stock is traded on an established securities market, the Committee shall have the authority to grant SARs under this Plan, subject to such terms and conditions specified in this paragraph 7 and any additional terms and conditions as the Committee may specify.

No SAR may be issued unless (a) the exercise price of the SAR may never be less than the Fair Market Value of the underlying Shares on the date of grant and (b) the SAR does not include any feature for the deferral of compensation income other than the deferral of recognition of income until the exercise of the SAR.

No SAR may be exercised unless the Fair Market Value of a share of Common Stock of the Company on the date of exercise exceeds the exercise price of the SAR. Prior to the exercise of the SAR and delivery of the Shares represented thereby, the participant shall have no rights as a stockholder with respect to Shares covered by such outstanding SAR (including any dividend or voting rights).

Upon the exercise of an SAR, the participant shall be entitled to a distribution in an amount equal to the difference between the Fair Market Value of a share of Common Stock on the date of exercise and the exercise price of the SAR, multiplied by the number of Shares as to which the SAR is exercised. Such distribution shall be made in Shares having a Fair Market Value equal to such amount.

All SARs will be exercised automatically on the last day prior to the expiration date of the SAR so long as the Fair Market Value of a share of Common Stock on that date exceeds the exercise price of the SAR or any related option, as applicable.

The provisions of Subsections 6(c) shall apply to all SARs except to the extent that the Award Agreement pursuant to which such Grant is made expressly provides otherwise.

It is the Company's intent that no SAR shall be treated as a payment of deferred compensation for purposes of Section 409A of the Code and that any ambiguities in construction be interpreted in order to effectuate such intent.

8. Restricted Stock.

The Committee may at any time and from time to time grant Shares of restricted stock under the Plan to such participants and in such amounts as it determines. Each Grant of restricted stock shall specify the applicable restrictions on such Shares, the duration of such restrictions, and the time or times at which such restrictions shall lapse with respect to all or a specified number of Shares that are part of the Grant.

The participant will be required to pay the Company the aggregate par value of any Shares of restricted stock (or such larger amount as the Board may determine to constitute capital under Section 154 of the Delaware General Corporation Law, as amended, or any successor thereto) within 15 days of the date of Grant, unless such Shares of restricted stock are treasury shares. Unless

otherwise determined by the Committee, certificates representing Shares of restricted stock granted under the Plan will be held in escrow by the Company on the participant's behalf during any period of restriction thereon and will bear an appropriate legend specifying the applicable restrictions thereon, and the participant will be required to execute a blank stock power therefor. Except as otherwise provided by the Committee, during such period of restriction the participant shall have all of the rights of a holder of Common Stock, including but not limited to the rights to receive dividends and to vote, and any stock or other securities received as a distribution with respect to such participant's restricted stock shall be subject to the same restrictions as then in effect for the restricted stock.

Unless otherwise provided in any Award Agreement, at such time as a participant ceases to be a director, officer or employee of, or to otherwise perform services for, the Company and its Subsidiaries due to death, Disability or Retirement during any period of restriction, all Shares of restricted stock granted to such participant on which the restrictions have not lapsed shall be immediately forfeited to the Company. If there is a Change in Control of the Company or similar event, the Committee may, in its discretion, provide for the lapsing of restrictions on a participant's Shares of restricted stock on such terms and conditions as it deems appropriate in such participant's Award Agreement. At such time as a participant ceases to be, or in the event a participant does not become, a director, officer or employee of, or otherwise perform services for, the Company or its Subsidiaries for any other reason, all Shares of restricted stock granted to such participant on which the restrictions have not lapsed shall be immediately forfeited to the Company. The provisions of Subsections 6(c) and (e) shall apply to Restricted Stock except to the extent that the Award Agreement in relation thereto expressly provides otherwise.

It is the Company's intent that Restricted Stock shall not be treated as a payment of deferred compensation for purposes of Section 409A of the Code and that any ambiguities in construction be interpreted in order to effectuate such intent.

9. Performance Awards.

Performance awards may be granted to participants at any time and from time to time as determined by the Committee. The Committee shall have complete discretion in determining the size and composition of performance awards granted to a participant. The period over which performance is to be measured (a "performance cycle") shall commence on the date specified by the Committee and shall end on the last day of a fiscal year specified by the Committee. A performance award shall be paid no later than the fifteenth day of the third month following the completion of a performance cycle (or following the elapsed portion of the performance cycle, in the circumstances described in the last paragraph of this Section 9). Performance awards may include (i) specific dollar-value target awards (ii) performance units, the value of each such unit being determined by the Committee at the time of issuance, and/or (iii) performance Shares, the value of each such Share being equal to the Fair Market Value of a share of Common Stock. In any one calendar year, the Committee shall not grant to any one participant performance awards in excess of 10% of the total number of Shares authorized under the Plan pursuant to Section 4; provided, however, that the Committee shall be permitted to grant Dr. Michael J. Hartnett up to 40% of the total number of Shares authorized under the plan at any time.

The value of each performance award may be fixed or it may be permitted to fluctuate based on a performance factor (e.g., return on equity) selected by the Committee. It is the

Company's intent that no performance award be treated as the payment of deferred compensation for purposes of Section 409A of the Code and that any ambiguities in construction be interpreted in order to effectuate such intent.

The Committee shall establish performance goals and objectives for each performance cycle on the basis of such criteria and objectives as the Committee may select from time to time, including, without limitation, the performance of the participant, the Company, one or more of its Subsidiaries or divisions or any combination of the foregoing. During any performance cycle, the Committee shall have the authority to adjust the performance goals and objectives for such cycle for such reasons as it deems equitable.

The Committee shall determine the portion of each performance award that is earned by a participant on the basis of the Company's performance over the performance cycle in relation to the performance goals for such cycle. The earned portion of a performance award may be paid out in Shares, cash, Other Securities, or any combination thereof, as the Committee may determine.

A participant must be a director, officer or employee of, or otherwise perform services for, the Company or its Subsidiaries at the end of the performance cycle in order to be entitled to payment of a performance award issued in respect of such cycle; provided, however, that except as otherwise determined by the Committee, if a participant ceases to be a director, officer or employee of, or to otherwise perform services for, the Company and its Subsidiaries upon his or her death, Retirement, or Disability prior to the end of the performance cycle, the Committee may provide in a Grant that the participant may earn a proportionate portion of the performance award based upon the elapsed portion of the performance cycle and the Company's performance over that portion of such cycle.

10. Withholding Taxes.

(a) Participant Election. Unless otherwise determined by the Committee, a participant may elect to deliver shares of Common Stock (or have the Company withhold shares acquired upon exercise of an option or SAR or deliverable upon grant or vesting of restricted stock, as the case may be) to satisfy, in whole or in part, the amount the Company is required to withhold for taxes in connection with the exercise of an option or SAR or the delivery of restricted stock upon grant or vesting, as the case may be. Such election must be made on or before the date the amount of tax to be withheld is determined. Once made, the election shall be irrevocable. The fair market value of the shares to be withheld or delivered will be the Fair Market Value as of the date the amount of tax to be withheld is determined. In the event a participant elects to deliver or have the Company withhold shares of Common Stock pursuant to this Section 10(a), such delivery or withholding must be made subject to the conditions and pursuant to the procedures set forth in Section 6(b) with respect to the delivery or withholding of Common Stock in payment of the exercise price of options.

(b) Company Requirement. The Company may require, as a condition to any Grant or exercise under the Plan or to the delivery of certificates for Shares issued hereunder, that the grantee make provision for the payment to the Company, either pursuant to Section 10(a) or this Section 10(b), of federal, state or local taxes of any kind required by law to be withheld with respect

to any Grant or delivery of Shares. The Company, to the extent permitted or required by law, shall have the right to deduct from any payment of any kind (including salary or bonus) otherwise due to a grantee, an amount equal to any federal, state or local taxes of any kind required by law to be withheld with respect to any grant or delivery of Shares under the Plan.

11. Written Agreement.

Each employee to whom a Grant is made under the Plan shall enter into an Award Agreement with the Company that shall contain such provisions consistent with the provisions of the Plan, as may be approved by the Committee.

12. Transferability.

Unless the Committee determines otherwise, no option, SAR, performance award or restricted stock granted under the Plan shall be transferable by a participant other than by will or the laws of descent and distribution; provided that, in the case of Shares of restricted stock granted under the Plan, such Shares of restricted stock shall be freely transferable following the time at which such restrictions shall have lapsed with respect to such Shares.

Unless the Committee determines otherwise, an option, SAR or performance award may be exercised only by the optionee or grantee thereof; by his or her executor or administrator, the executor or administrator of the estate of any of the foregoing, or any person to whom the option, SAR or performance award is transferred by will or the laws of descent and distribution; or by his or her guardian or legal representative; or the guardian or legal representative of any of the foregoing; provided that Incentive Stock Options may be exercised by any guardian or legal representative only if permitted by the Code and any regulations thereunder. All provisions of this Plan and any Award Agreement referred to in Section 11 shall in any event continue to apply to any option, SAR, performance award or restricted stock granted under the Plan and transferred as permitted by this Section 12, and any transferee of any such option, SAR, performance award or restricted stock shall be bound by all provisions of this Plan and any agreement referred to in Section 11 as and to the same extent as the applicable original grantee.

13. Listing, Registration and Qualification.

If the Committee determines that the listing, registration or qualification upon any securities exchange or under any law of Shares subject to any option, SAR, performance award or restricted stock Grant is necessary or desirable as a condition of, or in connection with, the granting of same or the issue or purchase of Shares thereunder, no such option or SAR may be exercised in whole or in part, no such performance award may be paid out, and no Shares may be issued, unless such listing, registration or qualification is effected free of any conditions not acceptable to the Committee.

14. Transfer of Employee.

The transfer of an employee from the Company to a Subsidiary, from a Subsidiary to the Company, or from one Subsidiary to another shall not be considered a termination of employment; nor shall it be considered a termination of employment if an employee is placed on

military or sick leave or such other leave of absence which is considered by the Committee as continuing intact the employment relationship.

15. Adjustments.

In the event of a reorganization, recapitalization, spin-off or other extraordinary distribution, stock split, stock dividend, combination of shares, merger, consolidation, distribution of assets, spin-off or other extraordinary distribution, or any other change in the corporate structure or shares of the Company, the Committee shall make such adjustment as it deems appropriate in the number and kind of Shares or other property available for issuance under the Plan (including, without limitation, the total number of Shares available for issuance under the Plan pursuant to Section 4), in the number and kind of options, SARs, Shares or other property covered by Grants previously made under the Plan, and in the exercise price of outstanding options and SARs. Any such adjustment shall be final, conclusive and binding for all purposes of the Plan. In the event of any merger, consolidation or other reorganization in which the Company is not the surviving or continuing corporation or in which a Change in Control is to occur, all of the Company's obligations regarding options, SARs, performance awards, and restricted stock that were granted hereunder and that are outstanding on the date of such event shall, on such terms as may be approved by the Committee prior to such event, be (a) assumed by the surviving or continuing corporation; or (b) canceled in exchange for cash, securities of the acquiror or other property; provided that, in the case of clause (b), (i) such merger, consolidation, other reorganization or Change in Control constitutes a "change in ownership or control" of the Company or a "change in the ownership of a substantial portion" of the Company's assets within the meaning of Section 409A(a)(2)(A)(v) of the Code and the guidance issued thereunder or (ii) the payment of cash, securities or other property is not treated as a payment of "deferred compensation" under Section 409A of the Code.

Without limitation of the foregoing, in connection with any transaction described in of the last sentence of the preceding paragraph, the Committee may, in its discretion, (i) cancel any or all outstanding options under the Plan in consideration for payment to the holders thereof of an amount equal to the portion of the consideration that would have been payable to such holders pursuant to such transaction if their options had been fully exercised immediately prior to such transaction, less the aggregate exercise price that would have been payable therefor, or (ii) if the amount that would have been payable to the option holders pursuant to such transaction if their options had been fully exercised immediately prior thereto would be equal to or less than the aggregate exercise price that would have been payable therefor, cancel any or all such options for no consideration or payment of any kind. Payment of any amount payable pursuant to the preceding sentence may be made in cash or, in the event that the consideration to be received in such transaction includes securities or other property, in cash, securities of the acquiror or other property in the Committee's discretion.

16. Amendment and Termination of the Plan.

Except as otherwise provided in an Award Agreement, the Board of Directors, without approval of the stockholders, may amend or terminate the Plan, except that no amendment shall become effective without prior approval of the stockholders of the Company if stockholder approval would be required by applicable law or regulations, including if required for continued

compliance with the performance-based compensation exception of Section 162(m) of the Code or any successor thereto, under the provisions of Section 409A of the Code or any successor thereto, under the provisions of Section 422 of the Code or any successor thereto, or by any listing requirement of the principal stock exchange on which the Common Stock is then listed.

17. Amendment or Substitution of Grants under the Plan.

The terms of any outstanding Grant under the Plan may be amended from time to time by the Committee in its discretion in any manner that it deems appropriate including, but not limited to, acceleration of the date of exercise of any Grant and/or payments thereunder or of the date of lapse of restrictions on Shares (but, in the case of a Grant that is or would be treated as "deferred compensation" for purposes of Section 409A of the Code, only to the extent permitted by guidance issued under Section 409A of the Code); provided that, except as otherwise provided in Section 16 or in an Award Agreement,

no such amendment shall adversely affect in a material manner any right of a participant under the Grant without his or her written consent, and further provided that the Committee shall not reduce the exercise price of any options or SARs awarded under the Plan. The Committee may, in its discretion, permit holders of Grants under the Plan to surrender outstanding Grants in order to exercise or realize rights under other Grants, or in exchange for new Grants, or require holders of Grants to surrender outstanding Grants as a condition precedent to the receipt of new Grants under the Plan, but only if such surrender, exercise, realization, exchange or Grant (a) is not treated as a payment of, and does not cause a Grant to be treated as, deferred compensation for the purposes of Section 409A of the Code or (b) is permitted under guidance issued pursuant to Section 409A of the Code.

18. Commencement Date; Termination Date.

The date of commencement of the Plan shall be , 2005, subject to approval by the shareholders of the Company. If required by the Code, the Plan will also be subject to reapproval by the shareholders of the Company prior to , 2010.

Unless previously terminated upon the adoption of a resolution of the Board terminating the Plan, the Plan shall terminate at the close of business on , 2015. Subject to the provisions of an Award Agreement, which may be more restrictive, no termination of the Plan shall materially and adversely affect any of the rights or obligations of any person, without his or her written consent, under any Grant of options or other incentives theretofore granted under the Plan.

19. Severability.

Whenever possible, each provision of the Plan shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Plan is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of the Plan.

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20. Governing Law.

The Plan shall be governed by the corporate laws of the State of Delaware, without giving effect to any choice of law provisions that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

21. Compliance Amendments.

Except as otherwise provided in an Award Agreement, notwithstanding any of the foregoing provisions of the Plan, and in addition to the powers of amendment set forth in Sections 16 and 17 hereof, the provisions hereof and the provisions of any award made hereunder may be amended unilaterally by the Company from time to time to the extent necessary (and only to the extent necessary) to prevent the implementation, application or existence (as the case may be) of any such provision from (i) requiring the inclusion of any compensation deferred pursuant to the provisions of the Plan (or an award thereunder) in a participant’s gross income pursuant to Section 409A of the Code, and the regulations issued thereunder from time to time and/or (ii) inadvertently causing any award hereunder to be treated as providing for the deferral of compensation pursuant to such Code section and regulations.

Exhibit 10.16

AGREEMENT

Between

NICE BALL BEARINGS, INC.
AN RBC COMPANY

and

UNITED STEELWORKERS OF AMERICA (AFL-CIO)
LOCAL 6816-12

Effective JANUARY 8, 2005

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12	Layoffs and Recall to Work
13	Open Jobs
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16	Wages and Other Compensation
17	New Products
18	Shift Premium
19	Temporary Transfers
20	Vacations
21	Holidays
22	Safety and Health
23	Union Facilities
24	Dispute Resolution
25	Living Agreement
26	Insurance
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28	Waiver of Any Clause
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32	Duration of Agreement

APPENDIX A-Tier 1
APPENDIX A-Tier 2
APPENDIX B-Memorandum of Understanding

ARTICLE 1
PARTIES TO THE AGREEMENT

This Agreement is entered into between NICE BALL BEARINGS, INC. – AN RBC COMPANY ("RBC" or the "Company" or the "Employer") and the UNITED STEELWORKERS OF AMERICA, AFL-CIO, on behalf of itself and the members of Local Union No. 6816-12 (the "Union").

ARTICLE 2
UNION RECOGNITION

The Company recognizes the Union as the certified collective bargaining agent for all of its production and maintenance employees engaged on jobs at its plant in Kulpsville, Pennsylvania, excluding clerical employees, general office employees, and supervisory employees pursuant and subject to the provisions

of the Labor-Management Relations Act of 1947 and amendments thereto. The Company recognizes the right of labor to organize in order to promote the interests and welfare of labor and to bargain effectively and will not interfere with the right of employees to become members of the Union, nor will it discriminate against employees for filing or causing to be filed a just grievance or because of membership in the Union, or against any officer or representative elected or appointed to act in behalf of the Union pursuant to the terms of the Agreement.

ARTICLE 3
MANAGEMENT RIGHTS

The parties recognize that all functions of management are reserved exclusively to the Company, except insofar as they are delegated or shared pursuant to the terms of this Agreement. These functions include the management of the business, the determination of the products, methods, processes, and means of manufacturing, the establishment of the size and direction of the workforce, the setting of work schedules, the rights to hire, promote, demote, layoff, transfer, discipline, discharge for proper cause and establishing fair efficiencies and work rules.

ARTICLE 4
UNION SECURITY AND CHECK-OFF

To the extent permitted by law, all bargaining unit members shall be required, as a condition of employment, to acquire and maintain membership in the Union immediately upon completion of thirty (30) days of employment or the effective date of this agreement, whichever is the later.

The Company will provide for check-off of union dues and initiation fees on behalf of employees who request such a service in accordance with prevailing law. The Company agrees to compute union dues on the basis of earnings in the preceding month. In case of earnings of less than sixteen (16) hours, dues will not be deducted. They will be deducted from the next pay which is sixteen (16) or more hours. Further, the Company will deduct $5.00 from one pay per year for P.A.C. for those employees who have so directed. The Union shall indemnify and save RBC harmless with respect to any claims or expenses arising out of any action taken as or not taken by RBC for the purpose of complying with this Article.

ARTICLE 5
NON-DISCRIMINATION

The philosophy and mission of RBC are designed to be in full and complete compliance with the legal and moral principles of equal opportunity in employment. Accordingly, the Company and the Union pledge, on behalf of themselves, as well as their officers, members and representatives to treat all persons equally without regard to their race, color, religion, age, sex, national origin, disability, or veteran’s status. Although the term “he” is used throughout this Agreement, it is used to represent both male and female employees and is not intended to be discriminatory or exclusive in any way, but rather to simplify the language for understanding.

ARTICLE 6
STRUCTURE AND DECISION-MAKING PROCESS

UNION PLANT COMMITTEE*:*
The Union Plant Committee is elected by the Union members according to the Union bylaws and will be comprised of the President, Vice President and Area Grievance Chairman. However, the current committee members will continue in office for the balance of their term or until they resign or are removed by the Union, whichever occurs first. Union Plant Committee members will have top seniority for layoffs and recall purposes. They will be assigned to serve on the Plant Council and the other committees created by this Agreement as the Union sees fit.

PLANT COUNCIL*:*
A consultative employee group, consisting of the Union Plant Committee and an equal number of representatives from the Company, which includes the Plant Manager or his designee, will meet to discuss unresolved issues affecting the entire plant or which have not been resolved through previous discussions. The Plant Council will seek to reach agreement through consensus. The Plant Council meetings will meet as often as necessary, at least weekly, unless mutually agreed not to meet.

ARTICLE 7
WORK PERFORMED OUTSIDE THE BARGAINING UNIT

1. It is not the intent of the Company to subcontract work provided there is sufficient manpower, skills, abilities, and equipment in the plant to timely and economically perform the work involved. The Company will notify the Union of scheduled subcontracting at the weekly Plant Council meeting, including a brief description of the work to be performed, and reasons for having it performed by an outside contractor. If such notice is not feasible, the Company will verbally contact a representative so designated by the Union. The Union shall have the right to file a grievance regarding the Company’s action at Step 3 of Article 24.

2. The parties shall conform to the principle that non-bargaining unit employees shall not perform any operation that would deprive bargaining unit employees of their regular work. Non-bargaining unit employees may be used to perform experimental work, with or without the assistance of employees in the bargaining unit, as management determines. Experimental work is defined to mean all work involved in the development of new, different or modified products, parts, tools or equipment. Non-bargaining unit employees may also be used in cases of emergency or training.

ARTICLE 8
MULTI-MACHINE OPERATOR PROGRAM

All employees hired after October 25, 2003 will be hired in the multi-machine operator position. Current employees may elect to be reclassified as multi-machine operators. If a multi-machine operator, at step five, has the appropriate skills as determined in his annual evaluation, the employee will move to the next level even if a position is not available. Employees in the multi-machine operator classification may be assigned by the Company to perform any function the employee has the skill and ability to perform.

Newly hired multi-machine operators will normally be placed on the multi-machine operator grid at level three, step one, however, an employee who possesses appropriate skills may be placed at a higher level step one.

Existing employees who convert to a multi-machine operator shall retain their current level and step in the existing employee pay scale.

On their anniversary date, and each six months there-after, multi machine operators below step five, will receive an employee performance evaluation. The minimum points to advance to the steps are as follows:

Step	Points
5	91-100
4	81-90
3	71-80
2	60-70
1	Below 60

An employee may not advance more than one step at each rating.

Once a multi-machine operator has reached step five, he will receive an annual performance evaluation. The employee shall then move to the next higher level if the employee has the appropriate skills even if an open position is not available.

To move to the next higher level, the multi-machine operator will have to possess the skills set forth in the job description for that level. Job descriptions will be reviewed by Plant Council. The multi-machine operator's level and step will remain the same (present level reaching through qualification and evaluation) no matter what job classification performed.

Once a multi-machine operator has advanced to a level and step, he will retain that level and step even if he does not achieve the appropriate number of points for his current level and step. In these circumstances, the multi-machine operator will be placed on a performance improvement program.

If there is a dispute over an employee's performance evaluation the matter will be subject to review by Plant Council. If the Plant Council does not reach agreement, the employee will receive another review by a different reviewer and the higher score of the initial review or second review will be the employee's rating. Failure to reach resolution by the above method could make the matter, subject to a grievance/arbitration procedure.

Current employees who do not wish to transition to the multi-machine operator classification will be permitted to retain their current job classification and level and will be placed on the appropriate level and step with their current pay level. Those employees will participate in the employee performance evaluation each six months and may move to the next step. The minimum points to advance to the next step will be the same as for the multi-machine operators. Those employees who are placed on step five of a level will receive an annual performance evaluation and if eligible and qualified could advance to the next level at step five if an open position exists.

Employees at step five will receive wage increases if the step five level is increased.

As detailed in article nine the company intends to develop two training positions. The training positions will be posted in the same manner as open jobs are posted in article thirteen. The successful bidder will have to meet the minimum requirements of the training position.

An employee may elect to become a multi-machine operator at any time by accepting an open job posting and declaring their switch to a multi-machine operator, except after notice of a lay-off and between the notice and actual lay-off.

If an employee's anniversary occurs while the employee is participating in a multi-machine operator training slot, the employee will receive an evaluation at the completion of training and be eligible for advancement at that time to the next level. Step evaluations will take place at the normal six month cycle.

ARTICLE 9
TRAINING

The company will post a skills matrix representing the qualified skills each employee has acquired. This matrix in combination with the present business needs will determine job classification training needs. The company will have two (2) training positions available for continual skill training of the workforce. These positions will be added based on company business conditions which will be reviewed on a quarterly basis within the plant council. Trainees for the training positions will be through job postings. The two (2) training positions will be in different job classifications. Additional training will be based on business conditions. Selections for additional training will be determined by employee desire to advance and their seniority.

ARTICLE 10
PROBATIONARY PERIOD

1. An employee may acquire seniority rights by working ninety (90) continuous days, in which event the employee's seniority will date back ninety (90) days. When an employee acquires seniority, his name shall be placed on the plant seniority list. New employees who have worked less than ninety (90) calendar days shall be classified as probationary employees. There shall be no responsibility for re-employment of such employees if they are laid off or discharged during this period.

2. Benefits for newly hired employees will begin following sixty (60) days.

ARTICLE 11

SENIORITY

It is mutually agreed the departments and department seniority of employees as theretofore agreed upon will remain in effect unless regrouping of departments is otherwise agreed upon between the Company and the Union. Whether new departments shall be included in an existing department or shall constitute a new department will be determined by agreement between the Company and the Union.

The following are the departments heretofore agreed upon:
ASSEMBLY
AUTOMATICS
MATERIALS
TOOLROOM
GRIND
LABORER/JANITOR
QUALITY
MAINTENANCE

All employees hired before October 25, 2003 and those not hired as multi-machine operators will have job titles under the existing job classification system and be Tier 1.

All employees who are hired on or after October 25, 2003 will be hired in the classification of multi-machine operators with various skills and grade based upon their level of training and qualifications and be Tier 2.

On January 10, 2005 the company will institute a program which will permit employees currently employed with Job Titles under the existing job classification system (Tier 1) to be converted to the multi-machine operator classification. Employees who wish to participate in the multi machine operator program, will be required to declare their intent on or before six months after the execution of this agreement.

