KRIKLES INC
Form S-4/A
February 08, 2007
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As filed with the Securities and Exchange Commission on February 8, 2007

Registration No. 333-140040

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1 to

Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

RBS GLOBAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	**551112**	**01-0752045**
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Number)**	**(IRS Employer Identification No.)**

REXNORD LLC

(Formerly Rexnord Corporation)

(Exact name of registrant as specified in charter)

Delaware	**551112**	**04-3722228**
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Number)**	**(IRS Employer Identification No.)**

GUARANTORS LISTED ON SCHEDULE A HERETO

RBS Global, Inc.

4701 Greenfield Avenue

Milwaukee, WI 53214

(414) 643-3000

(Address, including zip code, and telephone number, including area code, of Registrants principal executive offices)

Robert A. Hitt

President

RBS Global, Inc.

4701 Greenfield Avenue

Milwaukee, WI 53214

(414) 643-3000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Gregory Ezring, Esq.

O Melveny & Myers LLP

7 Times Square

New York, New York 10036

(212) 326-2000

Douglas J. Tucker, Esq.

Quarles & Brady LLP

411 E. Wisconsin Avenue

Milwaukee, WI 53202

(414) 277-5000

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

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) 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. ¨

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. ¨

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Note	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
9 1/2% Senior Notes due 2014	$795,000,000	100%	$795,000,000	$85,065.00
11 3/4% Senior Subordinated Notes due 2016	$300,000,000	100%	$300,000,000	$32,100.00
Guarantees of Senior Notes due 2014				(3)
Guarantees of Senior Subordinated Notes due 2016				(3)

(1) The registration fee has been calculated pursuant to Rule 457(f)(2) under the Securities Act of 1933, as amended. The proposed maximum offering price is estimated solely for purpose of calculating the registration fee.

(2) Paid by wire transfer, and includes an offset against a balance of $42,800.00 previously paid in connection with a registration statement on Form S-1 (File No. 333-132853) filed by Rexnord Corporation on March 30, 2006.

(3) Pursuant to Rule 457(n), no additional registration fee is payable with respect to the guarantees.

The registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrants 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 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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SCHEDULE A

Guarantor	State or Other Jurisdiction of Incorporation or Organization	Address of Registrants Principal Executive Offices	I.R.S. Employer Identification Number
The Falk Service Corporation	Delaware	3001 W. Canal St Milwaukee, WI 53201	39-1545847
Prager Incorporated	Louisiana	472 Andrew Higgins Dr. New Orleans, LA 70130	72-0291860
PT Components, Inc.	Delaware	4701 W. Greenfield Ave. Milwaukee, WI 53214	35-1537461
RBS Acquisition Corporation	Delaware	4701 W. Greenfield Ave. Milwaukee, WI 53214	72-1538677
RBS China Holdings, L.L.C.	Delaware	4701 W. Greenfield Ave. Milwaukee, WI 53214	68-0532389
Rexnord Industries, LLC	Delaware	4701 W. Greenfield Ave. Milwaukee, WI 53214	39-1626766
Rexnord International Inc.	Delaware	4701 W. Greenfield Ave. Milwaukee, WI 53214	39-1049617
W.M. Berg Inc.	Delaware	499 Ocean Ave. East Rockaway, NY 11518	11-2583091
Jacuzzi Brands, Inc.	Delaware	777 South Flagler Drive West Palm Beach, FL 33401	22-3568449
OEI, Inc.	Delaware	777 South Flagler Drive West Palm Beach, FL 33401	75-2270874
OEP, Inc.	Delaware	777 South Flagler Drive West Palm Beach, FL 33401	36-3114796
Krikles, Inc.	Delaware	777 South Flagler Drive West Palm Beach, FL 33401	75-2740962
Krikles Europe U.S.A. Inc.	Delaware	777 South Flagler Drive West Palm Beach, FL 33401	75-2438219
Krikles Canada U.S.A. Inc.	Delaware	777 South Flagler Drive	75-2438221