1. Computing Seniority

A) The seniority of an employee shall be computed on the basis of the length of his service, from the date of his last employment with the Company, subject to the provisions of this Agreement. When more than one employee is hired on the same date, to establish their seniority position, their names will be placed on the seniority lists in alphabetical order by last name (at the time of hire), first name, and middle name.

B) An employee who accepts a position not within the Bargaining Unit will have ninety (90) days to return to the Bargaining Unit. If the employee exceeds this 90-day period, he will lose all rights and will return to the Bargaining Unit only as a new employee.

C) Service will accumulate during an approved personal leave of absence, Union leave, family and medical leave, maternity leave, sick leave, military leave, funeral leave, jury duty or layoff.

2. Termination of Employment

An employee's length of service and seniority shall be considered ended, and the employee will have no further recall or other rights as an employee of any kind or nature, except the right to vacation pay, and insurance continuation, if such an employee:

A) Voluntarily quits his employment, or

B) Is discharged for proper cause, or

C) Is absent for three (3) consecutive working days without properly notifying the Company, or

D) Fails to return to work from layoff within five (5) working days after being notified by telephone unless prevented to do so because of sickness, injuries, or causes beyond his control and the Company is notified prior to the end of the fifth working day. In such event, he shall be given a reasonable time in which to report for duty. The date of return shall not be later than one (1) year thereafter. Such a condition shall not prevent employees next in service from being employed during the interim. In instances where notification is by "overnight" mail or certified mail only, the five (5) days commence with the receipt of the letter by the employee. In any event, if there is no response within two (2) weeks, the employee whom the Company in unable to reach will be terminated.

E) Fails to return to work at the end of an approved leave of absence or gives a false reason for obtaining a leave of absence, or

F) Passes the time limit for recall from layoffs.

3. For purposes of layoff and rehire, the officers of the Union shall have seniority in the following order: President, Grievance Chairman, Vice President and Grievance Committee providing they have the ability to perform whatever jobs are available. No layoff notice is required if one of the aforementioned leaves his office. The Union agrees to keep its list of officers and stewards up to date and will hold the Company blameless if the list is not kept current.

ARTICLE 12
LAYOFFS AND RECALL TO WORK

1. Layoff Provisions

A) The Company will give at least two and one-half (2-1/2) working days' notice prior to layoff to the employees affected, even if only one employee is affected, or will pay him at straight time rate for two and one-half (2-1/2) working days in lieu of such notice.

B) Laid off employees will be covered with medical insurance for the month in which the lay-off occurs and one month following the lay-off.

C) When a job is eliminated within a Job Classification, the least senior employee in that job classification will be displaced.

D) An employee displaced from a job classification may bump on the basis of plant seniority one of the least senior employees in the same or another job classification providing he currently possesses the skill and skill level of the junior employee he wishes to displace with demonstrating proficiency within two weeks. The employee will designate a job choice within 24 hours from the end of the shift on which he was displaced. Employees can only bump into a Skilled Trades job if they previously held the job.

E) When a shift or part of a shift is removed due to lack of work or reduction of work, any employee affected will be given the opportunity to exercise his seniority on the shift of his choice, with demonstrating proficiency within two weeks.

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2. Recall Provisions

A) If employees are laid off and subsequent thereto it becomes necessary to increase the workforce in any department, rehiring will begin with the most qualified senior employee, regardless of job classification. He will be paid according to the skill level in the job classification to which he has been recalled.

B) If an employee on the recall list is offered regular, full-time re-employment in the same department and shift as previously held, and he refuses to accept it, he will be dropped from the recall list and no longer have any rights under this Agreement.

C) The Multi Machine Operator (MMO) will be recalled based upon senior qualified. If he refuses recall he will be removed from the recall list.

D) If an employee on the recall list is offered regular, full-time re-employment in a different job classification or shift, and he refuses to accept it, he will remain on the recall list until such time as he is offered another opportunity to return to work. A third refusal to return to work will cause such employee to be removed from the recall list and no longer have any rights under this Agreement. In order to count as a “refusal” for purposes of the preceding sentence, the offer which the laid-off employee refuses must have been received at least one month subsequent to the prior offer he refused.

E) The Company shall notify eligible employees by telephone, where possible, to report for work and confirm it by “overnight” or certified mail to the last known address, and shall give a copy of such notice to the Union at the same time. If such employee does not report within five (5) working days after being notified by telephone, he shall lose his seniority unless he is prevented from returning due to sickness, injuries, or causes beyond his control, and the Company is notified prior to the end of the fifth working day. In such event, he shall be given a reasonable time in which to report for duty. Such a condition shall not prevent employees next in service from being employed during the interim. In instances where notification is by “overnight” or certified mail only, the five (5) days commence with the receipt of the letter by the employee. In any event, if there is no response within two (2) weeks, the employee whom the Company is unable to reach will be terminated.

F) A laid off employee will remain on the recall list according to the following time limits:

SENIORITY	TIME LIMIT
Probationers	No Recall
Non-probationers	3 years (36 months)

3. The Company agrees to notify the Union immediately, in writing, of all temporary and permanent layoffs, resignations, discharges and transfers.

4. It shall be the duty of the employees to advise Human Resources, in writing, of their proper home addresses, and any notice sent by the Company by “overnight” mail or certified mail to the last known address of record with the Company shall be considered proper notice. The Company agrees to inform the Union of new or corrected addresses.

ARTICLE 13
OPEN JOBS

1. Filling Open Jobs

The Company agrees when an opening exists within the bargaining unit present employees will be considered for these positions before new employees are added to the workforce.

The following procedure will apply for filling open jobs:

A. Canvass the job classification in the department, for shift change reasons.
B. Post open job

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1) The Company will post notice of such opening for seventy-two (72) hours. The posting will include date and time the posting will close. Employees who wish to apply for the opening must do so by submitting a completed Job Vacancy Application to their supervisor during the posting period.

2) Any employee on layoff who is qualified and senior to the successful bidder will be contacted and offered the opening.

3) Recall from layoff

a. Senior employee is recalled with the 60 day disqualification requirement applying (9 &10 below).

4) New hire

2. Procedure to be followed in making awards:
    a. Seniority
    b. Skill & Ability
    c. Plant-wide recall
    d. Outside hire

3. If a job is posted when an employee is on vacation, workers' compensation, or an approved leave of absence for reasons named in Art. 14, sec. 1, that employee will be given 3 days in which to bid on the opening, provided he has returned within 90 calendar days from the date of the job posting. In the event that awarding the posted job is delayed as a result thereof , the company will have the right to fill the position during the interim with the next most senior applicant who is qualified under 2 above.

4. All awards to open jobs will be posted within 5 working days. A successful bidder will be transferred to the open job within 30 calendar days after he is designated, unless the Plant Council determines his transfer within that time period would be detrimental to his current department.

5. When an open job exists in one of the Skilled Trades classifications, the Company may determine whether to train or hire on the outside. If the Company decides that the posting and bidding procedure outlined in Subsection A above shall be utilized, the job will be awarded on the basis of seniority and aptitude. However, employees who have previously held the job in the Skilled Trades classification in which the open job exists, will be given priority. Those employees bidding for the job who have not previously held the open Skilled Trades job will be required to take a standard skills assessment test to verify qualification and aptitude for successful performance, and must hold any applicable certifications

6. Any proposed mechanical aptitude test or other test deemed necessary by the company, and individual results, will be reviewed by the union president. Employees who are applicants for the open position will be entitled to repeat test after 6 month period has expired from previous test. Senior employees who pass the test will not supplant junior employees who have passed previous test and are in training.

7. Existing employees, prior to October 25th, accepting a higher labor grade job, will retain their existing pay with their new classification. Increases will be awarded through the evaluation process. Employees accepting lower labor grade jobs, will obtain the rate of pay with their new classification. If an employee's anniversary occurs while the employee is participating in training for a new position, the employee will receive an evaluation at the completion of training and be eligible for advancement at that time to the next level. Step evaluations will take place at the normal six month cycle.

7a. MMO's will retain existing rate of pay with their new classification.

8. Successful applicants will be trained on the shift where suitable training conditions exists, and will be moved to the posted shift as soon as practical after sufficient skill levels are reached.

9. If an employee disqualifies himself within a period of sixty (60) days, he shall return to his original job classification he held at the time of the job award. Such employee shall then be restricted from bidding out of his classification for a period of six (6) months, except to fill a position that would otherwise be sent out for hire.

10. If the employee is disqualified within a period of sixty (60) days, he shall return to the original job classification he held at the time of the job award. Such employee shall then be restricted from bidding out of his classification for a period of six (6) months, except to fill a position that would otherwise be sent out for hire.

11. In the event work is transferred from one department to another on a permanent basis, the affected employees will be given the opportunity of moving with full seniority to the new department.

ARTICLE 14
LEAVE OF ABSENCE

1. Types and Conditions of Leave

A. Personal Leave

A personal leave of absence shall be understood to mean an absence from work without pay, requested by an employee and consented to by the Company, covering an agreed period of time and for reasonable cause. The Union shall be notified of any such leave prior to commencement thereof and of any extension thereto. Personal leaves of absence will not be granted for the purpose of allowing an employee to take another position temporarily, try out new work, or venture into business for himself.

B. Union Leave

Upon written request by the District Director, United Steelworkers of America or his designated representative, a leave of absence not to exceed two (2) years will be granted to members of the Union selected to work full time for the Union in an official capacity. Such leave of absence will be without loss of seniority, but no other benefits shall apply during the term of such leave.

Employees selected and appointed as delegates to any Union meeting, conference or convention necessitating a temporary leave of absence shall be granted such leave of absence without pay and without loss of seniority.

Employees elected to public office or appointed to non-civil service positions shall be granted a leave of absence not to exceed four (4) years. Neither seniority nor benefits accumulate during the term of such leave.

Upon proper notification, any two (2) employees assigned by the Union to engage in activity relevant to political elections, will be excused from work on the day in question.

C. Sick Leave

An employee, who may become ill or injured and qualify for non-occupational disability, and has supported his absence with satisfactory evidence similar to that required under the Company's Family and Medical Leave policy, shall, upon application, be granted an unpaid leave of absence. The employee must provide medical evidence of continued disability as required.

In all instances, upon returning to work, a statement must be presented from a qualified physician stating the employee is physically capable of performing his regular job assignment. The Company reserves the right to obtain a second opinion from a qualified physician designated by the Company and at the Company's expense. The employee will return to his previous job provided work is available and he has the seniority to do so. If the leave was an approved FMLA Leave for personal disability, he will return to his previous job or a comparable job. Otherwise, he will be eligible to bump another job, subject to the seniority provisions of this Agreement, and provided he has the skill and ability to perform the work.

Employees on sick leave will be removed from the active payroll. However, if an employee is not on the active payroll on 12/31 but returns to work on or before 3/31 of the succeeding year and works at least thirty (30) days in that year, that employee will be eligible for full vacation benefits.

Employees on sick leave for one (1) year or more will be taken off the payroll. Those employees will not lose any

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rights to life insurance or medical insurance, or any other accrued rights, and will be reinstated at full accumulated seniority if and when they are able to return to work. However, for employees with less than ten (10) years of service, all benefits will cease after one (1) year.

During the period in which A&H benefits are paid, hospital coverage and life insurance will continue.

D. Family and Medical Leave

It is understood that all of the leave provisions herein shall be administered in a manner consistent with an employee's rights, if any, under applicable family and medical leave statutes. Likewise, it is the parties' intent that the Company shall have the right to exercise any rights of an employer under such applicable statutes.

E. Maternity Leave

Employees absent from work due to pregnancy shall be granted sick leave as described above, provided the required application, approvals, procedures and proof of medical disability are followed as outlined in the Company's FMLA Policy and conform to current applicable laws concerning maternity absences. A leave of absence for pregnancy may be extended up to three (3) months following delivery, without loss of seniority or service. In all instances, upon returning to work following a delivery, a statement must be presented from the family physician stating the employee is physically capable of performing her regular job assignment.

F. Funeral Leave

An employee will be granted three (3) days off with eight (8) hours straight time pay in the event of a death in the immediate family for the purpose of arranging and attending the funeral; the immediate family being mother, father, spouse, children, brothers, sisters, half-brothers, half-sisters, sister-in-law, brother-in-law, mother-in-law, father-in-law, son-in-law, daughter-in-law, step-parents, step-children, grandparents and grandchildren. One (1) of these three (3) days may follow the funeral.

An employee will be given one (1) day off with eight (8) hours straight time pay to attend the funeral of a step-parent of a spouse.

If a death occurs in the immediate family of an employee while he is on vacation, that employee will be entitled to three (3) consecutive days off immediately upon conclusion of the vacation period.

G. Jury Duty

In case of jury duty, the Company will make up the difference in pay between jury duty pay and straight time pay by the Company for forty (40) hours per week. Such compensation shall be payable only if the employee gives the Company prior notice of such jury duty call and presents proper evidence as to the jury duty performed.

The Company will pay up to eight (8) hours for employees who lose time from work due to necessity of going to the Courthouse either to qualify for or to be excused from jury duty.

If an employee is on jury duty and death occurs in the immediate family, the employee will be covered under terms outlined in Section 1(F) above.

If an employee is on jury duty and is released for any reason, he shall have the option of reporting to work or having an excused absence. This option may be exercised only one (1) day in any one (1) week period and only after notification to the Company.

If an employee is on jury duty and "daily" overtime is scheduled in that period, the employee will not be entitled to work such overtime. However, that employee will be entitled to work overtime if it is scheduled on a weekend.

H. Military Leave

Any employee who is required to attend Military Reserve Training encampment shall be excused from work for up to two (2) weeks and shall be paid up to two (2) weeks the difference between his military pay and what he would have earned while working for the Company, up to a maximum of eighty (80) hours. The employee must present proof of

his gross military pay before any payment is made.

All veterans, who previous to induction were employed by the Company and who have returned within ninety (90) days after their discharge from War Service shall be compensated for any lost time for medical checkup for injuries received in the line of duty or situations arising therefrom, so long as the maximum compensation shall not exceed eight (8) hours in any thirty (30) day period. Regulation governmental procedure shall be obtained in certification of a veteran's incapacity; proper governmental identification in the form of documentary evidence shall be submitted to the Plant Manager in such cases. In the circumstances of Malaria, such veteran would be treated in accordance with governmental regulations by a physician duly appointed by the government. The Company will comply with all existing Federal and State statutes pertaining to veteran's rights and benefits.

2. Leave Provisions

A) All requests for permission to take personal leave of one week (5 days) or more shall be submitted to the Human Resources Manager. Requests for less than one week (up to a maximum of ten (10) days per year in the aggregate) may be submitted to the Supervisor. Approval of such requests is at the discretion of the Human Resources Manager or the Supervisor, as the case may be.

B) Employees who are approved for Personal Leave, Union Leave, Sick Leave, Military Leave (except for yearly two-week encampments), Family and Medical Leave and Maternity Leave will be granted such leave without pay.

ARTICLE 15
OVERTIME

1. The contracting parties hereby agree that the normal work day shall be eight (8) hours and that the normal work week shall be five (5) consecutive days, commencing Monday and ending Friday. It is agreed that the present working schedule shall remain in effect, and that any change in established schedules shall be decided in the Plant Council. This shall not be construed as a guarantee of hours of work per day or per week.

2. Starting times and shifts will remain in effect for the length of this contract. Any change must be decided in the Plant Council.

3. Curtailment on a partial department or plantwide basis will be as follows:

   A) The Company representatives on the Plant Council will notify the Union representatives on the Plant Council three (3) days prior to curtailment except for circumstances beyond the control of the Company.

   B) On a partial department basis, work will be performed by immediately qualified employees in line of seniority.

   C) If curtailment exceeds five (5) consecutive days duration, the Company will then revert to the layoff provisions of this contract.

   D) If curtailment occurs for one (1) or more days in a department, the Company will attempt to place the affected employees in other departments without interfering with employees in those departments. An employee may also opt to take time off without pay or to use vacation time.

4. All work in excess of eight (8) hours per day on any regular working shift or all work in the work week in excess of forty (40) hours shall be paid for by the Company at a rate of one and one-half (1 ½) times the regular rate.

5. All work performed on Saturday shall be paid for at one and one-half (1 ½) times the employee's regular hourly rate, and all work performed on Sunday shall be paid for at two (2) times the regular hourly rate. However, management will not be obligated to give Saturday and Sunday work to any employee who has lost a scheduled day or more Monday through Saturday of that week. This shall apply even though the employee may have worked less than forty (40) hours during the regular work week. Before an employee is denied an overtime opportunity because of absence, the supervisor will contact the Human Resources Manager to prevent any

unjust application of this rule.

6. A holiday shall be counted as a day worked for purposes of overtime computation.

7. When in the judgement of management, overtime is required for a given department, the regular employees assigned to the department shall be given preference over other employees to accept such overtime, provided that they have the ability to do the work available. All reasonable means will be employed to equalize overtime among shifts in a department. Any questions as to the qualifications or capability of any employee or employees will be explained by the supervisor. This paragraph does not apply to the skilled trades.

8. It shall be clearly understood that the responsibility for keeping the rotating list up to date shall rest with the Union and further, that the Union will hold the Company blameless for any grievance arising from the selection of workers from the list, providing the selection of those persons whose turn it is to work is according to the Union's list. In the event of a mistake under this section, the employee affected thereby shall be given an overtime makeup turn the next time overtime is scheduled in this particular work group.

9. The Company agrees (overtime work not being compulsory) to schedule weekend overtime by 11:00 AM on Thursday, except where an emergency makes such scheduling impossible. Whenever possible, the list of employees to work weekend overtime shall be given to the Company by the Union no

later than 8:30 AM on the Friday immediately preceding the scheduled overtime.

10. Where a department or any employee in the department has been on an overtime basis, an employee will receive eight (8) hours notice, wherever practical, before returning to his regular shift.

11. Proper notification of overtime will normally be four (4) hours after the start of the shift unless the Plant Council agrees otherwise.

12. When overtime is to be worked within a department, employees who possess the required skills will be canvassed on a seniority basis.

13. If an employee is scheduled for overtime on Saturday or Sunday and reports for duty, he shall receive pay for no less than four (4) hours work. If the employee is transferred to other work on overtime, he shall be guaranteed eight (8) hours work at the appropriate rate of pay.

14. Employees who are called back to work after the end of their regularly scheduled shift will be guaranteed a minimum of four (4) hours pay at the appropriate overtime rate. However, when any callback results in consecutive hours worked just before the employee's regularly assigned shift those hours will be paid at the appropriate rate and hours after the start of the scheduled shift will be paid on a straight time basis.

15. When an employee is transferred from one department to another department, he shall be afforded the opportunity to work any scheduled overtime in the department to which he was transferred. In the event that no overtime is scheduled in that department, he is eligible to accept overtime in the department from which he was transferred.

16. The parties also recognize the need in many cases for special exception overtime agreements, which are to be entered into promptly in writing between the members of the Plant Council. The present exception agreements shall remain in effect unless otherwise changed within the Plant Council.

17. Overtime may be worked in a department where layoffs exist. If the overtime exceeds 50% of total hours worked in two (2) consecutive weeks in such department the Company will immediately recall at least one (1) employee per week for the duration of the overtime.

ARTICLE 16
WAGES AND OTHER COMPENSATION

TIER 1

1. Effective January 8, 2005, a general increase of 2% will be applied to all individual rate of pay of each member of the bargaining unit. Employees who are not on the active roll at the time of the general increase will receive

the increase adjustment at the time they return to the active roll.

2. Effective January 8, 2006, a general increase of 2% will be applied to the individual rate of pay of each member of the bargaining unit. Employees who are not on the active roll at the time of the general increase will receive the increase at the time they return to the active roll.

3. Effective January 8, 2007, a general increase of 2.5% will be applied to the individual rate of pay of each member of the bargaining unit. Employees who are not on the active roll at the time of the general increase will receive the increase adjustment at the time they return to the active roll.

TIER 2

1. Effective January 9, 2006, a general increase of 2% will be applied to the individual rate of pay of each member in the bargaining unit. Employees who are not on the active roll at the time of the general increase will receive the increase adjustment at the time they return to the active roll.

2. Effective January 9, 2007 a general increase of 2.5% will be applied to the individual rate of pay of each member in the bargaining unit. Employees who are not on the active roll at the time of the general increase will receive the increase adjustment at the time they return to the active payroll.

ARTICLE 17
NEW PRODUCTS

1. The Company has the discretion to manufacture different products, new to the plant, and may create a new department or otherwise staff the production of such product by means of recalling or rehiring experienced employees or by means of new hires. If the Company believes that the skills and/or knowledge needed to produce such product on an efficient and profitable basis are substantially different than the skills and knowledge in the existing departments:

    A) The Company will install a wage range for the positions;

    B) The wage range will be explained in the Plant Council with the object of obtaining a consensus agreement. The wage program may be installed by the Company without a consensus agreement in the Plant Council subject to adjustment as provided below;

    C) When a wage range is installed, the Union may process the issue in accordance with Article 24 below, including submission to arbitration of a grievance alleging that such does not bear a fair relationship to the wage structure in the plant. The decision of the arbitrator, if any, shall be effective as of the date when the employee(s) commenced manufacturing such different product.

ARTICLE 18
SHIFT PREMIUM

1. A shift premium of 5% of the regular hourly rate will be paid to all employees whenever they are assigned to and working on the afternoon and night shifts for the life of the contract.

2. Where scheduled variations from the regularly scheduled shifts occur, the jobs involved will be considered as falling on the shift on which a major part of the job is worked.

3. Shifts shall be identified as follows:

   A) Day Shift - ("A" Shift)
   When the majority of hours on an employee's regularly assigned shift shall fall between 7:00 a.m. and 3:00 p.m., inclusive, he shall be considered as working on the Day Shift.

   B) Afternoon Shift - ("B" Shift)
   When the majority of hours on an employee's regularly assigned shift shall fall between 3:00 p.m. and

11:00 p.m., inclusive, he shall be considered as working on the Afternoon Shift.

   C) Night Shift - ("C" Shift)
   When the majority of hours on an employee's regularly assigned shift shall fall between 11:00 p.m. and 7:00 a.m., inclusive, he shall be considered as working on the Night Shift.

ARTICLE 19
TEMPORARY TRANSFERS

1. An employee may be transferred into another department temporarily if there is a greater need in that Job Classification or if there is a lack of work in the other department. The transferred employee shall receive the rate of pay of the skill level which he has attained and will be given a transfer slip.

2. If senior employees are involved, they may displace junior employees in the department, providing they possess the skill level required to perform the job, and the junior employee will be transferred.

3. Transfers may be made for daily absenteeism within a department and may continue for up to five (5) working days. If the absence of any employee should exceed five (5) working days, the matter will be referred to the Plant Council for action.

4. When layoffs are necessary, transfers may be made from one department to another providing no layoffs exist in the department to which transfers are being made. However, such transfers are permitted to cover temporary vacancies (a) due to vacation or disability, (b) to respond to emergencies, or (c) where employees on layoff do not possess the skills necessary to perform the work in question, (d) work of short duration. In the case of (a), (b) or (d), the transfer shall not exceed one (1) week unless the Plant Council gives its consent.

5. Multi-machine operators may work within all job classifications where previously qualified and not be considered a temporary transfer. During periods of layoff, par. 4 of article 19 will apply.

ARTICLE 20
VACATIONS

1. The vacation year shall begin on January 1 and end December 31. Each employee who is on the payroll on December 31 of any year shall be entitled to receive his full vacation benefits in the ensuing year, notwithstanding the fact that his services may have been terminated in the ensuing year prior to the receipt of vacation pay.

2. Employees not on the active payroll as of December 31, but who become active after December 31, due to recall or return from a Company approved leave of absence, will be entitled to vacation benefits for each month of service in the current vacation year.

   A) In cases of employees with less than one year's service, vacation benefits will be prorated as mentioned above, except that employees with less than six (6) months' service will not be entitled to vacation benefits.

   B) If any employee elects not to return to his department in which he formerly worked when called by the Company after a layoff, the employee loses the right to the vacation privilege, unless he was on the active payroll the previous December 31, in which case he will be paid his full vacation benefit.

All employees returning from layoff to a permanent job who have been paid vacation benefits in the current year, will be entitled to take equivalent time off without pay, except such employees must work at least one month immediately upon return from layoff.

   C) When an employee is laid off, he will receive all vacation benefits due at the time of such layoff.

3. Vacation benefits for employees hired on or before October 22, 1999 shall be as follows:

Accredited Service Prior to 12/31 of Vacation Year	Vacation
1 year less than 3 years	1 week 1 day
3 years less than 5 years	1 week 4 days
5 years less than 7 years	2 weeks 1 day
7 years less than 9 years	2 weeks 2 days
9 years less than 11 years	2 weeks 4 days

11 years less than 13 years	3 weeks
13 years less than 15 years	3 weeks 1 day
15 years less than 20 years	4 weeks
20 years less than 25 years	5 weeks 1 day
25 years and over	5 weeks 3 days

A) Employees hired on or after October 23, 1999 will receive a maximum of four (4) weeks vacation based on the accredited service schedule above.

4. Vacation pay for each eligible employee will be computed on the basis of a forty (40) hour week at straight time for the highest rate paid for the majority of the time worked between January 1 and June 1. The vacation pay for an employee taking his vacation prior to June 1 will be based on his highest rate for the majority of time worked from January 1, until he applies for his vacation. Vacations taken after June 1 will be paid at the employee's current rate.

A) The Company agrees to pay the employee his vacation pay at the time the employee takes his vacation between January 1 and December 31. It is provided, however, that the employee will receive his vacation pay on a regular pay date and that one week's notice be given in advance of such pay date.

B) The Company agrees to pay employees only when the vacation is taken. Any employee who is scheduled for an approved vacation and works during that scheduled vacation may elect to receive their vacation pay in addition to actual time worked or additional time off. Any such employee who is scheduled for vacation may not change such vacation except by mutual agreement between the Company and the Union.

C) An employee will receive vacation pay for each individual day he charges to vacation.

D) An employee who desires vacation by seniority must request such vacation by March 1. If an employee does not follow the above procedure, the Company will assign his vacation.

E) Individual holidays cannot be charged as vacation days. The only exception will be where the holiday, or holidays, fall within the employee's scheduled vacation week. In these instances, the employee will receive his holiday pay.

F) Employees who honor their military reserve commitments in conjunction with their vacation time are not entitled to reserve make up pay.

G) Between the dates of January 1 and June 1, and September 15 and December 31, an employee may split his vacation week into days.

5. Any employee who shall have worked a full month or any fraction thereof shall be given credit for the full month in computing earned vacation time on a prorated basis. An employee who returns from layoff or is hired on or before the 15th of the month shall be given full credit for that month.

6. Vacations will be scheduled by the employee and approved by the supervisor in accordance with production requirements.

A) Employees with the greatest seniority within a Job Classification will be given preference in scheduling vacation.

B) The right of the Company to shut down for two (2) consecutive weeks of mandatory vacation anytime from July 15 to August 15 is recognized by the Union. In addition, the Company has the right to schedule a vacation shutdown during the final week of the year (i.e. between Christmas Eve and New Year). The Company will notify the Union of the three (3) weeks shutdown by February 1 of the vacation year.

C) If there is work to be performed in a department during the vacation shutdown, employees in the department without eligibility for the scheduled shutdown weeks of vacation will be canvassed for the work on a seniority basis. If more employees are necessary, the jobs will be filled by employees on a seniority basis in the department where the work is needed. Should the employee requirements remain unfilled, additional employees will be canvassed from the master seniority list on a plantwide basis. Employees who work during the vacation shutdown period may request alternative vacation time off, by seniority, with supervisor's approval, in accordance with production requirements, provided each such request is submitted during the vacation shutdown period. Thereafter, requests for alternative vacation time off shall be acted upon in the order received.

7. The vacation schedule shall be posted on or before January 15. This schedule will give the amount of hours the employee has for the vacation year.

A) The vacation schedule as to the employee's choice of vacation shall be posted in each department by April 1.

B) Each department shall be responsible for posting its own vacation schedule by April 1.

8. Any employee who is on vacation for a full week shall not be eligible for overtime assignment during any weekday or weekend falling within such vacation period.

9. In the event of death of any employee who was eligible for a vacation but did not use his vacation, the amount of vacation pay to which he would have been entitled shall be paid to his surviving spouse or legal representative in accordance with the laws of his state of domicile at the time of death.

10. An employee shall be permitted one instance per year of post dating a vacation day if 24 hours notice is given, except in the case of an emergency, in which case the 24 hour notice will be waived. Thereafter, for the remainder of the year, an employee shall only be permitted to post date vacation days when approved by the Supervisor. No post dating will be permitted in the period between June 1 and September 15.

11. Any employee who is absent from the Company due to sickness or personal leave of absence may opt to take vacation money in lieu of time off.

ARTICLE 21
HOLIDAYS

1. The following holidays shall be recognized as paid holidays for all hourly employees (such holiday time to be from 12:01 AM to 12:00 midnight of said holiday):

Good Friday	Labor Day
Easter Monday	Thanksgiving Day
Memorial Day	Day after Thanksgiving
Independence Day	Three Holidays to be designated at Year's End

2. Hourly rate employees covered by this Agreement shall receive eight (8) hours pay at their regular rate, including night shift bonus, for each of the above holidays, no work being required.

3. When any of the above holidays shall fall on Saturday, the preceding Friday shall be observed in lieu thereof as a paid holiday. When any of the above holidays shall fall on Sunday, the Monday following shall be observed in lieu thereof as a paid holiday. When the Christmas holidays fall on Friday and Saturday, Thursday and Friday

will be observed as the holidays. Should the Christmas holidays fall on Sunday and Monday, Monday and Tuesday will be observed as holidays.

A) An employee who works on any one of the above mentioned holidays shall be paid at double time the regular established rate for hours worked plus his holiday pay.

B) A holiday which occurs during an employee's vacation shall not affect the period of vacation and the employee in such cases will return to work at the beginning of the regular work week rather than a day later. When a paid holiday occurs while the employee is on vacation, he will receive the holiday pay in addition to vacation pay. If a holiday occurs during an employee's vacation week, the employee may have the privilege of taking the day at a later time – the day to be agreed upon by the Company and the individual involved.

C) A holiday shall be counted as a day worked for purposes of overtime computations.

4. To be eligible for holiday pay, an employee must work that first scheduled workday after the holiday unless he has been excused by the Supervisor or is absent for reasonable cause. Any employee who is absent forty-five (45) days or more prior to any of the above holidays shall not be entitled to pay for such holiday.

5. Any new employee or former employee of the Company who quits his job, or was discharged must, if rehired, be on the payroll for sixty (60) days before becoming eligible to receive holiday benefits.

ARTICLE 22
SAFETY AND HEALTH

1. The Company recognizes the importance of taking every reasonable precaution to promote and protect the health and lives of its employees and hereby agrees:

A) To abide by and maintain to the best of its ability sanitation, safety, health and satisfactory working conditions which comply with applicable Federal, State and County and Municipal laws and regulations; to maintain a clean, properly lighted, heated and ventilated factory with approved safety devices; first aid and sanitation facilities as are necessary to promote the health, safety and general welfare of its employees.

B) That no employee shall be required to perform any work which will seriously endanger his personal safety or health, provided, however, that to be justified in refusing to perform work, an employee must be able to show that he has a reasonable basis for believing the work involved would seriously endanger his personal safety or health.

2. If an employee is injured while working on the job, his pay shall continue during the normal scheduled work hours while he remains on the plant premises. If an employee is sent from his job to a physician to receive medical attention because of an injury on the job, he shall be paid for all lost time, not to exceed eight (8) hours. If it becomes necessary, the Company shall provide quick, comfortable transportation to the doctor or hospital or home.

A) When injured on the job, employees must use the medical facilities made available by the Company for all services in connection with the injury for a minimum of the first ninety (90) days of treatment. The initial appointment must be scheduled by Human Resources, except in the event of an emergency. Any employee who bypasses the Company facilities will act on his own responsibility insofar as the expense involved.

B) The Company may elect to provide work for ill or injured employees that meets the physical restrictions outlined by the Attending Physician. If the decision of the Attending Physician is disputed, the employee shall submit to an examination by a physician selected by agreement of the parties. That physician's decision will settle the issue.

C) Light duty work as provided for compensable injury employees is not limited to any specific area. This provision will not deprive any active employee of a work opportunity, upgrade or promotion nor cause the layoff of any active employee or block the recall of any employee on layoff. Where the Union can

show evidence that a light duty employee is used in violation of the above, such employee will be removed. The Plant Council will be notified when a light duty person is assigned.

3. There shall be a health and safety committee in the plant composed of up to three (3) members to be appointed by Management and one (1) member to be appointed by the Union. It shall be the duty of the committee to make a thorough and complete survey of the plant monthly for the purpose of listening to any investigation of complaints relating to health, safety and working conditions, ascertaining whether conditions exist which are dangerous to the health and safety of the employees. In case of any serious accident, all members of the Plant Safety Committee and the Workers' Comp Chairman will be immediately notified. The committee will conduct a thorough investigation of the accident. There will be a monthly safety meeting to review all safety related issues.

   No discriminatory or punitive action shall be taken by the Company or its representatives against a Work Group Representative who performs his duties herein imposed in good faith. In case of any serious accident, all members of the Plant Safety Committee will be immediately notified and thorough examination shall be made by the full plant committee. From time to time a representative of the Workers' Compensation Insurance Carrier shall attend the safety meeting.

4. The members of the Health and Safety Committee shall receive their regular hourly wages for time away from their regular scheduled duties while on inspection tours or meetings.

5. An employee who is permanently unable to perform his regularly assigned job as a result of a Company incurred disability may apply for permanent transfer subject to the following conditions: The search by the Company for an appropriate job must begin by reviewing jobs held by employees with less than three (3) years seniority and continuing the search at yearly intervals. In no event may the applicant displace an employee with more Company seniority. An employee transferred under this section relinquishes recall rights to his former Job Classification and he carries his full Company seniority into the Job Classification where he is placed. The search will be conducted by the Supervisor, and failing successful placement, the search will be continued on a plantwide basis. The Workers' Compensation Chairperson shall participate with the employee and the Company in all compensable job searches and receive a copy of such results.

6. If an employee is disabled as the result of a non-compensable accident, or suffers a health problem that makes it impossible for him to perform his normal duties, the Company will attempt to place him in another job within his capabilities seniority permitting.

7. An employee who has, as a result of a Company incurred injury, suffered the loss of an eye or the equivalent of complete amputation of an essential body member, may apply for preferred seniority on his regularly assigned job, as long as he is physically able to perform the duties thereof. If the injury prevents his efficient performance on his regularly assigned jobs, he may request a transfer, whereupon the Company will attempt to place him in a job commensurate with his skill and physical capability. An application approved under this section shall mean that the employee shall not be subject to displacement as long as he is physically capable of efficiently performing the duties of that job.

ARTICLE 23
UNION FACILITIES

No notices of Union matters are to be posted on Departmental bulletin boards. The Company shall install bulletin boards within the plant for posting by the Union of announcements covering Union matters.

ARTICLE 24
DISPUTE RESOLUTION

1. If any differences arise between the Company and the Union as to the meaning or application of any provision of this Agreement, or as to its compliance by either party with any of its obligations under this Agreement, such difference shall be settled in the following manner:

   STEP 1:
   1. An oral discussion of the difference must take place between the employee and his Supervisor with the

      Union Representative. The Supervisor must give his answer within twenty-four (24) hours.
   2. If the difference remains unsettled, the grievanceman or his substitute may be called to discuss the matter further, and if no settlement is reached, then within seven (7) days the employee may present the grievance in writing to his Supervisor through his Union Representative. A written answer must be given by the Supervisor within seventy-two (72) hours.

   STEP 2:
   1. Any grievance not settled under Step 1 shall, within ten (10) days from the date of the Supervisor's answer, be heard by the Step 2 Grievance Committee.
   2. The Union Step 2 Committee shall consist of the Grievance Chairman, the Area Grievanceman, and the Shop Steward involved. Designated substitutes for any of the above are permitted. The Union may call upon the aggrieved and any witnesses the Union deems advisable.
   3. The Company Step 2 Committee shall consist of the Human Resources Manager and one other member of management, or their designated substitute.

   STEP 3:
   1. Any grievance not settled under Step 2 shall, within ten (10) days from the date of the Supervisor's answer, be heard by the Plant Council.
   2. Either party may call a reasonable number of witnesses.
   3. The Union's Area Staff Representative may attend.
   4. In case of postponement of a third step meeting by either party, such meeting will be rescheduled by mutual agreement of the parties.

   STEP 4:
   1. Grievances which have not been satisfactorily settled in Step 3 may be filed by the Union for arbitration within ten (10) days following receipt of the Company's Step 3 answer.
   2. If the Union submits the matter to arbitration, it shall be referred to the American Arbitration Association, and an arbitrator appointed according to the procedure of that association. The decision of the arbitrator shall be final and binding on all parties.

3. The cost of arbitration shall be divided equally between the Union and the Company. No arbitrator shall have the right to add to, subtract from, or in any way modify the provisions of this Agreement.

2. Except for grievances involving seniority, all grievances must be filed in writing within thirty (30) days of the event which led to the grievance. In cases of grievances involving retroactive pay, retroactivity shall in no case exceed a period of more than thirty (30) days prior to the date of the filing of the grievance, except for arithmetical errors in calculating pay.

3. Any Union member who is discharged or suspended for disciplinary reasons by the Company may enter a complaint in writing within one (1) calendar week of the date of discharge or suspension and shall take precedence over other issues pending in the grievance procedure. A hearing for the discharged or suspended employee will be held within twenty-four (24) hours of the Union's request for such a hearing, and all parties involved in Step 3 grievances will attend.

   A) If disciplinary action is taken against an employee on the night shift and no Union representative is present, the Company will notify the proper Union representative on the following shift.

   B) If the arbitrator determines that an employee has been discharged or suspended without cause the arbitrator may issue an award which calls for reinstatement and back pay or may issue an award for lesser remedy.

   C) If the Company fails to hear a step 1 or step 2 grievance within the contractual time limits, the grievance will move automatically to the next step of the grievance procedure.

4. The Company agrees to continue the past practice of paying for a reasonable amount of straight time lost in the grievance procedure.

5. Grievances pertaining to safety and health will automatically be inserted in step 3 of the grievance procedure. Any such grievance will be heard within one (1) week of submission.

6. Second step grievances will be scheduled as follows:

1st Shift – any time during the shift.
2nd Shift – 2:00 PM or later.
3rd Shift – initial grievance prior to 8:00 AM

7. Union officials will notify their Supervisors when they leave their jobs to conduct Union business. Further, they will provide their Supervisors with the approximate time needed.

ARTICLE 25
LIVING AGREEMENT

This is a "Living Agreement." As a "Living Agreement," both the Union and Management understand that there may be issues that arise during the implementation of this Agreement that have not been addressed or discussed during bargaining. However, it may only be modified through consensus of the Parties.

ARTICLE 26
INSURANCE-

The Company agrees to maintain the following Group Health and Welfare insurance plans which provide eligible employees and dependents with non-occupational medical benefits, dental benefits, life insurance, accidental death and dismemberment insurance and disability income in the event of non-occupational accident or sickness, as well as certain benefits for retirees.

1. Insurance Benefits – Active Employees

   A) Group Life insurance and Accidental Death and Dismemberment Insurance in the amount of $15,000. effective February 1, 2005 for eligible active employees.

   B) Medical coverage will be provided to active employees and their eligible dependents through the current group medical insurance plans. Effective February 1, 2005, all active employees and their eligible dependents will be covered by the Aetna US Healthcare Patriot Plan or its equivalent.

   C) Dental coverage shall be provided to employees and their eligible dependents through the current MetLife Dental Plan or its equivalent.

   D) For disabilities commencing after February 1, 2005, $250 per week beginning with the first day of accident, or the eighth day in the event of sickness. Benefits will be payable up to a maximum of 52 weeks for each disability. Indemnity papers will be renewed monthly if no definite date of return is given by the doctor.

   E) Effective February 1, 2005, active employees will be entitled to be reimbursed for opting out of the company provided medical coverage. The benefit would be paid monthly-Single is $125.00 per month, family is $250.00 per month. In order to receive this benefit you must provide the company with paperwork showing you are on other coverage. You will be required to show proof of other coverage every year.

   INSURANCE BENEFITS-TIER 1

   All employees in Tier 1 will make contributions to the medical plan as follows:
   Single-yr1-20%, yr2-24%, yr3-27.5% Family yr1-14%, yr2-16.5%, yr3-20% Dental-No Cost

INSURANCE BENEFITS-TIER 2

All employees in Tier 2 will make contributions to the medical plan as follows:
Single-yr1-30%, yr2-30%, yr3-30%   Family-yr1-30%, yr2-30%, yr3-30%   Dental 30% each year

2. Insurance Benefits – Retirees

A) Effective January 8, 2005 any employee who retires before age 65 under the provision of the Pension Plan are eligible to continue coverage under the HMO plan described above (sec. 1b) for themselves and eligible dependents under age 65 from age 62 and be vested until age 65. Contributions will be the same as active

employees (Tier 1 above) for the term of the contract. The company agrees to negotiate this benefit with each subsequent contract.

B) Any employee who retires on or after the effective date of this Agreement, at age 65 and over with ten (10) years or more accredited service, shall be eligible for Medicare gap insurance of their choice. Any such employee will have benefits capped at whatever the cost of those benefits was on February 1, 2005, or $190.00 per month, whichever is higher.

C) Spouses of retired employees are also eligible for coverage under the terms of section 2A above until they reach age 65 and under the terms of section 2B above after they reach age 65.

D) Employees who retire on or after January 8, 2005 shall be provided with Group Life Insurance in the amount of $2,000.

3. Insurance Plans – General

A) The benefits listed above take effect on the dates indicated for active employees and become applicable at the increased rates to employees on any leave of absence only upon their return to active employment after the respective change dates listed above.

B) Should a statute be enacted making mandatory benefits of the same or similar nature as covered in any manner of this Plan, such statutory benefits shall not be pyramided, but shall be offset against any benefits payable under this Plan, and it may be necessary for us to adjust our Plan in accordance with such statute or statutes.

C) This Plan is subject to the insurance industry's coordination of benefits provision (also referred to as a non-profit, non-duplication provision) as set forth in the applicable master contracts. The purpose of this provision is to permit an individual who is insured under more than one group insurance plan to receive from all plans no more than 100% of his allowable medical expenses.

D) More complete details, including eligibility requirements, will be published in a separate booklet which will be issued to each employee.

ARTICLE 27
PENSION BENEFITS-TIER ONE

1. A pension plan has been provided in an agreement which is separate and apart from this Agreement.

2. Employees who retire shall be paid a lump sum retirement benefit of $1,500 provided that they have had at least ten (10) years of Company service and reached age sixty-five (65). Employees with at least ten (10) years of Company service who retire between the ages of fifty-five (55) and sixty-five (65) under the 55/30, early, or disability retirement provisions of the Pension Plan will receive a reduced lump sum benefit in accordance with the following:

At Least	Attained Age Less Than	Amount
55	56	$750
56	57	$800
57	58	$850
58	59	$900
59	60	$975
60	61	$1050
61	62	$1125
62	63	$1200
63	64	$1300
64	65	$1400

It is understood that the lump sum retirement benefits shall be payable in addition to any vacation payments that may be due an employee at the time of his retirement.

3. Employees who retire with thirty (30) or more years of Company service will receive a lump sum retirement benefit of $2000.

4. Employees who retire on or after March 1, 1997 shall be provided with Group Life Insurance in the amount of $2000.

5. Effective December 1, 1979, an employee with thirty (30) years or more of accredited service may retire, at any age, and receive a pension without actuarial reduction.

6. The present minimum pension formula shall be improved by increasing the pension per month per year of service from $30.75 first year, $31.50 second year, $32.25 third year effective for retirements on or after January 8, 2005.

7. The 35-year maximum service limitation used to compute the pension benefit will be removed for those employees retiring on or after December 1, 1977.

8. A monthly benefit will be paid to any eligible surviving spouse of any active employee with at least 15 years of accredited service who dies on or after December 1, 1977 at any age, and has not retired.

   A) A person shall be considered a surviving spouse only if married one year, and immediately after the employee’s death, such person is a widow or widower of such employee within the provisions of the Social Security Act.
   B) Amount of benefit – the amount payable to an eligible surviving spouse will be:
      a. 50% of the employee’s normal retirement pension or $100, whichever is higher, for any month before the month in which the surviving spouse reaches age 60.
      b. 50% of the employee’s normal retirement pension less 50% of the widow’s (or widower’s) Social Security benefit or $50, whichever is higher, for each month after the surviving spouse reaches age 60.
      c. As used above, normal retirement pension means the benefit calculated assuming the employee had retired on the date of his death at age 65.
   C) The first payment of any surviving benefit starts at the end of the month following the month in which the active employee dies, provided proper and timely application is made by the surviving spouse. If timely application is not made, retroactive payment of surviving spouse’s benefit is limited to six (6) months.
   D) The surviving benefit shall cease the last day of the calendar month in which the surviving spouse shall die or the last day of the calendar month in which the surviving spouse remarries.

9. More complete details will be published in a separate booklet to be furnished to each employee.

10. TIER TWO-Employees will participate in the Company 401(k) plan.

ARTICLE 28
WAIVER OF ANY CLAUSE

A waiver of any clause in this contract does not mean a permanent waiver.

ARTICLE 29
GOOD FAITH

1. This Agreement has been entered into in good faith by the parties hereto and each party agrees that it will carry out this Agreement to the best of its ability so that harmony and cooperation between the Company and the Union and the employees covered by this Agreement will prevail for the duration of the Agreement.

2. The Union agrees to maintain quality standards as established by the Company in the attainment of full production and efficiency, and to that end, the Union agrees to observe all rules of the Company not inconsistent with this Agreement.

3. It is the expressed desire of the Company and the Union that the procedure outlined in this Agreement for the

settlement of disputes will serve the purpose of effecting a peaceful settlement of all disputes that may arise during the lifetime of this Agreement. To that end the Company agrees that so long as the Agreement is in effect, it will not lock out any employees in connection with a labor dispute.

4. The Union agrees that so long as this Agreement is in effect, it will not call, cause or sanction any strike, slowdown or stoppage of work during the lifetime of this contract. The Union further agrees that with respect to any strike, slowdown or stoppage of work during the lifetime of this contract, the Company may discharge or otherwise discipline any participating employees and such discharges or other forms of discipline shall not be the subject of a grievance by the Union, except on the grounds that the employee or employees did not participate in any activity prohibited by this section.

5. It is further understood that in the event of any prohibited activities on the part of any employee which is not called, caused or sanctioned by the International or Local Union, there shall be no liability on the part of the International or Local Union, its officers or agents on account of such activity.

ARTICLE 30
GENERAL

A. Effective on all pay as heretofore, the City Payroll Tax will be deducted from the weekly pay of each employee, and be paid by the Company to the Receiver of Taxes, of the City of Philadelphia, in accordance with the City Payroll Tax Law at present in effect. The amount of this deduction shall be shown on each employee’s pay envelope each week.

B. If an employee resigns after having been absent, his resignation will be considered to have taken place the last day worked, without waiver of intervening rights.

C. The Union agrees that during the life of this Agreement, it will not interfere with production or permit any of its members to interfere with production or production rates, providing such rates are reasonable, just and not detrimental to the safety of the employee.

D. The Supervisor may perform such work normally under his jurisdiction and direction as is necessary, (1) to maintain an uninterrupted flow of work and normal department efficiency, (2) to train employees, and (3) to relieve bottlenecks in production. This Article shall not limit the Supervisor in performing other similar work which is a part of his regular duty as Supervisor, so long as doing such work does not affect the

work opportunities of those employees under him. Members of the bargaining unit will not perform salary jobs nor will salary people perform bargaining unit jobs, except where bargaining unit employees are asked and refused.

E. The Union recognizes that it is necessary for the Company to issue rules from time to time governing the conduct of employees and that it is the duty of each employee to familiarize himself with such rules and regulations. This does not constitute acceptance by the Union of any specific rules not in compliance with the provisions of this Agreement.

F. All employees, who at the time of the signing of this Agreement, are volunteer firemen, fire policemen and ambulance personnel, shall be paid for the time lost at their straight time hourly rate while performing duties at a fire, if such duties are performed during their regular scheduled working hours. This paragraph applies when those duties are the cause of an employee reporting late for work or leaving early.

G. It is the policy of the Company not to discriminate against any employee or applicant for employment because of race, color, religion, national origin, sex, age, handicap, veteran's disability, or Vietnam era Veteran.

H. Any employee who is asked to use his own vehicle for Company business shall receive an allowance at the prevailing IRS rate for mileage.

I. Special written agreements in existence prior to the date of this Agreement which have not been changed by the terms thereof shall remain in effect unless subsequently modified by the mutual consent of the Union and the Company.

J. The parties agree that any prior side letters or agreements which exist shall be given to the other party prior to January 8, 2006. Any documents not produced by that date will have no effect.

K. Safety glasses must be worn while on the shop floor.

L. Employees are expected to work their entire shift. Changing of clothing and/or showering is to be done after clocking out at the end of the shift.

M. The Union's Negotiating Committee shall consist of one representative per every 25 employees, rounded up to the next highest number, with a minimum of five (5) representatives.

N. If an employee accepts overtime and fails to report without being excused by the Supervisor, his absence shall be recorded as an unexcused absence for purposes of tracking attendance.

O. Those employees laid off prior to October 23, 1984 will be credited for all layoff time for vacation and pension eligibility.

P. If an employee is scheduled to report for duty and no work is available, or he is given less than four (4) hours' work he shall receive pay for not less than four (4) hours' at his regular rate. Except during overtime hours, if an employee is transferred to other work, he shall be guaranteed eight (8) hours of work and be paid in accordance with the provision governing transfers. This will not apply however:

1. When an employee is absent on the preceding scheduled work day and fails to make necessary arrangements for his time off with his Supervisor.

2. When an employee is notified not to come to work at least four (4) hours before the beginning of his shift by telephone or radio or other available means as listed with the Human Resources Office.

3. When the plant or part of the plant is closed due to conditions beyond the control of management.

4. When the above mentioned occurs, after two weeks, all medical and insurance benefits will continue for the affected employees unless they are placed on layoff status.

ARTICLE 31
PLANT SHUTDOWN

1. In the event of a temporary or permanent plant shutdown, the Company would continue to provide all benefits but not wages for a period not to exceed four (4) weeks to employees actively employed by the Company immediately prior to the shutdown.

2. The Company will notify the Union sixty (60) days prior to any temporary plant shutdown, unless an emergency arises which makes such notice impossible.

3. Those employees with vacation remaining are permitted to change such vacation to correspond with the plant shutdown dates.

4. During a temporary plant shutdown, any production work performed will be offered to the most senior qualified employees within the department. If additional employees are needed from outside the department, they will be canvassed from the master seniority list.