		West Palm Beach, FL 33401	
Zurco, Inc.	Delaware	777 South Flagler Drive	51-0338798
		West Palm Beach, FL 33401	
Zurn (Cayman Islands), Inc.	Delaware	777 South Flagler Drive	25-1782107
		West Palm Beach, FL 33401	
Zurn PEX, Inc.	Delaware	777 South Flagler Drive	75-1248298
		West Palm Beach, FL 33401	
USI Atlantic Corp.	Delaware	777 South Flagler Drive	22-3369326
		West Palm Beach, FL 33401	
Environmental Energy Company	California	777 South Flagler Drive	93-0998392
		West Palm Beach, FL 33401	
HL Capital Corp.	California	777 South Flagler Drive	95-4168463
		West Palm Beach, FL 33401	
Zurnacq of California, Inc.	California	777 South Flagler Drive	94-3125330
		West Palm Beach, FL 33401	

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Guarantor	State or Other Jurisdiction of Incorporation or Organization	Address of Registrants Principal Executive Offices	I.R.S. Employer Identification Number
Zurn Constructors, Inc.	California	777 South Flagler Drive West Palm Beach, FL 33401	95-3700653
Gary Concrete Products, Inc.	Georgia	777 South Flagler Drive West Palm Beach, FL 33401	58-1985364
Sanitary-Dash Manufacturing Co. Inc.	Connecticut	777 South Flagler Drive West Palm Beach, FL 33401	06-0734926
Zurn EPC Services, Inc.	Washington	777 South Flagler Drive West Palm Beach, FL 33401	91-1091148
Zurn Industries, Inc.	Pennsylvania	777 South Flagler Drive West Palm Beach, FL 33401	25-1040354

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

Subject to completion, dated February 8, 2007

PROSPECTUS

RBS Global, Inc.

Rexnord LLC

Offer to Exchange

$795,000,000 aggregate principal amount of the Issuers 9 1/2% Senior Notes due 2014 and $300,000,000 aggregate principal amount of the Issuers 11 3/4% Senior Subordinated Notes due 2016, and the guarantees thereof.

We hereby offer, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal (which together constitute the exchange offer), to exchange up to $795,000,000 in aggregate principal amount of our registered 9 1/2% Senior Notes due 2014 and $300,000,000 in aggregate principal amount of our registered 11 3/4% Senior Subordinated Notes due 2016, and the guarantees thereof (which we refer to as the exchange senior notes and the exchange senior subordinated notes, respectively, and collectively as the exchange notes), for a like principal amount of our unregistered senior notes, comprised of $485,000,000 of such notes issued on July 21, 2006 (the initial 2014 notes) and $310,000,000 of such notes issued on February 7, 2007 (the additional 2014 notes, and together with the initial 2014 notes, the original 2014 notes), and a like principal amount of our senior subordinated notes (the original senior subordinated notes, and collectively with the original 2014 notes, the original notes). We refer to the original notes and the exchange notes collectively as the notes. The terms of the exchange notes and the guarantees thereof are identical to the terms of the original notes and the guarantees thereof in all material respects, except for the elimination of some transfer restrictions, registration rights and additional interest provisions relating to the original notes. The notes are irrevocably and unconditionally guaranteed by our domestic subsidiaries which guarantee our obligations under our senior secured credit facilities (the guarantors). We refer to the original senior notes and the exchange senior notes as the senior notes, and to the original senior subordinated notes and the exchange senior subordinated notes as the senior subordinated notes. The notes will be exchanged in denominations of $2,000 and in integral multiples of $1,000.

We will exchange any and all original notes that are validly tendered and not validly withdrawn prior to 5:00 p.m., New York City time, on , 2007, unless extended.

We have not applied, and do not intend to apply, for listing of the notes on any national securities exchange or automated quotation system.

See Risk Factors beginning on page 26 of this prospectus for a discussion of certain risks that you should consider before participating in this exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2007.