ARTICLE 32
DURATION OF AGREEMENT

This Agreement shall remain in full force and effect until midnight, January 26, 2008, and thereafter shall continue from year to year until either party gives the other ninety (90) days prior written notice of a desire to change, modify or terminate same. If neither party gives notice to terminate this Agreement, but

one or both of the parties gives notice as aforesaid of an intention to change or modify any of the terms or provisions of this Agreement, representatives of the Company and the Union shall meet to discuss, negotiate, and, if possible, agree upon such changes. In the event such Agreement continues beyond the expiration date of this Agreement, then the terms and conditions of this Agreement shall remain in full force and effect until such time as said negotiations have terminated, either by reason of the inability of the parties to finally conclude a new Agreement, or because a new Agreement between the parties has been concluded.

This Agreement shall be binding on the parties hereto, their executors, administrators, and successors.

IN WITNESS WHEREOF, the duly chosen representatives of the parties hereto affix their hands and seals this 26th day of January, 2005.

NICE BALL BEARINGS, INC.

George Sabochick	Director of Operations
Michael Collins	Facilities Manager
Cheryl Rodriguez	Human Resources Manager

UNITED STEELWORKERS OF AMERICA, AFL-CIO

Leo. W. Gerard	President
James D. English	Secretary/Treasurer
Thomas Conway	Vice President - Administration
Leon Lynch	Vice President - Human Affairs
John DeFazio	District Director
Norman Hayman	Staff Representative
Sharon Miller	President - Local Union 6816-12
John Haney	Vice President - Local Union 6816-12
James Asher	Chairman of Grievance Committee - Local Union 6816-12

Appendix B
Memorandum of Understanding

1. All memos of understanding will be printed in the contract booklet.

2. New pension benefits will be applicable to a ten (10) year employee on leave of absence at the time the contract is executed and who retires prior to returning from leave.

3. All Policy agreements now in effect will remain in effect unless changed through negotiations or by the Union and Company Committees.

4. Any Agreement reached between the parties of a Plant Council must be reduced to writing at the time of agreement. Without such written confirmation, there will be no agreement.

5. An employee will receive his vacation pay in weekly checks. As an example, should an employee take three (3) consecutive weeks of vacation he would receive three (3) separate weekly checks.

6. Prior to the plant going out of business, the Company will notify the Union ninety (90) days in advance.

7. Janitorial services will continue to be performed by bargaining unit employees as long as it is cost effective. Such duties shall include cleaning and maintaining lavatory facilities and lockers, emptying dumpsters and cleaning water fountains.

8. Overtime hours scheduled prior to the beginning of a shift are not considered “as such.” An employee must work more than 8 hours in his 24-hour cycle in order to receive overtime, except on Saturday and Sunday.

9. The Company will provide a payroll deduction for employees who live in Townships requiring an employment tax.

10. Management agrees to provide to the Union annual profit and loss statements for the duration of this Agreement.

11. When employees start “C” shift on Sunday night at 11:00 PM, the first hour worked (11:00PM to 12:00AM midnight) will be paid at double time.

12. In the event that the Company net sales exceeds $13.5 million in any of the fiscal year’s ending on April 30, 2005, April 30, 2006 and April 30, 2007, employee will receive a bonus payment ¾% of their gross wages for that fiscal year. The bonus will be paid within 30 days after the end of the fiscal year.

13. The Company will establish a Safety Shoe program at a level of $50.00 per employee per year.

14. If an employee incurs an injury which is determined to be covered by Worker's Compensation, the employee shall submit verification from their physician indicating their return to work date. The verification must be received within twenty-four (24) hours of injury. The Company will issue a payment equivalent to the Worker's Compensation payment. If the employee is on compensation and collects benefits for that period, he will reimburse the company for that week. This memorandum will be subject to review after six (6) months period. If the Company determines that this program is not functioning as anticipated, the program will be discontinued.

Exhibit 10.18

AGREEMENT

between

TYSON BEARING COMPANY, INC.
GLASGOW, KY

and the

UNITED STEEL WORKERS
OF AMERICA

ON BEHALF OF ITSELF
AND THE MEMBERS OF

LOCAL UNION N o . 7461 - 01

March 26, 2005

To

June 13, 2008

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ARTICLE I

Agreement

Section 1. This Agreement dated the **twenty-fifth** day of March, 2005 is entered into between Tyson Bearing Company, Inc., Glasgow, KY (hereinafter referred to as the "Company"), and the United Steelworkers of America, AFL-CIO (hereinafter referred to as the "Union") on behalf of itself and the members of Local Union No. 7461-01.

a. In the event all or substantially all of the assets of Tyson Bearing Company, Inc. are sold, the purchaser thereof shall be deemed to be a successor employer bound to all the terms and conditions of the Collective Bargaining Agreement, dated this thirtieth day of March, 2002. Tyson Bearing shall assure the purchaser accepts above before the sale takes place.

Section 2. In consideration of this Agreement, the parties agree that it is the intent and purpose of the parties hereto that this Agreement is the complete Agreement covering rates of pay, hours of work and working conditions to be observed between the parties, and to provide orderly relationships between the Company and the Union, and to secure prompt disposition of differences between the parties pertaining to the compliance with or application of this Agreement.

Section 3. In recognition of its responsibility as the exclusive agent of the employees, the Union agrees that it will cooperate in discouraging absenteeism and tardiness, and that it will support proper Company efforts to eliminate waste, improve quality, prevent accidents, and strengthen good will between the Company and the Union. The Union also confirms that it subscribes to the concept of a fair day's work for a fair day's pay.

Section 4. Employees are obligated to keep the Company informed regarding their correct address and telephone number. Employees must also keep the Company informed regarding their marital status and dependents to be eligible for benefits.

Section 5. It is the policy of the Company not to discriminate against any employee or applicant for employment because of race, creed, color, national origin, age, sex, religion, disabled veterans and handicapped status, or union affiliation.

Section 6. Any reference made to he should read he/she. Any reference made to his should read his/her. Any reference made to himself should read himself/herself.

ARTICLE II

Rights and Functions of Management

Section 1. The Union recognizes that the control of all matters relative to the management and operation of the Plant and the operation of the Company's business shall be vested exclusively in the Company, except as these matters may be expressly limited by the terms of the Agreement.

ARTICLE III

Union Recognition

Section 1. The Company recognizes the Union as the sole collective bargaining agency with respect to rates of pay, hours of work and conditions of employment for all production and maintenance employees employed by the Company at its Glasgow, Kentucky plant, but excluding all office clerical employees, professional and technical employees, guards and supervisors as defined in the act.

Section 2. The provisions of this Agreement constitute the sole procedure for the processing and settlement of any claim by an employee or the Union of a violation by the Company of this Agreement. As the representative of the employees, the Union may process grievances through the grievance procedure, including arbitration, in accordance with the Agreement or adjust or settle the same.

Section 3. All employees, except those excluded from this Agreement as defined in Section 1. above, shall, as a condition of continued employment, be members of the Union in good standing. All new employees shall become members of the Union on the 60th day following the beginning of their employment.

Section 4. Inter-Plant Transfer. In the event that the Company finds it necessary to transfer equipment to any other Company production facility, either presently existing or which may come into existence in the future, and such transfer of equipment results in a layoff of employees having two or more years of service in our Bargaining Unit, and also generates a job vacancy in the other plant, employees laid off from our Bargaining Unit shall have the right to apply for and be transferred to such plant.

However, if the plant to which the equipment was transferred is covered by a collective bargaining agreement and/or a bidding procedure, the eligible applicant's rights shall be subject to the provisions of the collective bargaining agreement and/or the bidding procedure in existence at the other plant. Any employee who transfers

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to a job in another plant under the terms of the agreement shall retain his previous Company service for computing vacation and pension benefits, but he/she shall be subject to the wages, hours, benefits, and working conditions in existence in the other plant. Any employee who transfers voluntarily under the contract will have recall rights for two years.

Section 5. The Human Resources Department will give each new employee when hired a copy of the Labor Agreement.

Section 6. With appropriate notice, the Company will permit plant visitation rights to the District Director and the International Representative of U.S.W. District 8.

ARTICLE IV

Strikes and Lockouts

Section 1. The Union agrees that there shall be no strikes, work stoppages, interruption or impeding of work. No officer or representative of the Union shall authorize, instigate, aid or condone any such activities. No employee shall participate in any such activities. Any violation of this section by any employee shall be cause for dismissal or suspension.

Section 2. The Company agrees that there shall be no lockouts from the Company's Plant.

ARTICLE V

Holidays

Section 1. During the work year, there are fourteen (14) full holidays which are observed in our plant. These are:

New Year's Day
Good Friday
Memorial Day
Independence Day
Labor Day
Thanksgiving Day

Day after Thanksgiving
Day before Christmas
Christmas Day
Day before New Year's Day
Three (3) Floating Holidays at Year's end

Floating Holiday (any Monday or Friday during the calendar year which is celebrated as or tied in with a nationally observed holiday. The Union will notify the Company by January 15 of the effective date).

Section 2. Holidays generally start with the third shift at 11:00 P.M. on the day before the holiday or the day before the holiday is observed. Holidays which fall on Sunday shall be celebrated on Monday. Holidays which fall on Saturday shall be observed on Friday. Employees will be paid for these days as any other holiday.

Section 3. Holiday Eligibility. To be eligible to receive pay for any of these holidays, you must:

a. Complete sixty (60) calendar days of service prior to the holiday.

b. Work all the scheduled straight-time hours on the last scheduled work day before the holiday and on the next regular work day following the holiday or have an excused absence. Excused absence shall mean absence previously approved by the Company, or sickness supported by a doctor's statement.

Section 4. Holiday Pay.

a. Eligible employees not working on an observed holiday will receive eight hours pay at their straight time rate.

b. Eligible employees required to work on one of the above holidays will receive double time for all hours worked in addition to the holiday pay.

Section 5. When a paid holiday falls within an employee's scheduled vacation, he/she shall receive an extra day off at his/her discretion with one week's notice or receive eight (8) hours additional pay for the holiday. If the holiday falls during a plant vacation shutdown, that holiday will be scheduled by the Company. The Company will notify the Union by May 31 of each contract year whether or not the holiday during the plant shutdown will be scheduled immediately prior to or after the shutdown, or whether the holiday may be used at the employee's discretion with five (5) day's notice.

Section 6. If an employee is absent on the day before or the day after a

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scheduled holiday and is not paid for that holiday per terms in Article V, Section 3.b., his/her absence will not be recorded for disciplinary purposes.

Section 7. It is agreed that employees on a four-shift operation will celebrate all regularly scheduled holidays. Actual time off will be determined by the Company and the Union prior to the holiday, taking into consideration a canvass of employees on the shift two weeks prior to the holiday.

Section 8. Work schedules for weeks wherein paid holidays occur, may be changed by mutual agreement between the Company and the Union. This involves the right to waive other provisions of this Agreement in order to accomplish such changes.

ARTICLE VI

Job Evaluation Plan

Section 1. Jobs have been classified in their work grades by the Company, using the National Metal Trades Association's Job Evaluation Plan. Job descriptions, labor grades, and rates of pay have been prepared and are in effect for all present jobs. When conditions warrant such action, the Company will establish new job classifications, change, or add to and remove jobs or job descriptions. When new jobs are established, or changes or additions made to existing jobs, new job descriptions will be drawn and evaluated by the Company in accordance with the NMTA Job Evaluation Plan.

Section 2. All job rates of pay in effect at the time this Agreement is effective shall not be subject to process under the grievance procedure section of this contract. Any new or changed job or job rate may be subject to processing under Article XX, Settlement of Differences. Such processing shall be confined to the result of the application of the NMTA Job Evaluation Plan. The plan itself shall not be subject to processing under Article XX, Settlement of Differences, nor shall it be, in any manner or detail, subject to arbitration under this Agreement.

Section 3. Rates of pay and the effective dates thereof are listed for each of the labor grades outlined in this agreement.

Section 4. The following method will be used in determining the work grade to be assigned to a job:

The job will be analyzed and reviewed by the Company's Job Analyst who will write up a description of the general details considered

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necessary to describe the principal functions of the job identified, which description shall not be construed as a detailed description of all of the work requirements that may be inherent in any given job. A copy of all job descriptions shall be made available to the Union's Job Evaluation Representatives for their inspection and review. The Company shall pay the Union Representatives at their labor grade for all hours spent in joint evaluation with the Company Job Evaluation Representatives.

Section 5. If the Union feels that the complement of machines to which an employee is assigned is not reflected adequately in his labor grade, the Union may submit this case to a job evaluation committee composed of Union and Company representatives.

Section 6. The Company may combine jobs within a group. If jobs are to be combined across groups, the Union must agree before such a combination may occur. If there is agreement on combining jobs across groups, employees having bidding and recall rights to the jobs which are combined will continue to have such rights on the new job no matter in which group it is placed.

ARTICLE VII

Production Standards and Incentive Pay

Section 1. It is understood that the Company will make, at any time, motion time or methods studies required for the efficient operation of its business, and may establish standards and levels of performance, and may audit its standards when it deems this to be necessary in the interest of business. The right of the Company shall be unrestricted as to whether or not it desires to utilize an individual or group incentive payment basis.

Effective March 28, 2005, the gain-sharing plan implemented 6/1/02 will be discontinued. Employees will be paid an additional $.50, per hour, in place of the plan. This shall be added to the hourly wage and all provisions of the Contract shall apply to such.

a. The Company will provide training so that the Union will have two qualified Time Study Representatives available. However, in no case will more than one Union Time Study Representative be recognized by the Company for purposes of Union-Company business. The Company shall provide a yearly refresher course in the Company's method of time study.

b. Labor reporting by employees will not be changed arbitrarily by foremen. If any changes are made, the employee will receive a copy of the changes on the next week day after the change.

Section 2. Once a production standard has been established, the equity of such a standard may be challenged under the procedure set forth in Article XX, Settlement of Differences. Should the Union dispute the equity or fairness of a production standard, the

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Company will review with a proper union steward, upon his/her request, the data relating to the production standard.

Section 3. A production standard may be changed whenever a substantial and continuing change in material method, specifications, or equipment, or an accumulation of such changes, or an obvious clerical error or mechanical error has occurred, that has a substantial effect on the productivity of the job.

Section 4. It is recognized that the Company has the right to institute incentive standards, with the understanding that such incentive standards shall be set in such a manner so that qualified operators working at a normal pace can produce quality work 100% of standard.

The equity of any standard shall be subject to the grievance procedure and the data shall be made available for review by a designated local Union official or any International Time Study Representative.

Section 5. A production standard, after an appropriate trial period, may be subject to a check study. During the check study, either the proper steward or the Union Time Study Representative shall be present to observe the check study. When the Company representative and the steward agree that normal performance is being given and the check study proves less than 100% of the unit time allowed, that unit time allowed will be removed immediately. In the event of such action, employees involved will be paid their applicable job rate. This payment will be effective from the time the employee or employees started the particular lot on which the check study was completed. This check study will be made within 45 days after the rate is set.

Section 6. Employees working on jobs designated as incentive jobs will be paid as follows:

a. Time used on rated work will be credited in accordance with the U.T.A.

b. It is understood that since employees are guaranteed their job rate on a weekly basis, they will be expected to maintain an efficiency of at least 100%.

c. Abuses of the use of downtime such as prolonging it or creating it will not be tolerated.

d. For the special conditions listed below, the employee will be credited as specified:

1. **Instruction:**

When an employee at the direction of a foreman instructs one or more employees, he/she (the instructor) shall receive two labor grades higher than his/her own labor grade.

Unit times allowed are not applicable when this method of pay is used.

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2. **Experimental Work:**
When an employee is assigned to perform experimental work as designed by his/her supervisor, he/she shall receive two labor grades higher than his/her own labor grade.

3, Incentive workers in labor grades 11 and 12 will receive two labor grades higher for instruction and experimental work.

(Pay will be based on two (2) times the labor grade differential between labor grades 11 and 12.)

Section 7. Whenever rates are initially established in any department or area, the employees involved will be guaranteed no less than 100% for any day in which they encounter rate problems beyond their control. Such guarantee will be effective for a period of four weeks from origin of installation.

Section 8. It is agreed that incentive earnings as a portion of gross income will be designated in the employees' weekly pay statement.

ARTICLE VIII

Safety and Health

Section 1. Adequate heating, lighting, toilet, locker and sanitary facilities and all protective devices necessary to protect the health of employees shall be provided by the Company. The Union will at all times cooperate with and assist the Company in maintaining and improving safety and health conditions in the Plant.

Section 2. A joint Safety Committee consisting of two Company members and four employees designated by the Union shall be established. The Company shall pay for such time spent by the Union members of the Committee up to a maximum of one hour, per man, per month. The Committee will meet once each month at a regularly scheduled meeting.

Section 3.

a. It shall be the function of the Joint Safety Committee to recommend improvements in safety, sanitation and health conditions affecting the employees.

b. Grievances which arise under Section 1. of this Article, and which are not settled in the Joint Safety Committee, may be filed in Step No. III of the Grievance Procedure.

c. If an employee incurs an injury on the job, he/she must report it to his/her foreman. All records of injuries which occur on the job will be

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available for examination by the Safety Committee. An employee must report any injury sustained in the Plant within twenty-four (24) hours.

Section 4. The parties agree to abide by all Federal Legislation pertaining to Health and Safety and Civil Rights.

Section 5. The Chairman of the Union's Safety Committee will be informed of any accident occurring within the Plant involving a bargaining unit employee. He/she will be permitted to investigate such accidents if he/she deems it advisable.

Section 6. The Company will have a qualified first aid practitioner on each shift.

Section 7. The Company will send the Chairman of the Safety and Health Committee to the Annual Kentucky Safety and Health Conference. The Company will reimburse the chairman for reasonable expenses and three days' pay.

ARTICLE IX

Plant Rules

Section 1. The Union recognizes that it is necessary for the Company to issue rules from time to time governing the conduct of employees and that it is the duty of each employee to familiarize himself/herself with such rules and regulations. This does not constitute acceptance by the Union of any specific rules not in compliance with the provisions of this Agreement.

Section 2. A record of six (6) months without warnings will serve to clear an employee's record of a previous warning.

A record of twelve (12) months without further disciplinary actions will serve to clear an employee's record of a prior suspension and all disciplinary action for attendance.

ARTICLE X

Jury Duty Pay

Section 1. Jury Duty Pay. Any employee who is called for Jury Duty service or is subpoenaed as a witness shall be excused from work for the days on which he/she serves, and he/she shall receive for each such day of Jury Duty service or as a witness on which he/she otherwise would have worked, the difference between eight (8) times his/her assigned personal rate and the payment he/she receives for Jury service (excluding travel and meal allowance). The employee will present proof of service and the amount of pay received therefor.

Section 2. Funeral Leave. Employees will be paid by the Company for time lost due to death in the immediate family. Such pay to be no more than their assigned rate for a period not in excess of three (3) work days. Immediate family includes mother, father of employee, husband or wife, children, step-children, brother or sister, mother-in-law, father-in-law, employee's grandchildren and grandparents. For time lost due to death of the grandparents of an employee's spouse and sons-in-law and daughters-in-law, the employee will be paid his/her assigned rate for one (1) work day to attend the funeral.

Employees will be allowed three work days off to make arrangements and attend funeral. Except, if a holiday should fall during the three-day period, holiday will count as a day off, or if funeral occurs during vacation period, excluding plant shutdown, funeral leave pay will be paid instead of vacation pay. Vacation days may be taken at a later date

Section 3. Military Reserve Pay. Military reservists required to take up to two (2) weeks, per year, military training leaves will be paid the difference between their military training pay and their RBC base rate earnings. They should request a statement of pay from their paymaster while in training and submit this voucher to their supervisor upon their return to work. If the two weeks military training should fall during the time of the plant shutdown, the employee may take his/her vacation at another time.

ARTICLE XI

Foreman's Work

Section 1. No individual excluded from the definition of employee in Article III of this Agreement shall perform work of the type customarily performed by employees within the Bargaining Unit, except for the purposes of training or instructing employees or other occasional or hazardous work which requires the knowledge and skill of such excluded employee or in case of emergencies or production difficulties where a regular qualified employee is not immediately available provided he/she shall not by so doing replace any Bargaining Unit employee.

ARTICLE XII

Union Bulletin Board

Section 1. The Union shall have the right to have posted on a Union Bulletin Board notices of Union meetings, Union elections, names of Union officials and representatives, and Union social and educational gatherings and political issues. Union notices shall contain nothing controversial or adversely reflecting upon the Company. A copy of each notice will be submitted to the Human Resources Manager or his designated representatives before posting if practical.

ARTICLE XIII

Leaves of Absence

Section 1.

a. **Medical:** Any employee who is to be absent for more than one (1) week because of personal illness or physical disability, and who has acquired seniority of ninety (90) days or more with the Company shall, upon written request to the Company, be granted a leave of absence not to exceed one (1) year. All such written requests must be accompanied by a physician's certificate.

Sick leaves shall be granted without pay or other benefits, except as provided in this Agreement. Seniority shall accumulate up to one (1) year.

a.-1. A request for an extended leave of absence beyond the one-year limitation will be granted upon medical justification for such leave. If the extended leave is granted under this section, seniority for the affected employee will continue to accumulate for a period of no more than two (2) years.

b. **Personal:** A leave of absence for personal reasons may be granted not to exceed six (6) months and seniority shall accumulate, but such leave is granted without pay or other benefits. An employee who requires personal time off in excess of five (5) days must obtain a leave of absence prior to the actual absence where possible.

On personal leaves, employees may not engage in other employment.

b.-1. Personal leaves of absence due to death in the immediate family may be granted for a period not to exceed six (6) months. Such leaves will be granted without pay or other benefits, except that seniority shall continue during the leave.

b.-2. Personal leaves of absence due to sickness in the immediate family may be granted for a period not to exceed six (6) months. Such leaves must be certified and will be granted without pay, except that other benefits will be covered for a maximum of thirty (30) days, and seniority will continue during the leave.

Section 2. Employees applying for a leave of absence for illness may be subject to physical examination and approval of a physician appointed by the Company before such leave is granted and/or before the employee may return to work. Any disagreements

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arising from differing opinions of physicians will be subject to a final decision by a qualified physician at Vanderbilt University mutually agreeable to both parties. An employee must give the Company a forty-eight (48) hour written notification before returning from leave.

Section 3. Failure to report to the Company within three (3) working days after the expiration of any leave of absence shall constitute voluntary resignation.

Section 4. An employee returning to work after a leave of absence will return to his/her shift and shall be placed in the classification held at the time of leave. This will be done on the basis of the employee's seniority and provided he/she is able to perform the job requirements.

Section 5. Any employee who is elected or appointed to an office or position with the local Union, the United Steelworkers of America or the AFL-CIO-CLC will be given a leave of absence. Such leave will be without pay or any other financial benefits, except pension benefits included in the Agreement; however, seniority will continue to accumulate. The Union may apply for an extension of such leave every three years.

Section 6. Military Service Reemployment Rights. The Company shall accord to each employee who applies for reemployment after conclusion of his/her military service with the United States such reemployment rights as he/she shall be entitled to under then existing statutes.

ARTICLE XIV

Wages

Section 1. General.

a. Under the terms of this Agreement, the Company shall not be required to pay for any time except time spent at work to which the Company assigns the employee unless otherwise specifically provided for in this Agreement.
b. All earnings are calculated on a weekly basis except when a moving average is used in Gain-sharing.

Section 2. Labor Grades and Rates of Pay are set forth in Appendix "A" attached hereto and are a part of this Agreement.

Section 3. New employees without previous experience will be hired at the appropriate rate as shown on the progression rate scales outlined in Appendix "A" of this Agreement. All employees hired after March 31, 1996 will be paid $3.00, per hour, lower than the prevailing wage scale in effect for this labor agreement. **Effective March 28, 2005, all employees hired after March 31, 1996 will be paid $2.75, per hour, lower than the prevailing wage scale in effect for this agreement. In addition, effective**

March 27, 2006, that rate will change to $2.50, per hour, lower; and effective March 26, 2007, that rate will be $2.25, per hour, lower.

Employees who have some experience will be placed at a rate on the progression rate scale commensurate with their experience and ability to perform the job between the minimum hiring rate for the labor grade up to and including the full job rate if the employee is fully qualified.

Section 4.

a. Any employee on temporary transfer to another job for the convenience of the Company shall be paid the rate of his/her job or the full rate of the job to which he/she is transferred, whichever is higher. Such transfers will not exceed six (6) weeks. If a transfer is made into a department where there is a layoff, the Company will give the reason necessary to the Unit President.

b. When he/she is transferred because of no work, machine breakdown or for his/her convenience, he/she will be paid the rate of the job to which he/she is transferred. Should the lack of work or machine breakdown condition continue beyond the first week, the least senior employee on the shift in affected job classification will be transferred.

Section 5. Shift Premium. Employees working on a scheduled second shift shall be paid a night shift premium of .2**5** per hour. Employees working on a scheduled third shift shall be paid a night shift premium of .2**8** per hour. Employees working on their scheduled shifts starting between 2 P.M. and 10 P.M. (2nd Shift) and 10 P.M. and 6 A.M. (3rd Shift) shall be considered as working on night shifts and entitled to the applicable bonus for that shift. When an employee's hours continue into the following shift, bonus will be determined by the shift of origin. When an employee is called in or scheduled on a shift other than his/her own, he/she shall receive bonus applicable to that shift for hours worked. "D" shift employees will receive .2**8** per hour shift premium for all hours worked.

Section 6. The Company will supply the following tools to those employees, where needed to operate within their respective job classification:

1. Metric tools
2. Special spanners
3. Snap ring pliers
4. Allen wrenches
5. Indicators

6. Special press wrenches.

All tools broken in the course of the job will be replaced.

Section 7. Only those jobs which are presently designated as leader's jobs by the Company are covered by the terms of this Agreement.

It is understood that such additional duties as comprise the lead aspect of the jobs in question may be deleted at the Company's determination. Upon such elimination of the duties, the Company need not pay the leader's differential of .20. Should the Company re-institute the lead duties, the differential will be restored.

Under no circumstances does the agreement to pay additional monies for the affected jobs infringe on Job Evaluation nor does it set precedent for future jobs installed in accordance with Job Evaluation, Article VI.

On the basis of the above provisions, the Company will pay the leaders in question .20 higher than their evaluated rate.

Section 8. The Company agrees to provide payroll deduction for a Credit Union, if one is established.

Section 9. Pay for Workmen's Compensation Injuries. Day of injury and outside medical attention required:

Return to work after outside treatment:
a. Paid for time out of plant; charged to job.

Does not return to work from outside treatment:
a. Paid to end of normal shift; charged to job.

Medical attention on subsequent day after employee has returned to active work*
Return to work after treatment:
a. Paid for time out of plant; charged to job.

Does not return to work after treatment:
a. Paid to end of normal shift; charged to job.

If additional visits are required, the employee must notify his/her supervisor twenty-four (24) hours prior to day of absence. A reasonable schedule will be observed.

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*If additional visits for outside medical attention are not possible on employee's own time.

Employees on the 2nd and 3rd shifts who are required to seek out of town treatment for their injuries will be paid four (4) hours provided they work the remainder of their shifts.

Section 10. Employees attending company-sponsored training programs outside of a 50-mile radius will be reimbursed for travel time at the employee's straight-time rate.

Section 11. It is agreed that any vending machine profits in the Plant will be divided equally between the Company and the Union to be used for the Family Picnic Fund.

ARTICLE XV

Insurance and Pension Benefits

Section 1. A pension plan and insurance program have been provided in agreements which are separate and apart from this Agreement.

Section 2. An employee's insurance terminates at the end of the first month in which an employee is granted a personal leave, or is laid off with 3 days' notice; or at the end of the month following the month laid off without 3 days' notice.

While on medical leave, insurance benefits continue for an employee and his/her dependents for a period not to exceed 39 weeks.

Section 3. In accordance with the contractual terms as outlined in Article XV, Section 2., medical and life insurance benefits are continued during term of leave for a period not to exceed 39 weeks.

Section 4. MEDICAL AND INSURANCE BENEFITS

Life Insurance: $25,000 effective April 1, 2005.

Accidental Death and Dismemberment: $25,000 effective April 1, 2005.

Accident and Health: Effective April 1, 2005, Accident and Health benefits shall be increased from $175.00 per week to $210.00 per week, for a period not to exceed 39 weeks, with medical benefits covered for that same 39-week period.

The following is a brief outline of the insurance program. The employee should always refer to the insurance booklet provided, or contact the Human Resources Department should there be questions concerning eligibility or limitations of insurance coverage:

INSURANCE

Eligibility begins on the first day after you have completed ninety (90) days of continuous service for the employee and eligible dependents

Effective June 1, 2002, coverage will be as follows for those employees not opting out:

Medical: -Steelworkers 100/80 PPO
-Steelworkers Drug Option C

Vision: -Steelworkers OptiChoice Vision

Dental: Steelworkers Dental Plan A

Effective April 1, 2005, all employees covered by the above medical insurance will pay the following weekly contributions:

Type Coverage:		Contract Year 1:		Contract Year 2:		Contract Year 3:
Family	$	53.89	$	53.89	$	53.89
Single	$	32.30	$	32.30	$	32.30

The Company will pay a monthly Cash Option to any employee waiving the above medical insurance in the amount of $250.00/Family or $150.00/Single. However, no more than 20% may opt out. In addition, the Company agrees to continue the stand-alone Prescription Drug benefit, or substantially equivalent plan with $10/$20 co-pays, for those employees covered by the separate agreement effective July 1, 2000. Those employees who grow into an unreduced SKF pension after March 30, 2002, may also opt out of the medical insurance plan, per Memorandum of Understanding on page 70, and receive the company-paid stand-alone Prescription Drug benefit, dental and vision; however, these employees will not be eligible for the monthly Cash Option payment, per paragraph 4. on page 70.

Any employee retiring during the life of this labor agreement will have his benefits capped at whatever the cost of those benefits on April 1, 1996.

MEMORANDUM OF UNDERSTANDING

Amendments to the Pension Plan for Hourly Employees: The present minimum pension formula shall be improved by increasing the pension, per month, per year of service, from $32.00 to $33.00 effective for retirements on or after May 1, 2005; to $34.00 effective for retirements on or after May 1, 2006; and to $35.00 effective for retirements on or after May 1, 2007. In addition, employees eligible for retirement and electing to retire within six (6) months of this agreement's effective date, are eligible for a pension of $35.00.

30-Year Retirement (early retirement without actuarial reduction). An employee who attains 30 or more years of service may elect to retire with a full pension (not actuarily reduced) regardless of age. Employees retiring as of April 30, 1996, will have their retiree Major Medical Lifetime maximum increased from $2,500.00 to $10,000.00.

Immediate Vested Retirement. If you are terminated because of a permanent shutdown of the facility, you may be eligible to retire at that time without actuarial reduction, provided you meet either of the following age and service combinations on the date of termination:

(1) at least 15 years of service and 55th birthday, or

(2) at least 15 years of service and combined age and years of service equal 80 or more.

ARTICLE XVI

Union and Management Cooperation

Section 1. The Company and the Union recognize the advisability of making every effort to constantly improve relationships between the Company, the Union and all employees. In the interest of improving relationships and to provide a forum for the discussion of overall problems of mutual concern, inclusive of Civil Rights, other than specific grievance cases, a Labor-Management Committee consisting of the Unit President and three (3) other members of the bargaining unit, the Plant Manager and Management Representatives designated by the Company shall meet monthly on Company time to discuss problems which may cause a disruption in relationships or to suggest means of improving relationships, provided the Union provides the Company with a written agenda for this meeting at least one (1) business day prior to the meeting.

ARTICLE XVII

Vacations

Section 1. Vacation Period. The vacation year begins on January 1 and ends on December 31 of the current year.

Section 2. Eligibility.

a. If your anniversary of continuous employment is reached on or before December 31 of the current year, you are eligible for:

Accumulated Service on or Before December 31 of the Current Year	Vacation
1 year	2 weeks
10 years	3 weeks
20 years	4 weeks

b. Each employee who is actively on the payroll on December 31 of any year shall be entitled to his/her full vacation benefits in accordance with Section 2. a. above, notwithstanding the fact that his/her service may have been terminated for any reason during the ensuing year prior to receipt of vacation benefits.

c. Any employee who was on leave of absence or layoff on December 31, and returned or was recalled thereafter, shall be entitled to his/her full vacation benefit in accordance with 2.a. above provided he/she works at least six (6) months between January 1 and December 31 of the current vacation year.

Section 3. Vacation Schedule.

a. Vacations will, as far as possible, be granted at times most desired by employees; but the final right to schedule vacation periods is reserved by the Company in order to insure the orderly operation of the business. This includes the right of the Company to determine whether or not the Plant will be closed for all or part of a vacation season, and to schedule vacations at such time. The Company will, by May 31st of each year, make known to the Union when the Plant will be shut down for vacation purposes.

a.-1. No employee will be required to work during a vacation shutdown or properly scheduled vacation period without thirty (30) days notice. Employees scheduled for inventory work during the shutdown will be scheduled at least 10 days in advance, except where circumstances do not permit.

a.-2. Vacations (not including plant shutdown periods) shall be scheduled at least 30 days in advance and may not be changed except by mutual consent.

b. Vacations are scheduled as consecutive days in combinations of five (5) working days, except where lesser combinations are agreed to mutually.

c. When a paid holiday falls within an employee’s scheduled vacation, he/she shall receive an extra day off at his/her discretion with one week’s notice or receive eight (8) hours additional pay for the holiday. If the holiday falls during a plant vacation shutdown, that holiday will be scheduled by the Company. The Company will notify the union by May 31st of each contract year whether or not the holiday during the plant shutdown will be scheduled immediately prior to or after the shutdown, or whether the holiday may be used at the employee’s discretion with five (5) days’ notice.

d. No employee will be required to work overtime on the weekend or sixth or seventh day prior to or following his/her vacation period.

d.-1. An employee scheduled for five (5) or more days of vacation, shall not be required to work overtime on their last regular work day prior to that vacation.

e. Work during plant shutdown will be in seniority order by the classifications needed on their respective shifts. When notified by May 31st of each year, employees scheduled to work in their classification, must work or will be subject to disciplinary action.

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f. When General Laborers are needed during a plant shutdown, the jobs shall be filled in the classification in seniority order. If the jobs can not be filled in the classification, they will be filled on a seniority basis plant-wide.

g. Inventory during vacation shutdown will be filled in seniority order.

h. An employee with three (3) or more weeks vacation may take one of those weeks in days, provided that employee gives the Company reasonable notice. The fourth week of vacation can be split in the following manner: two (2) and three (3) days, or three (3) and two (2) days. Days worked during vacation shutdown may be taken as individual days with reasonable notice.

Section 4. Vacation Pay.

a. For eligible employees, vacation pay shall be based on the average hours worked by the employee for the first two-week period of the six weeks immediately preceding the vacation period. An employee may make their selection once per year in order to determine which vacation period the Company will use to establish their vacation pay.

a.-1. Officers and Committeemen shall be considered to have worked eight (8) hours each day and five (5) days each week while on official Union business for the purpose of calculating vacation pay. This includes any Union member who is on official Union business.

b. Vacation pay will be based on the employee’s regular job rate (not temporary rate) current at the time of vacation. This does not include shift premium.

c. For eligible full-time employees, pay for each vacation week shall not be less than forty (40) hours, nor more than forty-eight (48) hours.

Section 5. For each week of vacation as provided under this Article, Section 2.a., an employee will receive a $45.00, per week, vacation bonus, effective March 28, 1981.

Section 6. Employees required to work during vacation shutdown and taking their vacation at another time, the Company will pay the higher pay of the two (2) eligibility periods.

ARTICLE XVIII

Seniority

Section 1. Definition of Seniority. Seniority is defined as the length of an employee's continuous service with the Company and shall date from the time of the employee's most recent hiring.

Section 2. Loss of Seniority. Seniority shall cease and employment terminate upon:

a. Resignation or quit.

b. Discharge with cause.

c. Failure to report for work for three (3) work days without a valid reason and without satisfactory notice to the supervisor within said three (3) work days.

d. Failure to report for work within three (3) work days after the expiration of a leave of absence.

e. Failure to report to the Human Resources Office from layoff within three (3) work days after receiving notice of recall. However, if an employee can prove within ten (10) calendar days from expiration of leave of absence or receipt of recall that it was impossible for him/her to notify the Company, his/her seniority rights shall be retained. Recall notice will be by certified or registered mail. An employee laid off from the Plant may refuse recall to a temporary job without jeopardizing future recall rights.

f. Layoff from the Company for more than forty-eight (48) consecutive months for an employee with more than six (6) months service, or for a period equal to twice his/her length of service if the employee has less than six (6) months of service. Employees who bid or are recalled to jobs they cannot perform and, as a result, are disqualified by themselves or the Company, will not start their recall periods over again.

Section 3. Rehired Employee. Any employee whose seniority has ceased under Section 2., and who is subsequently rehired shall be covered under the terms of this Agreement in the same manner as a new employee.

Section 4. Probationary Period. During the first one hundred twenty (120) calendar days of employment for grades 1-6, and one hundred fifty (150) days of employment for grades 7-12, employees will be considered as probationary and shall be subject to discharge without recourse. After completion of the probationary period, an employee's record of continuous service will date back to the original employment date.

Section 5. Seniority List. The Company will maintain seniority records of all employees which will be available in the Human Resources Department for examination by the Union. Copies of Group seniority lists and a plant-wide seniority list will be given to the Local Unit President and Unit Griever every six months upon request. The

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International Representative will be provided with a seniority list upon request, as well as the Local Unit President.

Section 6. Group Seniority. New employees when hired will be assigned to a group and will accumulate seniority in the group. When an employee bids to a different group and accumulates two (2) months of service within one (l) year, he/she will be credited with his/her full Plant seniority in that group. For purposes of this Article, the various seniority groups and the job classifications assigned to them shall be as listed in Appendix "B" of this Agreement.

Section 7. Promotion to Excluded Position. Employees transferred from the Bargaining Unit to an excluded position will cease to accumulate seniority on the date of his/her transfer. Should such transferred employee for any reason return to the Bargaining Unit, within 90 calendar days of his/her initial transfer, he/she will receive the seniority he/she had on the date of his initial transfer. In the event the transferred employee fails to return to the Bargaining Unit within the 90 calendar days of the initial transfer, his/her seniority will be frozen as of the time he/she left the Bargaining Unit. If such transferred employee thereafter returns to the Bargaining Unit, it will be as a General Laborer, seniority permitting. No employee may transfer back into the Bargaining Unit more than once during the life of this Agreement. Salaried employees who moved from the Bargaining Unit under prior contracts will be covered by the provisions effective at those times.

Section 8. Shift Assignment for Training. Employees newly assigned or bidding to a new job may be assigned to another shift not in excess of one hundred twenty (120) days for grades 1-6 and one hundred fifty (150) days for grades 7-12 for training. Should an employee be disqualified or terminated and another employee hired or transferred, the new employee may, likewise, be assigned for not in excess of the training period. If at any time during the training period the Company feels that a particular employee is qualified, the particular job will be canvassed for the open shift, and the employee involved will be moved immediately. Production Assistants may also be assigned to another shift to train for up to sixty (60) days. Where possible, Production Assistants will be assigned in reverse seniority order. This section will not be construed so as to move a senior employee from his/her preferred

shift to make room for a trainee. If training occurs within an employee's job classification, the senior employee will remain on his shift whether he is the trainer or the trainee.

Section 9. Unit Officers and Committee on Layoff. It is understood that the following Unit Officers shall have top seniority for layoff purposes during their respective terms in office: Unit President and Unit Grievers.

a. The Unit President and Unit Grievers shall not be bumped from their respective shifts unless their jobs are eliminated.

b. The Chairman of the Grievance Committee will be permitted work on the first shift provided there is a job in his/her classification on the first shift. For this purpose, the Chairman will be accorded super seniority with respect to bumping into the first shift or immunity from

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being bumped from it. The Unit President will be Chairman of the Grievance Committee.

c. In the interest of improving Company-Union relations, the Chairman of the Grievance Committee will be allowed to work second or third shift when he deems it's necessary for a period not to exceed sixty (60) days per year. The Chairman of the Grievance Committee will trade shift assignments with the most senior employee in his/her classification who desires to swap. If no one on the desired shift wants to swap, then the junior employee will be bumped to the day shift until the Grievance Chairman returns.

d. An elected Unit Griever will be allowed to refuse recall without giving up recall rights or bidding rights to future openings to previously held jobs.

e. An elected Unit Griever will not hold a preferred job on his shift until he exhausts his seniority rights according to the contract.

f. If the Chairman of the Grievance Committee is in Maintenance or Tool Room, the Company will have the option of transferring that employee to the General Group, during the term of office. If the Chairman of the Grievance Committee is in any other group, the employee will have the option of transferring to the General Group. If the employee is transferred, base pay will be red-circled at the previous rate; and incentive will be based upon previous twelve-month average. The Chairman's job will be bid out as a temporary job during his term of office. As a result of this addition, no employee will be displaced; and, in case of a layoff, the normal contractual rules will apply. If the Chairman is not moved, release for union business will not be unreasonably denied.

FILLING PERMANENT JOB VACANCIES

Section 10. Seniority Recognition.

a. It is the intent of both parties to give the senior employee the opportunity for higher paying jobs and choice of shifts, provided the employee has the ability and qualifications to perform the work available, subject to the procedures and in the order outlined herein.

b. On plant-wide bids, employees may bid up, but not laterally or downgrade themselves, without a valid reason. During the life of this contract, an employee will be permitted the opportunity to bid laterally or downgrade one time for any reason.

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c. If, within four weeks after starting on a job to which he/she has bid, an employee performs unsatisfactorily or if, within five days after starting on a job, an employee self-disqualifies himself/herself, he/she shall be returned to the job from which he/she has bid without prejudice. Self-disqualification shall be permitted no more than once per contract year.

Section 11. Procedure.

a. **Group Preference:**

a.-1. Employees in the same group on the job classification involved will be given shift preference. Such preference will be determined by a shift preference card filled out by the employee and will remain in effect for the length of employment. This same shift preference card shall also be used for the purposes of Section 17. below. An employee may change his preference card at any time if it is at least 24 hours prior to an actual job posting. Whenever an opening occurs, the opening will be filled according to the shift preference cards. If an employee changes groups, the employee's shift preference will be transferred to the new group.

a.-2. Recall of most senior employee whether he's/she's laid off from that classification or a higher classification either in or out of the Plant.

If an employee is bumped from his/her home group and acquires two months seniority within one year in another group, the employee will be permitted to select the new group any time after obtaining group seniority.

A laid-off employee may be recalled to a job in his last unit provided he has held that job and has the necessary seniority. If a mistake in recall or plant-wide bid from layoff is brought to the Company's attention by the Union and not remedied, the affected employee will be paid from the time of notification until corrected.

An employee laid off from the apprentice program shall be recalled in the order of his entry into the program.

a.-3. Posting of job for upgrading, lateral or downgrading in group, based on group seniority, provided employees have satisfactory ability and qualifications to perform the job (up to four (4) weeks to demonstrate proficiency). An employee who bids up within his/her group will be restricted from bidding down within the group for a period of one year from the date of bid.

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b. **Plant-wide Bid:** If the job is not filled by the procedure outlined in a. above, the job vacancy will be posted plant-wide for three (3) working days, excluding Saturday and Sunday and holidays. Applicants applying for the job will be given consideration in Plant seniority order to determine if they have the necessary ability and qualifications to meet the job requirements. If the Company voids a posted job, it must be re-bid before anyone is placed on it. Should a bidder be disqualified by the Company or himself/herself, the next eligible bidder may be awarded the job. Should the next eligible bidder be disqualified, the bid may be re-posted.

If there are no successful bidders on an open job and it is not filled by the Company within thirty (30) days, it will be re-bid. All openings created by job bids shall be filled by the above procedure.

c. **Hiring:** If the job cannot be filled in accordance with a. or b. above, the Company may exercise its discretion in filling of the vacancy by hiring new employees.

d. **Training of Employees:** However, the Company may select employees for training whom the Company feels have the potential skill and ability, in which case, the selection will be made from those employees who bid for the posted job as trainees. Wherever practical, present employees will be given preference for training on open jobs before hiring from outside. Seniority will be the controlling factor in any selection providing all other factors are of relatively equal value.

e. Permanent shift swapping will be allowed within the classification provided no one else is involved.

f. Temporary shift swapping will be allowed within the classification provided no one else is involved, and the employees are immediately qualified for the job assignment.

g. Employees who have disqualified themselves will be entitled to re-bid those jobs after two (2) years. An employee will also have this right to re-bid after two years if he is disqualified by the Company.

Section 12. Bidding by Absentee. Employees who are to be absent from the Plant up to one month may notify the Human Resources Department of their desire to be considered for specific jobs which may be posted during their absence.

Section 13. Posting of Award. The names of successful bidders with their seniority and the job awarded shall be posted on the bulletin board within two (2) weeks of the posting period. Upon transfer to the new job, the employee's seniority will be adjusted to the date the job was awarded, and credit will also be given toward any automatic progression rate on the new job.

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a. An employee will be moved to the posted job within six (6) weeks of his acceptance.

Section 14. Inter-Departmental Bidding Restriction. New employees and employees accepted in another group on a posted bid will be restricted from bidding for another posted job within another group for a period of six (6) months after reaching full job rate for classifications 1-4 and two (2) years for classifications 5-12. New employees hired in labor grades 1 and 2 may bid plant-wide for open jobs after ninety (90) calendar days.

However, any employee will be permitted to bid upwards at any time within the group, after reaching their full job rate, except he/she may not bid to a job he/she has held within the previous six (6) months.

a. If an employee has bid on several jobs simultaneously, when the awards are made, he/she will have his/her choice of jobs if accepted on more than one.

b. The Company will provide the Chairman of the Grievance Committee with copies of all posted job bids as well as posted job awards.

c. If no employee in a seniority group bids on a group opening, the six-month restriction will be waived for any employee within the group with less than six months in a new job.

REDUCTION IN WORK FORCE

Section 15.

a. **In case of a layoff:** the least senior employee in the job classification will return to his/her home group, or if this is his/her home group, he/she will be allowed to bump up, provided he/she has previously held the job classification and can demonstrate immediate proficiency. Employees not eligible to bump up will retrograde in his/her group on the basis of his/her group seniority, provided he/she has the ability and qualifications to perform the job (up to three days in which to demonstrate proficiency).

a.-1. An employee who must return to his/her home group will be given a choice of shifts provided his/her seniority is sufficient.

b. If the employee is bumped from his/her home group, the employee may bump in reverse order of last job held to next to the last job held and so on, to any job in which they have attained group seniority, provided they are immediately qualified after being familiarized with anything new to the equipment and operations.

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c. If an employee cannot exercise the options provided in a. or b. above, he/she will bump the least senior employee in the general group (Labor Grades 1 and 2), provided he/she has more seniority and can perform the job.

c.-1. If an employee is physically incapable of performing the duties of the above job, he/she will be permitted to bypass the job and bump the next least senior employee in the General Group on a job which he/she is physically capable of performing.

d. Any employee involved in layoff procedure shall be given full rights and benefits under this Agreement according to their Plant seniority.

e. An employee is prohibited from bumping to a job on which he/she has already disqualified himself/herself. Employees refusing recall to a classification, or who withdraw their names from a bid job, do not give up bumping rights to the highest classification previously held.

Section 16. Optional Layoff. An employee has the option to accept layoff in place of downgrading, in which case he/she will not have recall rights to jobs in labor grades below the labor grade from which he/she accepted layoff. An employee maintains bidding rights while on optional layoff.

a. If there is a reduction in force in a classification, the senior employee(s) in that classificaton may elect to take a Voluntary Layoff. Employee(s) accepting layoff will be on layoff until recalled by seniority to the group from which they left. An employee may reject recall to an open position and remain on layoff if the employee has the seniority and there are still employees on layoff. The Company will not deny unemployment benefits to employees who accept this layoff.

Section 17. An employee may exercise a shift preference within his/her job classification prior to vacation shutdown of each year, or prior to the first work week in August, should there be no vacation shutdown. Such preference will be granted provided the employee has sufficient seniority to displace the employee on the desired shift. If an employee attains group seniority before July 1 of the current year, the affected employee may exercise a shift preference within his/her job classification provided the employee has sufficient seniority to displace the employee on the desired shift.

The preference will be based on the shift preference card provided for in Section 11. above. However, for any purpose, no changes shall be permitted in the shift preference card from June 1st to the effective date of the preference until after the preference is completed.

The employee will be physically moved to the desired shift upon return from vacation shutdown, or on the first work day of the first full week in August, should there be no vacation shutdown.

Section 18. (Number of days shown below will be defined as working days.)

1. Open jobs in areas designated, will be bid without a shift preference. This will allow current employees an opportunity to fill the job vacancies, subject to the bidding procedures, prior to hiring from the outside.

2. Employees will be hired to fill the open job vacancies and be placed on a shift for training. The shift will be determined by the Company.

3. The number of employees to be hired at any given time will be at the discretion of the Company. However, if the number becomes so large as to make policing of this Agreement impossible on the part of the Company or the Union, this Agreement is subject to cancellation.

4. A copy of the employee’s name, date hired, clock number, job assigned and shift assigned will be provided to the Union.

5. The shift assignment for training will not be in excess of ninety days. The ninety days will be per employee from the date of hire or transfer (in the case of a successful bidder). Should an employee be disqualified, the ninety days will start again from the date of hire or transfer (in the case of a successful bidder) of the new employee. If at any time during the ninety day training period, the Company feels that a particular employee(s) is(are) qualified, the particular job will be canvassed for the open shift and the employee(s) involved will be moved immediately.

6. If the Union shows where the Company has abused the training program by not providing proper training to an employee, that particular job will be shift canvassed and the employee involved will be moved immediately.

7. The employees will not be considered on the overtime roster for the first sixty days of the training period or until qualified, unless all other employees in the affected job classification on the shift are asked to work.

8. Under the training program, when an employee is successful bidder on a downgrade and he/she is qualified to do the job, an opening will be declared immediately and a shift canvass will be taken to fill the opening. It is for up to six weeks, as stated in the contract. This will be done before any other employee is declared qualified. The employee bidding down cannot take a shift preference on the opening declared because of his downgrade; since “employees in the same group on the job classification involved will be given shift preference”, as stated in the Company-Union Agreement.

Section 19. Where the employee's personal health limitations are expected to be permanent or of long, continued duration, and where the employee downgrades to the General Labor group, he/she will assume the position of General Laborer and shall be credited with his/her full Plant seniority without having to accumulate two (2) months of service as required by Section 6. of Article XVIII.

In making this transfer, the downgrading employee shall give up any claim to return to his/her old classification after the medical limitations are lifted. The employee will be treated just as if he/she had bid to the General Laborer classification. However, if the employee's limitations are lifted within ninety (90) days, the employee will return to the job from which he/she downgraded, his/her seniority permitting.

After there is a subsequent improvement in the employee's condition, and after limitations originally imposed by the physician are either significantly modified or lifted entirely, the employee may bid to another job in the plant only after he/she works an additional six (6) full months in the General Laborer classification. However, the employee may bid only if the duties of the job to which the employee is bidding are within the employee's limitations, if any. All doctors' statements will be reviewed by the Unit President and Human Resources Manager and may be reviewed by the recognized Company doctor.

Section 20. Notices of employee hires and terminations will be sent to the Union's Financial Secretary.