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We have not authorized anyone to give you any information or to make any representations about us or the transactions we discuss in this prospectus other than those contained in this prospectus. If you are given any information or representations about these matters that is not discussed in this prospectus, you must not rely on that information. This prospectus is not an offer to sell or a solicitation of an offer to buy securities anywhere or to anyone where or to whom we are not permitted to offer or sell securities under applicable law. The delivery of this prospectus does not, under any circumstances, mean that there has not been a change in our affairs since the date of this prospectus. Subject to our obligation to amend or supplement this prospectus as required by law and the rules of the Securities and Exchange Commission, or the SEC, the information contained in this prospectus is correct only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of these securities.

The notes may not be offered or sold in or into the United Kingdom by means of any document except in circumstances that do not constitute an offer to the public within the meaning of the Public Offers of Securities Regulations 1995. All applicable provisions of the Financial Services and Markets Act 2000 must be complied with in respect of anything done in relation to the notes in, from or otherwise involving or having an effect in the United Kingdom.

The notes have not been and will not be qualified under the securities laws of any province or territory of Canada. The notes are not being offered or sold, directly or indirectly, in Canada or to or for the account of any resident of Canada in contravention of the securities laws of any province or territory thereof.

Until   , 2007 (90 days after the date of this prospectus), all dealers effecting transactions in the exchange notes, whether or not participating in the exchange offer, may be required to deliver a prospectus.

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TRADEMARKS

The following terms used in this prospectus are our trademarks: Rex®, Falk®, MB®, Duralon®, Thomas®, Omega®, Rex® Viva®, Addax®, Shafer® Bearing, PSI® Bearing, Cartriseal®, Planetgear, Drive One®, SteelFlex®, Lifelign®, A-Plus®, Stearns®, Berg® and Highfield®. The following terms used in this prospectus are Zurn s trademarks: ZURN®, WILKINS®, AQUAFLUSH®, AQUASPEC®, ZURN ONE®, ZURN ONE SYSTEMS®, AQUASENSE®, AQUAVANTAGE®, AQUAVANTAGE AV® and ECOVANTAGE®. All other trademarks appearing in this prospectus are the property of their holders.

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PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus and is qualified in its entirety by the more detailed information and consolidated financial statements included elsewhere in this prospectus. You should carefully read the entire prospectus, including the Risk Factors section and our and Jacuzzi Brands, Inc. s (Jacuzzi) consolidated financial statements and notes to those statements, before deciding to participate in this exchange offer. On February 7, 2007 we acquired the Zurn plumbing products business of Jacuzzi, which we refer to as Zurn , through our acquisition of Jacuzzi (the Zurn acquisition). Rexnord, we, us, our and the Company mean RBS Global, Inc. and its predecessors and consolidated subsidiaries, including Rexnord LLC, after giving effect to the Zurn acquisition; provided, however, that except as otherwise indicated, the operating results and other financial information presented in this prospectus are those of the Company and its consolidated subsidiaries without giving pro forma effect to the Zurn acquisition or the related transactions (the Zurn Transactions), which transactions are more fully described under The Zurn Transactions. As used in this prospectus, fiscal year refers to our fiscal year ending March 31 of the corresponding calendar year (for example, fiscal year 2007 or fiscal 2007 means the period from April 1, 2006 to March 31, 2007).

Our Company

We believe we are a leading diversified, multi-platform industrial company strategically well positioned within the markets and industries we serve. Our business is comprised of two strategic platforms: (i) our power transmission (PT) platform and (ii) a new Water Management platform. Our Water Management platform is based on the Zurn plumbing products business of Jacuzzi, which we acquired on February 7, 2007. We believe that we have the broadest portfolio of highly engineered, mission and project critical PT products in the industrial and aerospace end markets. Our PT products include gears, couplings, industrial bearings, flattop, aerospace bearings and seals, special components and industrial chain. With the Zurn acquisition, our Water Management platform is a leader in the multi-billion dollar, specification-driven, non-residential construction market for water management products. The Zurn acquisition added specification drainage, PEX, water control and commercial brass products to our highly engineered PT product portfolio.