Section 21. Temporary Bids

The following procedure will apply for jobs bid on a temporary basis to fill vacancies created by employees on leave of absence or other vacancies known to be of a temporary nature.

A temporary job will be in effect for a maximum of nine (9) months from date bid. At the end of nine (9) months, the temporary job will be bid as a permanent job. Should the employee on leave of absence return to work prior to the end of the nine (9) months, he will bump the employee on the temporary bid. Should the employee on leave of absence return after the temporary job has been bid as permanent, he will bump the junior employee on the shift and in the job classification he held at the time his leave started, providing his seniority is sufficient. If the employee returning from leave does not have sufficient seniority to return to his job classification, he will retrograde in his group on the basis of his group seniority, provided he has the ability and qualifications to perform the job.

In the event of a layoff, all temporary bids in the affected group will be cancelled, prior to the layoff. Employees working on a temporary job will return to their permanent jobs and the layoff will take place at that time.

ARTICLE XIX

Hours of Work

Section 1. This article is intended to provide a basis for calculating overtime only. It shall not be construed as a guarantee of hours to be worked by an individual employee or group of employees per day or per week.

The Company may rotate employees in a department for a period not to exceed 4 weeks. During rotation, the department will operate 5 days per week, but employees will be rotated on a continuing basis so that no employee loses more than one day out of each week. If a longer rotation period is necessary, the Company will be obliged to negotiate that with the Union.

Section 2. Work Week. A normal work week shall consist of five (5) consecutive eight-hour days followed by 2 days of rest.

Section 3. Work Day. A work day shall be defined as a consecutive 24-hour period beginning with the starting time of an employee's shift. Eight continuous hours of work interrupted by regularly scheduled lunch periods shall constitute a day's work.

Section 4. Working Schedules. Except where an off-standard work week is established by the Company, the following are the working hours of the various shifts. The Company may operate these different shift schedules simultaneously within the Plant or any department.

One-shift operation: 7:00 a.m. - - 3:00 p.m.

Two-shift operation: 7:00 a.m. - - 3:00 p.m.
3:00 p.m. - 11:00 p.m.

Three-shift operation: 7:00 a.m. - - 3:00 p.m.
3:00 p.m. - 11:00 p.m.
11:00 p.m. - 7:00 a.m.

Four-shift operation:

	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.	Sun.
A	7-3	7-3	7-3	7-3	7-3	**OFF**	**OFF**
B	**OFF**	3-11	3-11	3-11	3-11	3-11	**OFF**
C	11-7	**OFF**	**OFF**	11-7	11-7	11-7	11-7
D	3-11	11-7	11-7	**OFF**	**OFF**	7-3	3-11

Section 5. Premium Pay - Four Shift. Employees who are on a four-shift schedule will receive time and one-eighth for regularly scheduled hours worked on Saturdays and time and one-quarter for regularly scheduled hours worked on Sundays.

Section 6. Call-in Pay. If an employee is called into work prior to the beginning of his/her shift, he/she shall be guaranteed a minimum of four (4) hours at the appropriate rate. If those hours are contiguous to his shift, premium rate is applied only to those hours which are not part of his normal shift.

Section 7. Reporting Pay. In the event an employee reports for work as scheduled, he/she will be given at least four hours of work - or be sent home. If an employee reports to work as scheduled and work is not available, he/she will be assigned other work and be paid at least four hours pay at his/her regular rate. If he/she is sent home, he/she will be paid four hours pay at his/her regularly assigned rate. This does not apply where: (l) the employee is unfit for work; (2) the inability to provide work is due to emergency situations; or (3) he/she is notified not to report to work. Employees are required to maintain a reliable method of being contacted by phone to qualify for reporting pay.

Section 8. Division of Overtime. No employee will be required to work more than eight (8) hours voluntary or mandatory overtime in a work week in the employee's classification, and no more than one (1) 6th-day, per month. On a weekly basis, the Company will post an overtime sign-up roster in designated areas. Any employee wishing to work overtime will indicate their preference on that sheet. When the Company has a need for overtime, it will offer it to the most senior employee in the classification on that roster. If there are no volunteers on the roster, the junior employee in the classification will be required to work the overtime, unless that junior employee has already worked eight (8) hours overtime during that week. Opportunities for voluntary overtime will be rotated daily based on seniority. Employees signing the overtime roster will be expected to work if needed. If a mistake is made on overtime, that employee will be offered the next available overtime opportunity. There will be no records kept, except weekly posted sheets for time and one-half. Double-time scheduling for employees will be kept within eight (8) hours on a shift and twenty-four (24) hours between shifts where practical. Appropriate records will be kept. No employee will be required to work on their 6th or 7th day unless told by the end of his/her shift on the fourth day of their work week. Required overtime will not be scheduled by phone.

Section 9. Overtime Pay.

a. Except as provided in b. below, time and one-half shall be paid for all hours or parts of hours worked:

a.-1. in excess of eight (8) hours in any one work day;

a.-2. in excess of forty (40) hours in any one work week;

a.-3. on the sixth day of the scheduled work week.

b. Double time shall be paid for all hours or parts of hours worked on the seventh day of the scheduled work week, and between the hours of 7:00 a.m. and 3:00 p.m. on Sunday.

Section 10. On Four-Shift Operation.

1. When an employee voluntarily transfers from one shift to another through shift preference, upgrading, recall, etc., he/she will not receive premium pay on the basis of work performed on the sixth (6th) and seventh (7th) day of his/her previous (old) work schedule.

2. When an employee is involuntarily transferred due to being bumped, etc., he/she will receive premium pay for working on the sixth and/or seventh day of his/her old work week schedule.

3. An employee who transfers from the fourth shift of a four-shift schedule to the third shift of a four-shift schedule, and an employee who transfers from the fourth shift of a four-shift schedule to the third shift of a three-shift schedule will work on the first day off of his/her new schedule at straight time, thus enabling him/her to have a five-day work week.

4. This section insures employees on a 4-shift operation will be recognized for the purpose of payment on his sixth and/or seventh day.

(SHIFT SCHEDULE CHANGES ON THIS PAGE)

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Section 11. No employee will be penalized by the loss of working days in the week immediately prior to a Plant shutdown.

Section 12. It is agreed to allow cross-shifting of overtime (double time) opportunity for the production assistants in Cup Grind, Cone Grind, Roll Grind, Assembly and the operators in Heat Treat and Surface and O.D. Grind Departments on Sunday afternoons. The overtime opportunity is for the purpose of allowing P.A.'s to come in and start up equipment so that it is warmed up and ready for production by the start of third shift at the beginning of the work week. Such overtime (double time) opportunity for start up will be limited to coming in early for a maximum of four (4.0) hours. The overtime scheduling under this cross-shifting agreement, will be kept within eight (8.0) hours between employees. This cross-shifting applies to all warm-up operations.

All four-shift operations will be cross-shifted on Sunday 7:00 am to 3:00 pm..

Section 13. Master Overtime Roster.

The Company will post a Master Overtime Roster once a month. Employees desiring to work overtime after the group has declined must sign for overtime in the area they desire to work.

The Company will have the right to choose qualified employees when a specific skill is required.

On jobs which do not require extensive training, such as general labor, wrapping, wash and pack cups and dipping cones, the scheduling will be done in seniority order across shifts.

If more than one employee who is capable of performing the work signs, the senior person will be scheduled.

Employees needed to work will be notified by the end of their shift.

Employees accepting overtime through this provision will be paid at the rate of pay for the job they perform.

ARTICLE XX

Settlement of Differences

Section l. A grievance shall be defined as any dispute which arises between the Company and the Union over the compliance with or application of this Agreement as it pertains to any Bargaining Unit employee, and all such differences shall be settled in the following manner:

STEP I. Between the employee and his/her supervisor, or at the request of the employee, between the employee, committeeman and supervisor. If the dispute is not settled in accordance with an oral discussion between the supervisor, the employee and/or the committeeman, then the dispute may be reduced to writing and submitted to the respective supervisor. Grievance must be returned to the employee and his/her committeeman within 48 working hours with a written answer to the dispute. Should the dispute remain unsettled, it may be submitted to Step II within five (5) working days from the date of the written answer.

STEP II. On the first and third Thursdays of each calendar month, Step II cases will be heard by the Step II Committee which shall consist of up to three (3) representatives of management and up to three (3) representatives of the Local Unit. If the dispute still remains unsettled, it may be appealed by the Union to the Third Step within seven (7) working days following the hearing in Step II. A hearing in Step III will be scheduled at the earliest convenience of the parties.

STEP III. The Step III Committee shall hear all cases which have been unresolved in Step II and said Committee shall consist of up to four (4) representatives of management, one of which shall be the Plant Manager, and up to four (4) representatives of the Local Unit. In addition, a representative of the International Union may sit in on any third step hearing. In the event that the dispute is not resolved in the third step, the Union may file the said difference for arbitration within ten (10) working days after the date of the third step meeting.

Time limitations in all steps may be waived by mutual agreement between the Union and the Company.

Section 2. If a grievance hereunder is referred to arbitration, the parties will attempt to agree upon an arbitrator. In the event agreement is not reached within thirty (30) days, the parties will submit a joint request to the Federal Mediation Service for a panel of arbitrators. If a grievance is submitted to arbitration, the decision of the arbitrator shall be final and binding on both parties.

Section 3. The arbitrator shall first determine the arbitrability of any issue submitted. No issue shall be arbitrable unless said issue involves the meaning, application of, or compliance with a specific provision or provisions of this Agreement. The arbitrator shall not add to, subtract from, or modify any of the provisions of this Agreement; and shall not reverse management's decision except when in his/her judgment, management has acted without just cause. The arbitrator's award shall in no case be retroactive beyond thirty (30) days prior to the filing of the written grievance which constituted the issue in question.

The proper expenses of the arbitrator and the arbitration proceedings shall be shared equally by the parties.

Section 4. All grievances must be filed within thirty (30) working days from the date of their occurrence. Grievances not so filed shall be deemed to have been waived and shall not be raised thereafter. Grievances resolved in either Step I, Step II or Step III above shall be considered satisfactorily settled, closed on the record, and shall not be reopened.

Section 5. Grievances which shall arise between the Union and the Company concerning employee discipline shall have priority over all other cases under this Article of the Labor Agreement. In a case involving suspension or discharge, the Chairman of the Grievance Committee and the Human Resources

Manager will schedule a hearing within one (1) working day if requested by the Chairman of the Grievance Committee.

Section 6. Answer to grievances unresolved in Steps I, II and III will be given within three (3) working days unless the time is extended by mutual agreement.

Section 7. The grievant and a witness may be present at all steps of the grievance procedure.

Section 8. By mutual agreement in writing, a grievance may be initiated in the second or third step of the grievance procedure or submitted directly to arbitration.

Section 9. The time limitations herein shall not include Saturdays, Sundays, holidays and may be extended at any time by mutual agreement in writing by the representatives involved in each step.

Section 10. If a grievance is not referred or appealed to the next step within the specified time limit, it shall be considered settled on the basis of the Company's last answer.

Section 11. Grievances heard at the 2nd Step will be heard at the following times, dependent upon what shift the grievance originated:

1st shift	-	Any time during the shift
2nd shift	-	2:00 p.m. or later
3rd shift	-	7:30 a.m. or earlier

ARTICLE XXI

Check Off

The Company, for those employees who have heretofore or hereafter by written authorization so directed, shall deduct from the first pay of each month the proper Union dues for the previous month, an initiation fee for new members, assessments, and promptly remit same to the International Secretary-Treasurer of the Union.

Effective July 1, 1999, the Company agrees to accept written wage assignment authorization of not less than one dollar ($1.00) from employees providing for payroll deductions from their earnings for United Steelworkers of America Political Action Fund (USWA-PAF). The Company shall remit monthly all monies so deducted to the International Treasurer of the Union. The parties acknowledge that the costs of implementing and administering the USWA-PAC check-off program would be an obligation of the Union and that the estimated costs of such implementation and administration of the program have been incorporated by the Company in its valuation of collective bargaining negotiations settlements.

Any written authorization submitted is deemed to be an authorization for the Company to deduct those dues, assessments and initiation fees as set forth in the Union form as initialed at the date of the signing of the Agreement.

The Union shall indemnify the Company and hold it harmless against any and all suits, claims, demands and liabilities that shall arise out of or by reason of any action that shall be taken by the Company for the purpose of complying with the foregoing provisions of this Article.

ARTICLE XXII

Sub-Contracting

With respect to production and maintenance work, including tooling which is regularly performed by Bargaining Unit employees, the Company will endeavor to utilize its available equipment and personnel before sub-contracting this work. Where the Company determines the need for sub-contracting, the reason shall be discussed with the Union prior to such sub-contracting.

MEMORANDUM OF AGREEMENT

With respect to Green operations, if the Company elects to sub-contract such work, the Company will establish its own Shipping Department within twelve (12) months and transfer production of L&S rollers to Tyson by August, 2002 and add military packing jobs, which should total 8-12 jobs. Over the next twenty-four (24) months, the out-sourcing will affect jobs in Green Department, Cold Forming, and Tool Room, for a total of twenty-six (26) jobs. This memorandum is agreed to on a non-precedent setting basis and in no way affects either party's position concerning sub-contracting under the contract. This memorandum will not be used in any grievance or arbitration proceeding, unless it involves a dispute concerning this memorandum.

ARTICLE XXIII

Termination and Notice

Section l. This Agreement shall take effect as of 12:01 a.m. March 26, 2005, and shall continue in full force and effect until 12:00 midnight, June 13, 2008.

a. The parties agree to begin meeting at least six (6) months prior to the expiration of the current agreement to begin preparation for upcoming negotiations. The primary purpose of these meetings will be to determine the status of employees who are or will be

receiving a pension from SKF in regard to their pensions and retiree insurance from Tyson Bearing Company, Inc., and the costs involved with anticipated proposals in the upcoming negotiations concerning these issues. The Company agrees to furnish information requested by the Union in order to prepare for these discussions and prepare possible proposals.

Other issues relating to the upcoming negotiations may also be discussed if both parties agree.

Section 2. Termination.

a. If either party shall desire to terminate this Agreement, such party shall give written notice to that effect to the other party hereto not less than sixty (60) calendar days prior to June 13, 2008. Negotiations shall begin within ten (10) days subsequent to the receipt of the notice.

b. Such notice having been given, unless the parties hereto agree otherwise in writing, this Agreement shall terminate 12:01 a.m., June 14, 2008.

Section 3. Notice. The written notices provided for under this Agreement shall be sent by registered mail. If sent by the Company, the notice shall be addressed to the Union at its principal office for this district; and if sent by the Union, the notice shall be addressed to the Company at Glasgow, Kentucky, unless either party shall advise (by registered mail) of any change of address to which notices should be sent.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

FOR THE COMPANY:
TYSON BEARING COMPANY, INC.

Robert W. Crawford, Director Risk Management
Linda S. Hester, Human Resources Manager
Billy Joe Martin, General Foreman

FOR THE UNION:
UNITED STEELWORKERS OF AMERICA
AFL-CIO, CLC - On Behalf of its LOCAL UNION #7461-01

Leo W. Gerard, International President
James English, International Secretary-Treasurer
Thomas Conway, International Vice President (Administration)
Leon Lynch, International Vice President (Human Affairs)
Ernest R. Thompson, Director, District 8
Frank Pittman, Sub-District Director
Joe Villines, Staff Representative

NEGOTIATING COMMITTEE
Bobby R. Deckard, Unit President 7461-01
Peggy Barrett, Negotiating Committee
Sammy Hunt, Negotiating Committee

Donald Isenberg, Negotiating Committee
Thomas N. Samson, Negotiating Committee
Billy D. Wright, Negotiating Committee Alternate

APPENDIX A

(Employees Hired Prior to March 31, 1996)

Progression Steps 1st	2nd	Labor Grade	Full Job Rate
		1	$ 2.70
		2	2.70
$ 2.67		3	2.77
2.74		4	2.84
2.86		5	2.97
2.98		6	3.10
3.01	3.13	7	3.25
3.16	3.28	8	3.41
3.30	3.43	9	3.57
3.47	3.61	10	3.76
3.74	3.89	11	4.05
4.01	4.17	12	4.34

Effective **3/28/05**, in addition to the above scale, there will be add-ons of $**13.20**, per hour, for labor grades 1 through 9; $**13.30**, per hour, for labor grade 10; $**13.35**, per hour, for labor grade 11; and $**13.40**, per hour, for labor grade 12.

Effective **3/27/06**, in addition to the above scale, there will be add-ons of $**13.60**, per hour, for labor grades 1 through 9; $**13.70**, per hour, for labor grade 10; $**13.75**, per hour, for labor grade 11; and $**13.80**, per hour, for labor grade 12.

Effective **3/26/07,** in addition to the above scale, there will be add-ons of $**13.95**, per hour, for labor grades 1 through 9; $**14.05**, per hour, for labor grade 10; $**14.10**, per hour, for labor grade 11; and $**14.15**, per hour, for labor grade 12.

PROGRESSION PERIODS PER STEP

Labor Grades 3-4	20 Working Days
Labor Grades 5-8	40 Working Days
Labor Grades 9-12	60 Working Days

WAGE SCHEDULE
GLASGOW PLANT
(Base Rate Plus Add-on)

(Employees Hired Prior to March 31, 1996)

Labor Grade	Effective 3/28/05	Effective 3/27/06	Effective 3/26/07
1	$ **15.90**	$ **16.30**	$ **16.65**
2	**15.90**	**16.30**	**16.65**
3	**15.97**	**16.37**	**16.72**
4	**16.04**	**16.44**	**16.79**
5	**16.17**	**16.57**	**16.92**
6	**16.30**	**16.70**	**17.05**
7	**16.45**	**16.85**	**17.20**
8	**16.61**	**17.01**	**17.36**
9	**16.77**	**17.17**	**17.52**
10	**17.06**	**17.46**	**17.81**
11	**17.40**	**17.80**	**18.15**
12	**17.74**	**18.14**	**18.49**

(Employees Hired After March 31, 1996)

Progression Steps 1st	2nd	Labor Grade	Full Job Rate
		1	$ **2.70**
		2	**2.70**
$ **2.67**		3	**2.77**
2.74		4	**2.84**
2.86		5	**2.97**
2.98		6	**3.10**
3.01	**3.13**	7	**3.25**
3.16	**3.28**	8	**3.41**
3.30	**3.43**	9	**3.57**
3.47	**3.61**	10	**3.76**
3.74	**3.89**	11	**4.05**
4.01	**4.17**	12	**4.34**

Effective **3/28/05,** in addition to the above scale, there will be add-ons of $**10.45**, per hour, for labor grades 1 through 9; $**10.55**, per hour, for labor grade 10; $**10.60**, per hour, for labor grade 11; and $**10.65**, per hour, for labor grade 12.

Effective **3/27/06**, in addition to the above scale, there will be add-ons of $**11.10,** per hour, for labor grades 1 through 9; $**11.20**, per hour, for labor grade 10; $**11.25**, per hour, for labor grade 11; and $**11.30**, per hour, for labor grade 12.

Effective **3/26/07**, in addition to the above scale, there will be add-ons of $**11.70**, per hour, for labor grades 1 through 9; $**11.80**, per hour, for labor grade 10; $**11.85**, per hour, for labor grade 11; and $**11.90**, per hour, for labor grade 12.

PROGRESSION PERIODS PER STEP

Labor Grades 3-4	20 Working Days
Labor Grades 5-8	40 Working Days
Labor Grades 9-12	60 Working Days

W A G E   S C H E D U L E
GLASGOW PLANT
(Base Rate Plus Add-on)

(Employees Hired After March 31, 1996)

Labor Grade	Effective 3/28/05	Effective 3/27/06	Effective 3/26/07
1	**$ 13.15**	**$ 13.80**	**$ 14.40**
2	**13.15**	**13.80**	**14.40**
3	**13.22**	**13.87**	**14.47**
4	**13.29**	**13.94**	**14.54**
5	**13.42**	**14.07**	**14.67**
6	**13.55**	**14.20**	**14.80**
7	**13.70**	**14.35**	**14.95**
8	**13.86**	**14.51**	**15.11**
9	**14.02**	**14.67**	**15.27**
10	**14.31**	**14.96**	**15.56**
11	**14.65**	**15.30**	**15.90**
12	**14.99**	**15.64**	**16.24**

APPENDIX B

Seniority Groups

Group No.	Group Name	Job No.	Job Title
1	Assembly	0431	Assembler
		0515	Finish Stores Attendant-Assembly
		0719	Assembly Utility Person
2	General	0200	General Laborer
		0411	Utility Laborer
3	Shipping/Receiving	0509	Material Handler-Mfg.
		0510	Receiver/Shipper
		0608	P.A. Stores-Receiving
		0724	**S&R Packer/Marking**
		0813	P.A. Receiving/Shipping
4	Green	0406	SU&O Marking Machine
		0430	SU&O Cold Saws
		0517	SU&O Saws & Stampers
		0606	Screw Machining Operator
		0621	Green Coolant Service Operator
		0711	Tool Planning & Control P.A.
		0814	SU&O Automatic Screw Machine
		0815	SU&O CNC Lathes
		0902	P.A. Machining
		0908	SU&O CNC Lathes
		1104	P.A. Machining
5	Heat Treat	0605	Heat Treat Operator
		0612	Tool Hardener
		0721	Heat Treat Operator
		0722	Tool Hardener
		0805	Heat Treat P.A.
		0905	**Tool Repair & Control P.A.***
6	Inspection	0300	Bench Inspector
		0511	Quality Inspector/Material Handler
		0603	Tool & Gage Inspector-III
		0720	Metallurgical Laboratory Technician
		0802	Quality Auditor
		0803	Tool & Gage Inspector-II
		0808	Utility Inspector

Group No.	Group Name	Job No.	Job Title
6	Inspection	1003	Tool & Gage Inspector-I
		1103	Master Tool & Gage Inspector
7	Maintenance	APPE	Apprentice Electronic/Electrician
		APPM	Apprentice Machine Repair/Maintenance Mechanic
		0100	**Machine Preventative Maintenance Laborer**
		0704	Machine Repair/Maint.Mechanic-III
		0904	Machine Repair/Maint.Mechanic-II
		1100	Machine Repair/Maint.Mechanic-I
		1203	Electronic/Electrician
8	Tool Room	APPT	Apprentice Tool, Die & Gage Maker
		0401	Tool Room Machine Operator-III
		0402	Tool & Cutter Grinder-II
		0501	Tool Room Machine Operator-II
		0602	Tool & Cutter Grinder-I
		0701	Tool Room Machine Operator-I
		0804	Machinist-II
		1004	Machinist-I
		1102	Tool, Die & Gage Maker-II
		1202	Tool, Die & Gage Maker-I
9	Press	0420	O/O Single-Stage Press
		0616	SU&O Phosphating
		0620	SU&O Single-Stage Press
		0712	Verson Line Operator
		0716	SU&O Cold Heading Machines
		0723	Crib Attendant-Cage/Verson
		0903	P.A. Verson Line
		0905	**Tool Repair & Control P.A.***
10	Roll Grind	0503	Grinding Machine Operator-Roll
		0711	Tool Planning & Control P.A.
		0901	Line Mechanic-Roll
		0905	Tool Repair & Control P.A.
11	Surface & O.D. Grind	0611	SU&O Surface/O.D. Grind
		0811	P.A. Surface & O.D.
		0905	**Tool Repair & Control P.A.****

Group No.	Group Name	Job No.	Job Title
12	Cup Grind	0415	Wash & Pack Cups
		0504	Grinding Machine Operator
		0711	Tool Planning & Control P.A., Cup & Cone
		0901	Line Mechanic-Cup
		0905	**Tool Repair & Control P.A.****
		0906	Line Mechanic-Grinding A-Cup & Cone
13	Cone Grind	0504	Grinding Machine Operator
		0711	Tool Planning & Control P.A., Cup & Cone
		0901	Line Mechanic-Cone
		0905	**Tool Repair & Control P.A.****
		0906	Line Mechanic-Grinding A-Cup & Cone

*** These jobs are inserted in the Groups 5 and 9 for bidding purposes only.**
**** These jobs are inserted in Group 11 for bidding purposes only.**

Wash & Pack Cups, #0415, should be removed from Group #3, Shipping/Receiving, and moved into Group #12, Cup Grind. It is understood that, as a result of this move, Classification #0415 will have bumping rights back to Group #3 and the remaining classifications #0509, 0608, and 0813, will have bumping rights to Group #12 (classification 0415).

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REPORT-OFF PROCEDURE

If you are going to be off or late for work, call 670-0099 at least two (2) hours before start of shift. Give the following information:

System will automatically record date and time of each call.

1. Your name.
2. Your clock number.
3. Your foreman's name.
4. The reason for your absence or tardiness, e.g. sickness, death of relative, car breakdown, etc..
5. When you will return to work.

If you cannot reach the report-off number, you are expected to call the regular Plant number, 670-0000, and report off to your foreman.

HUMAN RESOURCES DEPARTMENT

MEMORANDUM OF AGREEMENT

This Agreement is between TYSON BEARING COMPANY, INC., a wholly-owned subsidiary of Roller Bearing Company of America, Inc. (hereinafter "the Company") and the UNITED STEELWORKERS OF AMERICA, AFL-CIO, on behalf of itself and the members of its LOCAL UNION No. 7461 (hereinafter, individually and jointly, "the Union").

The Company is about to purchase a portion (but not all) of the assets of a plant owned and operated by SKF USA INC. (hereinafter "SKF") at Glasgow, Kentucky (hereinafter "the Glasgow plant"). It is anticipated that the asset purchase transaction will take place on a date on or before June 15, 1999 (hereinafter "the closing date"). It is anticipated that the Company will operate in a portion of the Glasgow plant (hereinafter referred to as "the TYSON Glasgow facility") and that SKF will continue to operate in the remainder of the Glasgow plant.