We are led by an experienced, high-caliber management team that employs a proven operating system, the Rexnord Business System, or RBS, modeled after the Danaher Business System, to drive performance at every level of the organization. Prior to our acquisition of Zurn we operated 29 PT manufacturing and four PT repair facilities located around the world. The Zurn acquisition added 16 manufacturing and warehouse facilities to our global footprint. In the 12-month period ended September 30, 2006 (the LTM Period), after giving pro forma effect to the Zurn Transactions, we generated net sales of $1,590.6 million and a net loss of $27.9 million.

We sell our PT products in a diverse group of attractive end-market industries, which include aerospace, agri-farm, air handling, cement and aggregates, chemicals, construction equipment, energy, food and beverages, forest and wood products, marine, material and package handling, mining, natural resource extraction and petrochemical. The Zurn acquisition and the creation of our Water Management platform further diversify our end-market mix by providing us with a presence in the commercial and institutional construction, civil and public water works markets. We believe these new markets are attractive due to their large aggregate size and fundamental long-term growth characteristics. We further believe that we are well positioned to maintain number one or two positions in these markets due to Zurn s track record of product innovation, the specification-driven nature of the water management industry and the rigorous third-party approvals and certifications necessary for the marketing and sale of many water management products.

Our PT and Water Management platforms have a number of fundamental similarities that contribute to our leadership positions across both platforms. Both have attractive business models based on the manufacture,

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marketing and sale of highly engineered, project critical products. Both participate in industries that provide a competitive advantage to companies with strong track records of innovating specification-driven or highly engineered products and experience in meeting third-party approval and certification requirements, like Rexnord and Zurn. Also, both platforms participate in growing end markets and have extensive product portfolios, strong distribution networks, premier brands and significant end-market and customer diversification.

We have relatively low capital expenditure and working capital requirements, which, along with our favorable cash tax rate, have allowed us to generate strong, stable free cash flows. Zurn has also historically generated high operating margins and required low amounts of capital expenditures. Accordingly, we believe the Zurn acquisition will be accretive to our operating margins and further improve our free cash flow profile.

Key Strategic Platforms

Power Transmission (PT)

We believe we have the broadest product portfolio in the PT industry. Our PT products are highly engineered and, we believe, are critical components in the machinery or plant in which they operate. These products include gears, couplings, industrial bearings, flattop, aerospace bearings and seals, special components and industrial chain. Through our acquisition of the Falk Corporation (Falk) in May 2005 from Hamilton Sunstrand, a division of United Technologies Corporation (the Falk acquisition), we increased our market penetration and expanded our product portfolio in gears and couplings. We believe that we have the broadest portfolio of highly engineered, mission and project critical PT products in the industrial and aerospace end markets.

Over the past century, we have established long-term relationships with original equipment manufacturers (OEMs) and end users serving a wide variety of industries. As a result of incorporating our components into their products, sales to OEMs and end users have created a significant installed base for our products, which are consumed in use and have a predictable replacement cycle. This replacement dynamic drives recurring aftermarket sales, which we estimate have historically accounted for approximately 60% of our North American PT sales. These aftermarket sales in turn create a recurring revenue stream from our extensive distribution network, consisting of over 400 distributors nationwide that operate through 1,900 branches.

We sell our PT products to an attractive group of diverse end-market industries, including aerospace, agri-farm, air handling, cement and aggregates, chemicals, construction equipment, energy, food and beverages, forest and wood products, marine, material and package handling, mining, natural resource extraction and petrochemical. Eighty-one percent (81%) of the net sales of our PT platform for the LTM Period were generated from strategic or niche products. We believe these markets are attractive due to their positive fundamental long-term growth characteristics, and we have been able to maintain leadership positions within these markets as a result of our extensive offering of quality products, positive brand perception, highly engineered product lines, extensive specification work, market experience and focus on customer satisfaction. In addition, we serve industry-leading customers across all of our markets. Our end-market and customer diversification, coupled with high aftermarket revenues, help reduce our exposure to any specific industry.