Currently, the Union and SKF are parties to a collective bargaining agreement covering a bargaining unit of employees at the Glasgow plant (hereinafter "the labor contract"). The labor contract went into effect on March 27, 1999, and, by its terms, is scheduled to terminate on March 29, 2002.

The Company has decided to recognize the Union as the exclusive bargaining representative of a bargaining unit consisting of certain persons it will employ in the TYSON Glasgow facility (hereinafter the "TYSON Bargaining Unit") on and after the closing date and, at such time, to adopt the labor contract as applicable to such TYSON Bargaining Unit, subject to this Memorandum of Agreement. The Union, in turn, has agreed that the Company will replace SKF as the employer of the persons the Union will represent in the TYSON Bargaining Unit under the labor contract on and after the closing date.

The parties, however, have agreed to certain modifications in the labor contract, effective on the closing date. The purpose of this memorandum is to record the parties' overall agreement, as follows:

I. <u>Recognition</u>

The Company agrees that on the closing date it will recognize the Union as the exclusive bargaining representative of the TYSON Bargaining Unit at the Glasgow plant and will honor the terms of the labor contract, as modified herein. The Union agrees to recognize the Company as the employer of the TYSON Bargaining Unit under the terms of the labor contract with the rights of management spelled out therein. The Company agrees to continue all benefits in the labor contract on behalf of the TYSON Bargaining Unit except those that pertain exclusively to the HUB operation at the Glasgow plant which will continue to be operated by SKF.

II. <u>Pension</u>

a) It is mutually agreed that the Pension Plan referred to in Article XV of the labor contract (hereinafter "the SKF Pension Plan") will be replaced, effective on the closing date, by an equivalent plan sponsored by the Company. The wording of the plan document and Article XV will be subject to further discussions between the parties.

b) It is contemplated, however, that certain members of the bargaining unit, currently employed by SKF, will retire under the SKF Pension Plan, prior to the closing date, pursuant to the 30-Year Retirement without actuarial reduction option (including these employees who are eligible to age into such option pursuant to the 1999 amendments to the labor contract) described in a Memorandum of Understanding between SKF and the Union or pursuant to an Early Retirement option with actuarial reduction, based on age 55 years or older and at least 10 years of service, and will thereafter confirm to the Company that they are available for immediate employment in a TYSON Bargaining Unit position at the Tyson Glasgow facility after the closing date. The parties have agreed that such retirees (hereinafter "retiree-applicants") will be employed by the Company subject to certain terms and conditions that differ from the terms and conditions generally applicable under the labor contract.

III. <u>Retiree-Applicants</u>

Retiree-applicants are subject to the following conditions:

a) They must confirm their availability for employment by the Company not later than June 15, 1999 at 12:00 Noon.

b) The Company agrees to employ each retiree-applicant who satisfies the conditions spelled out in subparagraph (a) above and to assign such retiree-applicants, commencing on the closing date, to a position which is the same as the position he/she held with SKF at the time he/she applied for retirement.

c) Retiree-applicants who accept the Company's offer will be employed under the terms of the labor contract, except as follows:

1. They shall not be subject to typical preemployment processing nor shall they be subject to a probationary period, but they shall be considered to be an employee hired after March 31, 1996, for purposes of Article XIV, Section 3., of the labor contract.

2. For purposes of insurance benefits under Article XV, Section 4., they will be treated as employees hired prior to March 27, 1993.

3. Their rights and obligations pertaining to reduction in force, recall, transfers, filling of vacancies and other such non-economic/non-financial provisions, shall not be affected by Article XVIII, Section 3., of the labor contract.

4. They shall be eligible for two (2) weeks of vacation benefits per year, in accordance with Article XVII of the labor contract, and they shall not be eligible for any increase in annual vacation benefits while employed by the Company except as set forth in subparagraph 7. below. This provision shall be first effective for the vacation entitlements payable in the year 2000.

5. They may elect to forego medical insurance coverage as described in Article XV, Section 4. of the labor contract, in which event the Company will make an additional monthly payment to them, as follows:

-	Single	- $150.00, per month
-	Married with or without dependents	- $250.00, per month

Such monthly payments, less deductions required by law, will remain in effect unchanged while their employment continues, provided that, a change in status (i.e. from single to married or vice versa) will result in a change in the monthly amount. A decision to forego medical insurance coverage is not irrevocable,

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but the employee's ability to resume coverage at a later date is subject to the terms of the policy and the determination of the carrier.

6. The closing date shall be their first day of benefit service under the pension plan to be sponsored by the Company as described in Paragraph II(a) above.

7. (a) In the event that, during any fiscal year which occurs during the term of the labor contract, the Company's total production cost at the Tyson Glasgow facility exceeds $40 million, the following shall occur prospectively for retiree-applicants who are still active employees of the Company at the beginning of the succeeding fiscal year:

- They shall have their wage rates increased by $1.50, per hour.

- They shall have their annual vacation entitlement increased by one week.

In the event that during any such fiscal year, the Company's total production cost at the Tyson Glasgow facility exceeds $50 million, the prospective enhancement of wage rates and vacation entitlement shall be the following instead:

- Wage rates shall be increased by $3.00 per hour.

- Vacation eligibility under Article XVII, Section 2., of the labor contract shall be determined by the employees' full years of service, notwithstanding the fact that they retired from SKF and were rehired by the Company as hereinbefore provided.

(b) It is mutually understood that this paragraph 7. shall not operate so as to increase the wage rates of retiree-applicants by more than $3.00 per hour in the aggregate during the term of the labor contract nor shall it operate to increase the vacation entitlement of retiree-applicants to more than four (4) weeks in any year of the labor contract.

IN WITNESS WHEREOF, the Company and the Union have executed this Agreement by their duly authorized representatives, this l0th day of June, 1999.

TYSON BEARING COMPANY, INC.	UNITED STEELWORKERS OF AMERICA, AFL-CIO
By: Michael S. Gostomski	By: Joe Villines, Staff Representative Gary S. Bartley Twyman K. Appleby Dale Wright

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MEMORANDUM OF UNDERSTANDING

This agreement is between TYSON BEARING COMPANY, INC., a wholly-owned subsidiary of Roller Bearing Company of America, Inc. (hereinafter "the Company") and the UNITED STEELWORKERS OF AMERIA, AFL-CIO, on behalf of itself and the members of its LOCAL UNION NO. 7461 (hereinafter, individually and jointly, "the Union").

The parties have decided that certain eligible employees should have the option to forego group medical insurance benefits under Article XV, section 4, of the 1999-2002 collective bargaining agreement (hereinafter "the active employees' plan"), in return for a monthly cash payment by the Company. The Company represents that the coverage an electing eligible employee will receive under this Agreement and the SKF USA, INC. plan will be at least equivalent to the coverage he/she would receive under the active employees' plan, and in the event some disparity occurs, the Company will take the steps necessary to eliminate the difference. The following additional conditions shall apply:

1. Such option shall be entirely voluntary on the employee's part.

2. An employee shall be eligible to exercise such option if he/she is a "retiree-applicant" within the meaning of the June, 1999 Memorandum of Agreement between the parties and is thereby eligible for coverage under the SKF USA, INC. group medical insurance plan, which includes transition to a Medicare supplement plan when the employee or dependent becomes Medicare-eligible.

3. In order to exercise such option, an eligible employee must voluntarily execute the written waiver of insurance specified under the active employees' plan.

4. An eligible employee who voluntarily executes the written waiver of insurance shall receive additional monthly salary in the following amounts, less deductions required by law:

-	Single	$100.00 per month
-	Dependents, married and/or eligible children	$200.00 per month

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5. Such monthly payments will remain in effect unchanged while the electing employee continues to be employed by the Company, provided that, a change in status (e.g. from single to married or vice versa) will result in a change in the monthly amount.

6. A decision to forego Company-paid group medical insurance coverage is not irrevocable. However, the employee's ability to resume coverage at a later date is subject to the terms of the policy, the determination of the carrier and applicable provisions of controlling State or Federal law.

7. An employee who exercises such option shall remain eligible for Company-paid prescription drug and dental insurance coverage under Article XV, section 4, of the 1999-2002 collective bargaining agreement.

8. At the time an employee who exercises such option subsequently terminates his/her employment with the Company, the Company will pay to him/her, in a lump sum, an amount equal to the aggregate cost of the expenses covered by the SKF USA, INC. Major Medical lifetime maximum during the period of time that such option to forego active employees' plan coverage was in effect. The Company will at the same time also pay to such employee an additional amount necessary to cover the employee's federal and/or state income tax liability, if any, on such lump sum payment. The employee is required to submit documentation acceptable to the Company indicating the amount of covered medical expenses which have been charged to such lifetime maximum.

9. In addition, at any time an employee who exercises such option incurs covered medical expenses which exceed the SKF USA, INC. Major Medical lifetime maximum while such option is in effect, the Company will pay to the employee, in a lump sum, an amount equal to the aggregate cost of such excess covered expenses, plus an additional amount necessary to cover the employee's federal and/or state income tax liability, if any, on such lump sum payment. The employee is required to submit documentation acceptable to the Company regarding such expenses.

IN WITNESS WHEREOF, the Company and the Union have executed this Agreement this 29 day of June, 2000.

TYSON BEARING COMPANY, INC.	UNITED STEELWORKERS OF AMERICA, AFL-CIO
By E. P. Trouteaud	By Joe Villines

Bobby R. Deckard
Charles Wayne Eaton

MEMORANDUM OF AGREEMENT

The Company agrees to restore one (1) week of vacation effective June 1, 2002 to the Retiree-applicants (per Memorandum of Agreement dated June 10, 1999).

In addition, those Retiree-applicants subject to the Memorandum of Agreement dated June 10, 1999, who are not receiving full pension from SKF will receive an

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additional $1.00, per hour, effective June 1, 2002; another $1.00, per hour, effective April 1, 2003; and another $1.00, per hour, effective April 1, 2004.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives:

TYSON BEARING COMPANY, INC.

Robert W. Crawford, Director Risk Management

Linda S. Hester, Human Resources Manager

Billy Joe Martin, General Foreman

UNITED STEELWORKERS OF AMERICA,

Leo W. Gerard, International President

James English, International Secretary-Treasurer

Thomas Conway, Internatinal Vice President
(Administration)

Leon Lynch, International Vice President
(Human Affairs)

Ernest R. Thompson, Director, District 8

Frank D. Pittman, Sub Director

Joe Villines, Staff Representative

LOCAL UNION COMMITTEE

Bobby R. Deckard, Unit President 7461-01

Peggy Barrett, Negotiating Committee

Sammy Hunt, Negotiating Committee

Donald Isenberg, Negotiating Committee

Thomas N. Samson, Negotiating Committee

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Billy D. Wright, Negotiating Committee Alternate

Exhibit 10.36

RBC Bearings Incorporated
One Tribology Center
Oxford, CT 06478

June 17, 2005

Whitney & Co.
177 Broad Street
Stamford, CT 06901

Dr. Michael J. Hartnett
c/o RBC Bearings Incorporated
One Tribology Center
Oxford, CT 06478

Re: IPO Equity/Shareholder Matters

Gentlemen:

This letter memorializes the resolution of a number of issues concerning the recapitalization (the "*Recapitalization*") of RBC Bearings Incorporated (the "*Company*") to be effectuated in connection with and immediately prior to the closing of the proposed initial public offering of the Company's common stock (the "*IPO*"). Based on the resolution of these issues as described herein, the Company, Dr. Hartnett and Whitney & Co. (together with its affiliates, "*Whitney*") are prepared to move forward on the IPO. Capitalized terms used but not defined herein shall have the meanings set forth in the Existing Charter (as described below).

1. ***Transaction***. The Company shall endeavor to consummate an IPO resulting in aggregate gross proceeds to the Company and the Selling Stockholders (as defined below) of at least $125 million. The IPO shall be contingent upon the contemporaneous closing of a refinancing transaction resulting in additional net proceeds to the Company (after the repayment of existing indebtedness) of not less than $30 million (the "*Refinancing*"). The proceeds of the Refinancing shall be combined with proceeds from the IPO (and, if required, proceeds from a borrowing under the revolver) and used for the purposes described in the proposed sources and uses of funds attached hereto as Exhibit A.

2. ***Selling Stockholders***. Notwithstanding anything to the contrary set forth in the Stockholders' Agreement, the parties agree that the stockholders of the Company identified in Exhibit B (the "*Selling Stockholders*") shall be permitted to sell shares of New Common Stock in the IPO (the "*Secondary Sale*"), including shares received by Dr. Hartnett and members of management upon the cashless exercise of outstanding options and/or warrants. Subject to paragraph 3 below and the approval of the managing underwriter, the Selling Stockholders shall sell in the relative proportions described in Exhibit B (the "*Secondary Sale Allocation*"). Whitney and Dr. Hartnett hereby waive compliance with the applicable provisions of the Stockholders' Agreement to the extent required to give effect to the arrangement described in this paragraph.

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3. ***Adjustments to Size of Offering***. As a general rule, Whitney and Hartnett agree that (i) if the underwriters exercise their "over-allotment" option with respect to the IPO (the "*Shoe*"), the net proceeds thereof shall be paid solely to the Company and not to the Selling Stockholders and (ii) if market conditions require the size of the offering to be reduced, any reduction in aggregate IPO proceeds payable to the Selling Stockholders shall be allocated among the Selling Stockholders on a *pro rata* basis according to the relative proportions set forth in the Secondary Sale Allocation. Notwithstanding the foregoing, Whitney and Hartnett have agreed with the underwriter to establish a price range for the Offering of $14-$16 per share, and based on such range and revisions to the IPO structure mutually agreed upon with the underwriter, Whitney and Hartnett have further agreed to reduce the size of the Secondary Sale by 417,000 shares in the aggregate, to be allocated among the Selling Stockholders in accordance with clause (ii) above; provided, however, that if the underwriters exercise the Shoe, then the Selling Stockholders shall be entitled to sell an aggregate of 417,000 shares pursuant to the Shoe (to be allocated among the Selling Stockholders in accordance with clause (ii) above). The foregoing revisions to the IPO structure is summarized in Exhibit C hereto. The parties acknowledge and agree that the details of Exhibit C are subject to further negotiation based on the marketability of the IPO and the advise of the managing underwriter, and the parties agree to work in good faith with each other and the managing underwriter with respect to such negotiations.

4. ***Class B Preferred***. Immediately prior to the consummation of the Recapitalization, all outstanding shares of Class B Preferred Stock shall be converted in accordance with their terms. Upon such conversion, the holders thereof shall receive shares of Class C Preferred Stock, Class D Preferred Stock and Class A Common Stock, in each case in amounts determined in accordance with the Company's amended and restated certificate of incorporation in effect immediately prior to the Recapitalization (the "*Existing Charter*").

5. ***Class C Preferred***. Pursuant to the Recapitalization, the Company shall redeem all of the outstanding shares of Class C Preferred Stock for an aggregate cash redemption price equal to the Class C Liquidation Amount determined in accordance with the Existing Charter through the date of repurchase. An example of the calculation of the Class C Liquidation Amount as of June 30, 2005 is attached hereto as Exhibit D.

6. ***Class D Preferred***. The parties hereto acknowledge that market expectations will not permit the Class D Preferred Stock to remain outstanding after the IPO. Therefore, the Company shall treat the IPO as a Sale of the Company in which the aggregate Class D Liquidation Amount is equal

to $8 million. Pursuant to the Recapitalization, the Company shall repurchase all of the outstanding Class D Preferred Stock for an aggregate repurchase price equal to $8 million, $4 million of which shall be paid in cash and $4 million of which shall be paid in shares of Class A Common Stock to be determined based on the IPO offering price to the public (without any reduction for underwriters' discounts, commissions or fees) (the "*IPO Price*"). Solely for purposes of the IPO and the Recapitalization, Whitney and Dr. Hartnett hereby irrevocably agree to the foregoing calculation of the Class D Liquidation Amount and, subject to the payment in full of the repurchase price described above, hereby waive all rights they may have under the Existing Charter with respect thereto. It is expressly agreed that if the IPO is not consummated, the calculation of the Class D liquidation Amount described in this paragraph shall be of no legal effect or consequence and shall not be binding on any party.

7. ***Single Class of Common Stock***. In connection with the IPO, the Company shall establish a single class of common stock (the "*New Common Stock*") entitling the holders thereof to one vote per share with respect to all matters to be voted on by the Company's stockholders. As a result, all outstanding shares of Class A Common Stock and Class B Common Stock shall be converted into New Common Stock, and all outstanding options and warrants that are exercisable for Class A Common Stock or Class B Common Stock shall become exercisable for shares of New Common Stock. Dr. Hartnett expressly acknowledges and agrees that, as a result of the foregoing, the super-voting rights of the Class B Common Stock shall be eliminated.

8. ***Recapitalization***. Immediately prior to the closing of the IPO, the Company will give effect to the Recapitalization, which will proceed substantially as follows:

a. Pursuant to a Repurchase and Exchange Agreement to be entered into by the Company and the holders of Series C Preferred Stock and Series D Preferred Stock, (i) the Company shall redeem all of the outstanding shares of Class C Preferred Stock for an aggregate cash repurchase price equal to the Class C Liquidation Amount determined in accordance with the Existing Charter through the date of repurchase, and (ii) the Company shall repurchase all of the outstanding shares of Class D Preferred Stock for an aggregate repurchase price equal to $8 million, payable as follows: (A) $4 million shall be paid in cash, and (B) $4 million shall be paid by issuance to the holders of the Class D Preferred Stock of an aggregate number of shares of Class A Common Stock determined by dividing $4 million by the IPO Price.

b. The Company shall amend and restate the Existing Charter in order to, among other things, (i) eliminate all existing classes and series of capital stock, (ii) authorize the New Common Stock and a new class of "blank check" preferred stock, and (iii) reclassify all outstanding shares of Class A Common Stock and Class B Common Stock (including shares issued to the holders of Class C Preferred Stock and Class D Preferred Stock as described in paragraphs 4 and 6 above) to the effect that all of such shares shall be converted into shares of New Common Stock on a 1:1 basis (subject to adjustment to reflect any stock split or reverse stock split required in connection with the IPO).

9. ***Termination of Management Services Agreement***. Upon the closing of the IPO, the Amended and Restated Management Services Agreement dated as of July 29, 2002 between Roller Bearing Company of America, Inc. ("*RBCA*") and Whitney & Co. (as amended) shall be terminated; provided that such termination shall be contingent upon the Company's or RBCA's prior payment of all amounts due and owing thereunder through the date of termination.

10. ***Option Plans***. Upon the closing of the IPO, all existing option plans of the Company shall be frozen, such that no further awards or grants shall be made thereunder. In addition, a new long-term incentive plan shall be established pursuant to which options or other equity awards may be granted with respect to 6% of the Company's post-IPO fully-diluted common stock (the "*New Option Pool*"). Sixty percent (60%) of the New Option Pool shall be awarded to Dr. Hartnett and the remaining 40% shall be awarded to other employees of the Company at the discretion of the board of directors.

11. ***Tax Settlement/Bonus***. Dr. Hartnett represents to the Company and Whitney that he has initiated settlement (the "*Settlement*") of a dispute between himself and the Internal Revenue Service with respect to a transaction he entered into with a family partnership. The Company has been advised by its accountants that the Settlement will create compensation deductions for the Company and, therefore, will result in a significant tax benefit to the Company (the "*Company Tax Benefit*"). In light of the foregoing, the parties agree as follows:

a. Contingent upon approval of the Board of Directors and RBCA's senior and SCIL lenders, (i) RBCA shall pay to Hartnett a one-time special cash bonus in the amount of $5,200,000 (the "*Settlement Bonus*"), (ii) RBCA shall reduce Hartnett's base salary for Fiscal Year 2006 by the amount of $180,000 (such reduction to be applied evenly across all remaining payments for such period), and (iii) in addition to any other bonus to which Hartnett may be eligible or entitled to receive pursuant to his employment agreement, RBCA shall pay Hartnett a special cash bonus in the amount of $45,000 for each of the Fiscal Years 2007 - 2010 (each, a "*Special Bonus*"). The Settlement Bonus and each Special Bonus shall be paid in accordance with RBCA's general payroll practices and shall be subject to all applicable withholdings.

b. The Settlement Bonus shall be paid on or prior to June 30, 2005, and a portion of such bonus shall be paid by RBCA directly to the Internal Revenue Service, on Hartnett's behalf, for credit against taxes owed under the Settlement. Such portion shall equal the *lesser* of (x) $3,564,600 and (y) the aggregate net amount of the Settlement Bonus available to be paid to Hartnett after giving effect to all required withholdings.

c. Hartnett shall not rescind, revoke, amend or modify the Settlement or take any other action which, in each case, could result in the Company losing all or any portion of the Company Tax Benefit without obtaining the prior written consent of Whitney and the disinterested

members of the Board of Directors.

d. The parties shall support any amendment to Hartnett's employment agreement to the extent required to give effect to the Special Bonuses.

e. Except as expressly set forth in this paragraph 11, Hartnett shall not be entitled to any compensation whatsoever (whether paid in cash or through the issuance of options or equity or equity-linked securities) as a result of, in connection with or relating to the Settlement.

12. ***Miscellaneous***.

a. THIS LETTER AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, REGARDLESS OF THE LAWS THAT MIGHT OTHERWISE GOVERN UNDER APPLICABLE PRINCIPLES OF CONFLICTS OF LAW OR CHOICE OF LAW.

b. This letter agreement contains the complete agreement among the parties hereto and supersede any prior understandings, agreements or representations by or among the parties hereto, written or oral, that may have related to the subject matter hereof in any way.

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c. If (i) any provision of this letter agreement shall be held or deemed to be, or shall in fact be, invalid, inoperative or unenforceable because of the conflict of such provision with any constitution or statute or rule of public policy or for any other reason, or (ii) the managing underwriters require any provision of this letter agreement to be disregarded or revised in order to ensure the successful marketing of the IPO, then in each case such circumstance shall not have the effect of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable, but this letter agreement shall be reformed and construed as if such invalid, inoperative, unenforceable, disregarded or revised provision had never been contained herein and such provision reformed so that it would be valid, operative and enforceable to the maximum extent permitted.

d. The parties hereto have participated jointly in the negotiation and drafting of this letter agreement. In the event an ambiguity or question of intent or interpretation arises, this letter agreement will be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this letter agreement.

e. This letter agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

f. Nothing herein is intended or shall be construed to confer upon any person or entity other than the parties hereto and their successors or assigns, any rights or remedies under or by reason of this letter agreement.

* * *

[Signature page follows]

If you are in agreement with the foregoing, please execute a copy of this letter in the space provided below and return it to the Company.

Very truly yours,

RBC BEARINGS INCORPORATED

By: ______________________________
Name:
Title:

Accepted and agreed to as of June __, 2005, by:

ROLLER BEARING COMPANY OF AMERICA, INC.

By: ______________________________
Name:
Title:

WHITNEY & CO.
(on behalf of itself and its affiliates)

By: ______________________
Name:
Title:

____

Dr. Michael J. Hartnett
(on behalf of himself and Hartnett Family Investments, L.P.)

Exhibit A

Sources and Uses of Funds

(see attached)

Exhibit B

Selling Stockholders

KHOLDER	PROCEEDS OF NEW COMMON STOCK TO BE SOLD IN IPO (A)
ney (together with its affiliates)	$20.0 million
ıett (together with his affiliates)	$15.6 million
r Management	$4.4 million
AL	$40.0 million

(A) Assumes $125 million total offering size based on a $275 million post-IPO equity value. Includes shares to be sold by Hartnett and other members of management following cashless exercise of options/warrants. Does not include proceeds to be received in connection with redemption or repurchase of Class C Preferred Stock or Class D Preferred Stock.

Exhibit C

IPO Restructure as of June 17, 2005

(see attached)

Exhibit D

Example of Calculation of Series C Liquidation Amount

(see attached)

EXHIBIT 14.1

ROLLER BEARING HOLDING COMPANY, INC. (“Holdings”)

ROLLER BEARING COMPANY OF AMERICA, INC. (“The Company”)

CODE OF BUSINESS CONDUCT AND ETHICS

The Board of Directors, on January 27, 2004 has adopted the following Code of Business Conduct and Ethics (this “Code”) for officers, directors and employees of Holdings, The Company, and its divisions and subsidiaries. This Code is intended to focus the Board and each director, officer and employee on areas of ethical risk, provide guidance to such persons to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability. Each director, officer and employee must comply with the letter and spirit of this Code.

No code or policy can anticipate every situation that may arise. Accordingly, this Code is intended to serve as a source of guiding principles for directors, officers and employees. Each director, officer and employee is encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Chairperson of the Audit Committee, who may consult with inside or outside legal counsel as appropriate.

1. Conflicts of Interest.

All employees, officers and directors of Holdings and The Company have a duty of loyalty to the Company, and must therefore avoid any actual or apparent conflict of interest with the Company. A “conflict of interest” exists whenever an individual’s private interests interfere or conflict in any way (or even appear to interfere or conflict) with the interests of the Company as a whole. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company, whether received from the Company or a third party. Loans to, or guarantees of obligations of, employees, officers and directors and their respective family members may create conflicts of interest.

This Code does not attempt to describe all possible conflicts of interest which could develop. Some of the more common conflicts from which directors, officers and employees must refrain, however, are set forth below.

- *Simultaneous Employment.* It is almost always a conflict of interest for a Company employee to work simultaneously for a competitor, customer or supplier. Except with the prior approval of the Board, Company employees are not allowed to work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf.

- *Compensation from Non-Company Sources.* Directors, officers and employees may not accept compensation, in any form, for services performed for the Company from any source other than the Company.

- *Relationship of Company with Third Parties*. Directors, officers and employees may not engage in any conduct or activities that are inconsistent with the Company’s best interests or that disrupt or impair the Company’s relationship with any person or entity with which the Company has or proposes to enter into a business or contractual relationship.

- *Gifts*. Directors, officers, employees and members of their respective families may not offer, give, or receive gifts from persons or entities who deal with the Company in those cases where any such gift is being made in order to influence such person’s actions, or where acceptance of the gift could create the appearance of a conflict of interest.

Conflicts of interest are prohibited as a matter of Company policy. Conflicts of interest may not always be clear-cut, so if you have a question, you must consult with higher levels of management or the Company’s legal counsel. Any employee, officer or director who becomes aware of a conflict or potential conflict must immediately bring it to the attention of a supervisor, manager or other appropriate personnel or consult the procedures described in this Code.

2. Corporate Opportunities.

Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. Employees, officers and directors are prohibited from (a) taking for themselves personally opportunities that properly belong to the Company or are discovered through the use of corporate property, information or position; (b) using corporate property, information or position for personal gain; and (c) competing with the Company; *provided, however*, that if the Company’s disinterested directors determine that the Company will not pursue an opportunity that relates to the Company’s business, a director may do so.

3. Confidentiality.

Employees, officers and directors of the Company must maintain the confidentiality of confidential information entrusted to them by the Company or its suppliers or customers, except when disclosure is authorized by senior management or required by laws, regulations or legal proceedings. Confidential information includes all non-public information that might be of use to competitors of the Company, or harmful to the Company or its customers, if disclosed.

4. Fair Dealing.

Each employee, officer and director shall endeavor to deal fairly with the Company’s customers, suppliers, competitors, directors, officers and employees. None shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material

facts or any other unfair dealing practice.

5. Protection and Proper Use of Company Assets.

All employees, officers and directors shall protect the Company's assets and ensure their efficient use. Theft, loss, misuse, carelessness, and waste of assets have a direct impact on the Company's profitability. All Company assets shall be used for legitimate business purposes. The personal use of Company assets without permission is prohibited.

6. Compliance with Laws, Rules and Regulations.

All employees, officers and directors of the Company shall respect and comply with all of the laws, rules and regulations applicable to the Company.

Such legal compliance shall include, without limitation, compliance with the "insider trading" prohibitions applicable to the Company and its employees, officers and directors. Generally, employees, officers and directors who have access to or knowledge of confidential or non-public information from or about the Company are not permitted to buy, sell or otherwise trade in the Company's securities, whether or not they are using or relying upon that information. This restriction extends to sharing or tipping others about such information, especially since the individuals receiving such information might utilize such information to trade in the Company's securities.

This Code does not summarize all laws, rules and regulations applicable to the Company and its employees, officers and directors.

7. Accounting Practices.

It is the policy of the Company to fully and fairly disclose the financial condition of the Company in compliance with all applicable accounting principles, laws, rules and regulations. All books and records of the Company shall be kept in such a way as to fully and fairly reflect all Company transactions.

8. Document Retention.

Directors, officers and employees are expected to become familiar with the Company's policies regarding records retention applicable to them. Records shall always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of a subpoena, or a pending, imminent or contemplated litigation or governmental investigation, records should not be destroyed.

9. Reporting Any Illegal or Unethical Behavior.

Employees are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior. Employees, officers and directors who are concerned that violations of this Code or that other illegal or unethical conduct by employees, officers or directors of the Company have occurred or may occur should either contact their supervisor or superiors. If they do not believe it appropriate or are not comfortable approaching

their supervisors or superiors about their concerns or complaints, then they may contact the Audit Committee of the Board.

Concerns regarding questionable accounting or auditing matters or internal controls may be communicated, confidentially and anonymously, to the Audit Committee of the Board.

The Company will not permit retaliation of any kind by or on behalf of the Company and its employees, officers and directors against good faith reports or complaints of violations of this Code or other illegal or unethical conduct.

11. Penalties for Failure to Comply

Adherence to this Code of Conduct is a condition of employment. Any employee or director who ignores or violates this Code and any supervisor or superior who penalizes a subordinate for attempting in good faith to comply with this Code, including for reporting suspected violations of this Code, will be subject to disciplinary action by the Company as is appropriate under the circumstances, up to and including immediate dismissal.

Acknowledgement: ______________________________
Employee Signature

____
Employee Name (Printed)

____
Date Executed

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the reference to our firm under the captions "Summary Financial Data", "Selected Consolidated Historical Financial Data" and "Experts" and to the use of our report dated June 10, 2005, except for Note 21 as to which the date is July 19, 2005, Note 22 as to which the date is June 13, 2005 and Note 23 as to which the date is July   , 2005, in Amendment No. 2 to the Registration Statement (Form S-1 No. 333-124824) and related Prospectus of RBC Bearings Incorporated dated July 26, 2005.

Ernst & Young LLP

Hartford, Connecticut
July   , 2005

The foregoing consent is in the form that will be signed upon completion of the stock split described in Note 23 to the consolidated financial statements.

/s/ Ernst & Young LLP

Hartford, Connecticut
July 20, 2005

QuickLinks

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Exhibit 23.3

CONSENT OF VALUATION RESEARCH CORPORATION

Valuation Research Corporation hereby consents to the use of its name in the Form S-1 of RBC Bearings Incorporated, as amended from time to time ("Form S-1"), and to the reference to Valuation Research Corporation under the heading "Experts" in the prospectus in Form S-1 to be filed with the Securities and Exchange Commission.

Valuation Research Corporation

Valuation Research Corporation
New York, NY
July 19, 2005

QuickLinks

Exhibit 23.3

CONSENT OF VALUATION RESEARCH CORPORATION

[LETTERHEAD OF KIRKLAND & ELLIS LLP]

July 26, 2005

VIA EDGAR

Mr. Craig Slivka
United States Securities and Exchange Commission
Division of Corporation Finance
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: **RBC Bearings Incorporated**
Amendment No. 1 to Registration Statement on Form S-1
File No. 333-124824 - filed June 27, 2005

Dear Mr. Slivka:

On behalf of RBC Bearings Incorporated, a Delaware corporation (the "Company") and pursuant to the applicable provisions of the Securities Act of 1933, and the rules and regulations promulgated thereunder, please find enclosed for filing with the Securities and Exchange Commission, a complete copy (including certain exhibits not previously filed) of Amendment No. 2 ("Amendment No. 2") to the above-captioned Registration Statement on Form S-1 (the "Registration Statement"). A copy of Amendment No. 2 to the Registration Statement has been manually signed in accordance with Rule 302 of Regulation S-T and the signature pages thereto will be retained by us for a period of five years.

This amendment reflects certain revisions of the original Registration Statement, as originally filed with the Commission on May 11, 2005, as amended by Amendment No. 1 to the Registration Statement ("Amendment No. 1") on June 27, 2005 in response to the comment letter to Dr. Michael J. Hartnett, the Company's Chief Executive Officer, dated July 7, 2005 from the staff of the Commission (the "Staff"). In addition, the amendment updates certain of the disclosures contained in the Registration Statement as amended by Amendment No. 1.

We have referenced the appropriate page number of the prospectus contained in Amendment No. 1 in our responses contained herein. The numbered paragraphs below set forth the Staff's comments together with our response. Unless otherwise indicated, capitalized terms used herein have the meanings assigned to them in the Registration Statement.

Risk Factors, page 9

If interest rates increase, interest expense will increase..., page 13

(1) ***Staff's comment:*** Please indicate how much your interest expense will increase for a 1% increase in interest in rates.

Response: In response to the Staff's comment, the Company has added the requested disclosure on page 14 of the prospectus.

Industry and Market Data, page 23

(2) ***Staff's comment:*** Please tell us supplementally whether the market research report from The Freedonia Group, Inc. was prepared for you or for use in this prospectus, or whether it is widely and publicly available. Tell us whether The Freedonia Group, Inc. consented to your use of its information in this prospectus. We may have additional comments upon review of your response.

Response: The Freedonia Group, Inc. provides its research reports to customers for a fee. The Company has obtained the consent of The Freedonia Group, Inc. to incorporate information from page 12 of its report in the Registration Statement, and The Freedonia Group, Inc. has further consented to the Company's citation of the title of the report and use of its name. The Company has revised the disclosure on page 26 of the prospectus to cite the title of the report and The Freedonia Group, Inc. as its author. A copy of such consent is being provided to the Staff on a supplemental basis.

Business, page 56

(3) ***Staff's comment:*** We note your response to comment 32 of our June 7, 2005 letter. However, please specify the products for which you are the sole source provider.

Response: The Company estimates that it is the sole supplier with respect to several thousand different products. Therefore, the Company believes that it is not useful to an investor to provide information in the prospectus regarding specific products or product lines with respect to which the Company is the sole supplier. However, in response to the Staff's comment and based on subsequent verbal discussions with the Staff, the Company has revised its disclosure on pages 65, 66 and 70-71 to clarify that in the majority of cases where the Company is a sole supplier of bearing products, the Company has been through a lengthy development and certification process either with the OEM, the Department of Defense, the FAA or others to provide the product. These product design and development processes, as described on page 70-71 of the prospectus, are time consuming and often take anywhere from 6 months to 6 years to obtain the requisite product approvals. In almost all cases, a competitor would not be able to provide a sole sourced product in less than 3 to 6 months. Adding an additional or alternative supplier cannot be done without a significant investment in both time and engineering resources to obtain requisite certifications or product approvals. Since the majority of sole sourced products require such product approvals, they represent a competitive advantage for the Company.

(4) ***Staff's comment:*** We note your revised response on page 60. Tell us why you have not filed your supply agreements as exhibits pursuant to Item 601(b)(10) of Regulation S-K.

Response: The Company has reviewed its supply agreements with customers and has determined that no individual long-term customer agreement is material to the Company. First, the Company believes that such agreements ordinarily accompany the kind of business conducted by the Company and that any individual supply agreement with its customers is not material in amount or significance and such agreements should be deemed to have been made in the ordinary course of the Company's business under Item 601(10)(i) and (ii) of Regulation S-K. In addition, the Company does not believe that it is substantially dependent to a material extent on any particular supply agreement which would otherwise require disclosure under Item 601(10)(ii)(B) of Regulation S-K. The Company notes that no individual customer agreement has represented more than 5% of the Company's consolidated revenues in fiscal 2005 nor does it expect any such agreement to exceed this percentage in the foreseeable future. Further, as described in the Registration Statement, the Company's long-term customer agreements, or LTAs, do not represent commitments to supply a fixed amount of products. Instead the LTAs establish a framework for order fulfillment, whereby the Company fulfills purchase orders submitted by the customer on an ongoing basis based on the customer's demand. These purchase orders are submitted by the customer to the Company pursuant to the terms and conditions set forth in the LTA.

Underwriting, page 97

(5) ***Staff's comment:*** We note your response to comment 44 of our June 7, 2005 letter. However, please describe in the prospectus the electronic distribution procedures of I-Deal and IPO Center.

Response: In response to the Staff's comment and subsequent verbal discussions with the Staff, the Company has been informed by Merrill Lynch that Merrill Lynch will only be using the electronic system "i-Deal" for its institutional investor clients of its Corporate and Institutional Client Group. Set forth below is an excerpt of the letter reviewed by Kristina Wyatt of the Commission in 2000 summarizing the features of the i-Deal system. The Company has been advised that Merrill Lynch continues to employ the same procedures as those reviewed by Ms. Wyatt and that such procedures have not materially changed since they were reviewed.

"i-Deal

Before outlining the manner in which institutional investors will navigate through i-Deal, it may be helpful to point out that i-Deal is intended to provide Merrill Lynch clients with easy, efficient, digitally secured and password protected Internet access to information about Merrill Lynch managed and co-managed offerings. i-Deal is essentially identical to our current method of offering and allocating securities, as we will describe below. Futhermore, i-Deal will permit investors to enter electronic indications of interest. Merrill Lynch will not accept orders to buy any securities unless and until the registration is effective and an investor has been provided with the price of the securities. An investor will have to specifically affirm his allocation after effectiveness and pricing. Initially, Merrill Lynch will continue to confirm orders by mailing rule 10b-10 confirms and final prospectuses after pricing.

Ultimately, we expect to deliver the Rule 10b-10 confirm and final prospectus on-line. Merrill Lynch intends to post all of its managed and co-managed offerings on i-Deal, including both registered and exempt offerings of managed and co-managed offerings on i-Deal, including both registered and exempt offerings of equity and debt.

Each participating institutional client will be provided with a password that identifies them by investor type and will be given access to information only about offerings for which they are qualified. Information on the site will be visible only to these specific investors permissioned to see such information. For example, in the case of Rule 144A exempt offerings, only investors reasonably believed to be QIBs will see information relating to those offerings.

The specific categories of information that are available on our i-Deal site are:

- New Issue Calendar
  - Sets out list of current, upcoming and already priced transactions.
  - The investor will see only those offerings for which investor is qualified.
  - The calendar includes only those pending offerings for which a registration statement has been filed or, in the case of private deals, which have been announced.
- Specific Deal Sketch

  Deal summary complying with Rule 134.
- Prospectus
  - The prospectus will be available on-line as soon as the deal sketch and an indication of interest form are posted on i-Deal. Multiple prospectuses will be posted to the extent the deal is being sold into multiple jurisdictions.
  - The prospectus is currently made available by a link to OPRA (Online Prospectus Retrieval and Archive), an internal site designed by Merrill Lynch to provide access to relevant prospectuses in a manner which prohibits the forwarding of and controls access to such prospectuses. Merrill Lynch plans to link to the prospectus through EDGAR in the future.
  - The prospectus available on-line will be the most current available.
- Internet Presentation

- Electronic roadshow—currently provided by a hyperlink to one of our existing third party vendors.

- Access to the electronic roadshow is consistent with the terms of the existing and relevant no-action letters.

- Roadshow Calendar

An investor will see a schedule only of those roadshow meetings which the investor will be permitted to attend; typically only those meetings in the investor's region or office will be shown.

- Conference Call Schedule

The schedule will include conference calls for calendared offerings, with call-in numbers. Information will only be available to institutional clients Merrill Lynch has permissioned to see information about a specific offering (e.g. the schedule of calls concerning 144A offerings will be visible only to investors reasonably believed to be QIBs).

- Indication of Interest Form

  - As discussed above, the site will include a form of indication of interest. For registered offerings, the indication of interest will comply with Rule 134(d).

  - The investor will be able to hyperlink to the most current form of prospectus from the screen showing the form of the indication of interest.

Upon pricing, Merrill Lynch will notify the investor of the price and their allocation either electronically (via e-mail or the i-Deal site) or by telephone; the investor must affirm his allocation at such price either electronically on the i-Deal site or by telephone call to their salesperson. An allocation will not be moved into the final order book until the client has so affirmed its order.

For an eligible investor, access to and navigation through the Direct Markets i-Deal site is as follows:

- The client must be an institutional investor that is specifically permissioned to view the i-Deal site; it is a secured site. The client will be permissioned to view the site and will receive a secure issuer ID and password. The client will only have access to information about offerings for which Merrill Lynch has reasonably determined the client to be a qualified investor.

- The investor will enter the i-Deal site by clicking the i-Deal navigation button on the Merrill Lynch Direct Markets Home Page.

- That will bring the investor to the i-Deal home page that provides information about all Merrill Lynch managed and co-managed offerings.

- From there, the client can move to:

  - a new calendar: lists all offerings that a particular client is permissioned to participate in that are in the market that week or which have been announced; all offerings which the client would have been permissioned to participate in that have recently priced, and all prided transactions year to date.

  - new issue news: contains generic information about Merrill Lynch's capital markets capabilities.

  - historical deal activity: shows clients the allocations they received in offerings in which they participated.

  - roadshow calendar for those roadshows in which the client may participate.

  - conference call schedule for those conference calls in which the client may participate.

- The investor may access information about a specific offering by clicking on the icon for that offering on each screen on which the offering is calendared or listed.

- By pressing an offering icon, the investor is brought to a deal-level screen - entitled Deal Sketch - a Rule 134 summary of the transaction. From Deal Sketch, the client can hyperlink to the prospectus, roadshow, calendar, the electronic roadshow, contact persons, and an indication of interest form.

- The investor may check the status of the indication of interest at any time, and may revise the indication any time prior to pricing. As discussed above, after pricing (or in the case of the fixings of size, maturity and spread) the investor will receive an electronic or telephonic notice to advise him of his allocation in the offering. The investor must affirm the allocation. A Rule 10b-10 confirmation and final prospectus will be sent (currently by mail, eventually on-line) once the investor has affirmed such allocation. If the investor fails to affirm his allocation, electronically or by telephone, the investor will lose the allocation.

Merrill Lynch clients with access to i-Deal are subject to the same procedures for the purchase of and payment for securities as all other Merrill Lynch institutional clients (typically through a delivery versus payment through the client's agent bank). To the limited extent to which we would

custody the assets of an institutional client, funds would not be debited from a client's account until such time as the securities are delivered to the account. Clients with access to i-Deal follow the same procedures for opening accounts and transacting within their accounts as all other Merrill Lynch institutional clients."

Unaudited Pro Forma Condensed Consolidated Financial Statements, page 30

(6) ***Staff's comment:*** Expand footnote 3 to address your adjustment which eliminates the preferred stock dividends and participation rights of preferred stock in undistributed earnings.

Response: In response to the Staff's comment, the Company has added the disclosure to footnote 15 on page 37 of the prospectus to address its adjustment which eliminates the preferred stock dividends and participation rights of preferred stock in undistributed earnings.

(7) ***Staff's comment:*** Please revise footnote 9 to include sufficient information to allow an investor to recalculate each adjustment amount. Specifically, it appears that your adjustment to additional paid-in capital is a combination of several items. Each item should be separately listed and discussed in sufficient detail to allow an investor to recalculate your adjustment amount.

Response: In response to the Staff's comment, the Company has revised footnote 9 on pages 35-36 of the prospectus to separately list and discuss each item in detail in a manner which permits an investor to recalculate each adjustment amount.

(8) ***Staff's comment:*** Please revise footnote 10 to provide a more detailed explanation as to how you arrived at the amount of $1,500,000 and how you determined that this adjustment is factually supportable.

Response: In response to the Staff's comment, the Company has revised footnote 11 on page 36 of the prospectus to provide further explanation concerning the basis for its estimate of the amount of $1,500,000 and information concerning the factual basis for such estimate.

(9) ***Staff's comment:*** Please revise footnote 12 to clearly demonstrate to investors how you arrived at the total adjustment amount to interest expense. Please also either revise to include the interest expense to be incurred on the additional $40 million under your Term Loan as part of the Refinancing Transaction, or tell us why you do not believe such adjustment is required. Finally, if the actual interest rates can vary from those depicted, also disclose the effect on income of a $^{1}/_{8}$ percent variance in interest rates.

Response: In response to the Staff's comment, the Company has revised footnote 13 on page 37 of the prospectus to provide further explanation of how it arrived at the total adjustment amount of interest expense. Both the previous and the revised disclosure include the additional interest expense to be incurred on the additional $40 million in borrowings under the Company's Term Loan as part of the

Refinancing Transaction and the revised disclosure explains such amount. The Company has also disclosed the effect on income of a $^{1}/_{8}$ percent adjustment in interest rates.

Obligations and Commitments, page 48

(10) ***Staff's comment:*** We note your response and revised disclosure in response to comment 28 in our letter dated June 7, 2005. Since interest on your long-term debt has had and is expected to continue to have a material impact on your consolidated financial statements, please revise footnote 3 to your actual and pro forma contractual obligations tables to estimate the interest payments to be made on your outstanding debt, including the significant assumptions used to estimate such payments. Refer to Item 303(a)(5) of Regulation S-K and Release No. 33-8182 for guidance.

Response: In response to the Staff's comment, the Company has added the suggested disclosure concerning estimates of its interest payments on outstanding debt as an additional line item to its actual and pro forma contractual obligations tables. The Company has also added a discussion of the assumptions used to estimate such payments in footnote 2 to each table.

Critical Accounting Policies, page 50

(11) ***Staff's comment:*** We note your revised disclosures in response to comment 29 in our letter dated June 7, 2005. We assume you estimate the fair value of your reporting units that have goodwill assigned to them. Please revise your disclosure for goodwill and intangible assets on page 51 as it is not clear from your current disclosure whether you estimate the fair value of your company as a whole or at the reporting unit level as required by paragraph 19 of SFAS 142.

Response: In response to the Staff's comment, the Company has revised its disclosure for goodwill and intangible assets to clarify that the Company estimates its fair value at the reporting unit level as required by paragraph 19 of SFAS 142.

(12) ***Staff's comment:*** Please revise your pension plans and post-retirement health care critical accounting policy to provide sensitivity analyses for the impact of changes in the discount rate and expected long-term rate of return on plan assets.

Response: In response to the Staff's comment, the Company has added disclosure which provides sensitivity analyses for the impact of changes in the discount rate and expected long-term rate of return on plan assets on pages 55 and 56 of the prospectus.

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(13) ***Staff's comment:*** We note that you have significantly revised your stock based compensation disclosures on page 52 through 54 as well as your estimated fair value of your common stock in response to comment 29 in our letter dated June 7, 2005. In this regard, we note that you originally employed the market approach to estimate your enterprise value and that the calculations used in determining the fair value of the Company's common stock were prepared contemporaneously. You indicate that the current calculations have been applied retroactively to April 4, 2004 based on the midpoint of the range set forth on the cover page to the prospectus. It is unclear from your disclosure how you have determined that the midpoint of your IPO range is an appropriate fair value for common stock underlying options granted during various dates throughout fiscal year 2005. Provide a more comprehensive analysis of the underlying assumptions you used in your contemporaneous analysis using the market approach which resulted in the $8.00 estimated fair value and the retrospective analysis using the midpoint of your IPO range. Specifically disclose each grant date, the number of options granted and address how using the midpoint of your IPO range is an appropriate method for determining fair value of your common stock as of each grant-date.

Response: In response to the Staff's comment and subsequent verbal discussions with the Staff, the Company chose to retain Valuation Research Corporation, an independent valuation firm, to conduct its own independent valuation analysis of the fair value of the Company's common stock at each stock option grant date on a retrospective basis. After a thorough review of the independent valuation, the Company concluded that the assumptions and methods employed by Valuation Research Corporation were more appropriate and consistent with accepted valuation methods than the retrospective and contemporaneous analyses initially prepared by the Company's management. Although it is the Company's belief the revised deferred compensation figure calculated using the fair values determined by Valuation Research Corporation did not differ materially from the figure previously computed based on the Company's own initial retrospective analysis in terms of its impact on the Company's results of operations, the Company has restated its financial results and revised its disclosure throughout the prospectus to reflect the revised retrospective valuation. The Company has also added significant additional disclosure to the prospectus which discusses the Company's decision to retrospectively engage an independent valuation firm, which outlines the underlying assumptions and methodology used in its contemporaneous valuation and initial and revised retrospective valuations, provides an explanation of the differences between the contemporaneous valuation and the initial and revised retrospective valuations, and discloses details of each option grant during fiscal 2005 using the revised retrospective fair values of the Company's common stock at each option grant date. A copy of the retrospective valuation analysis prepared by Valuation Research Corporation has been supplied to the Staff on a supplemental basis. Valuation Research Corporation has consented to the use of its report in the Company's prospectus, which and such consent will be filed as an exhibit to the prospectus. The Company has revised its disclosure on page 109 of the prospectus to disclose Valuation Research Corporation's retention as an expert in connection preparing the revised retrospective valuation analysis discussed above.

RBC Bearings Incorporated Financial Statements for the Fiscal Year Ended April 2, 2005

Summary of Significant Accounting Policies, page F- 7

Net Income (Loss) Per Common Share, page F-9

(14) ***Staff's comment:*** We note your response to and revised disclosures for comment 49 in our letter dated June 7, 2005. We believe that basic and diluted earnings per share are required for each class of common stock in accordance with paragraph 61.d. of SFAS 128. If basic and fully diluted earnings per share for Class A and Class B are the same, you should provide transparent disclosure to that effect on the face on your Consolidated Statements of Operations. Note, however, that the disclosure

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requirements of paragraph 40 must be separately presented for both Class A common stock and Class B common stock within your footnote disclosure on page F-9 - F-11. Please also note that even though your Class A and Class B common stock may reflect the same basic earnings per share, a material number of dilutive securities (common stock equivalents) in either one of the respective classes of common stock, may result in a different diluted earnings per share for your Class A common stock and Class B common stock.

Response: In response to the Staff's comment, the Company has added the suggested disclosure to the face of the consolidated statements of operations, in accordance with paragraph 61.d. of SFAS 128, and to the footnotes on pages F-9 through F-11 to disclose the different amounts of diluted earnings per share on an actual basis with respect to Class A common stock and Class B common stock, respectively.

(15) ***Staff's comment:*** We note your response to comment 51 in our letter dated June 7, 2005. However, it does not appear that you provided all of the information from our comment in your disclosure. Please revise your footnote to include the weighted average interest rates for each of your debt instruments for each period presented.

Response: In response to the Staff's comment, the Company has added the suggested disclosure to the footnote to include the weighted average interest rates for each of its debt instruments for each period presented on pages F-23-F-24.

* * * *

We hope that the foregoing has been responsive to the Staff's comments.

If you have any questions related to this letter, please contact me at (212) 446-4948.

Sincerely,

/s/ Joshua N. Korff

Joshua N. Korff

cc: Valerie Ford Jacob, Esq.
Stuart H. Gelfond, Esq.