Most of our products are critical components in large scale manufacturing processes, where the cost of component failure and resulting downtime is high. We believe our reputation for superior quality products and our ability to meet lead times as short as one day are highly valued by our customers, as demonstrated by their strong preference to replace their worn Rexnord products with new Rexnord products. Our customers preference to replace like-for-like products, combined with our significant installed base, enables us to achieve premium pricing, generates a source of recurring revenue and provides us a competitive advantage. Our products are marketed globally under brands such as Rex®, Falk® and Link-Belt®, using both direct and indirect channels. We believe the majority of our products are purchased by customers as part of their regular maintenance budgets and do not represent significant capital expenditures.

Our key PT product offerings include:

Gears. We believe we are a leading manufacturer of gearsets and gearboxes, with the number one position in the North American market for parallel shaft, right angle reducers and inline drives. Gears reduce the output speed and increase the torque of an electronic motor or engine to the level required to drive a particular piece of equipment. Through our Prager division and the Renew® division, which was acquired in the Falk acquisition, we believe we are the number one provider of gear repair and onsite services. Our gears are used in bulk material handling, mixing and pumping. Our primary gear end markets include the chemical, forest and wood products, natural resource extraction, steel and pulp and paper industries.

Couplings. We believe we are the market leader in North America in lubricated and non-lubricated couplings. A coupling is the interface between two shafts, permitting power to be transferred from one shaft to the other. Our couplings product line is comprised of flexible disc couplings, elastomeric couplings, grid couplings, gear couplings, fluid couplings and coupling guards. We believe we are at the forefront of technological advancement in adapting our products to meet evolving customer needs. Our leadership in non-lubricated couplings has been complemented by Falk s leadership in lubricated couplings. As a result, we have the broadest line of couplings in the industry and sell our couplings to a wide range of end markets, including the cement and aggregates, chemical, energy, food and beverages, forest and wood products, petrochemical and steel industries. We estimate that 56% of our coupling sales were to the aftermarket in fiscal 2006.

Industrial Bearings. We believe we are the market leader in the mounted roller bearing market in North America. Bearings are rotating components that support, guide and reduce friction between fixed and moving machine parts. We offer a high stock keeping unit, or SKU, count of highly engineered, non-commodity, application specific roller bearings, ball bearings, cylindrical bearings, filament bearings and sleeves. Our bearings are offered with housings to suit specific industrial applications and incorporate numerous technological advantages over those of our competitors, including specialized seals that afford superior product integrity.

Flattop. We believe we are the leading manufacturer of flattop chain and components for conveyor systems used in the global beverage and container industry. We estimate we have the number one position in these industries with a global market share of approximately 42%. We have two primary

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flattop product lines TableTop® chain, which is used for in-line processing and filling applications, and MatTop® modular belting, which is linked together to create a surface used in mass container and bulk food conveying. Our proprietary flattop products are technologically advanced and critical to our customers modern, high-speed production and filling operations. We refresh our flattop products through ongoing research and development to enhance the speed and efficiency of the production lines in which they are used.

Aerospace Bearings and Seals. We supply aerospace bearings and seals, which are critical to the commercial aircraft, military aircraft and regional jet markets and include rolling element airframe control bearings, slotted entry and split ball bearings and aerospace seals. Our aerospace bearings and seals are sold under the Shafer® Bearing, PSI® Bearing and Cartriseal® brand names. Typically, our products are specified on all major commercial platforms for Boeing (737, 747, 777, 787) and Airbus (A-320, A-330, A-340, A-350, A-380, 400M), as well as regional jet aircraft platforms and military fixed and rotary wing aircraft. Aerospace products are typically highly regulated and must be incorporated into aircraft systems at the design stage. Once a product is incorporated into an aircraft design, it cannot be easily replaced without requalification and thus typically generates revenue for the life of the design.

Special Components. We sell special components under three niche brands: Stearns®, an electric motor brake manufacturer; Berg®, a diverse miniature mechanical components manufacturer; and Highfield®, a security device manufacturer for utilities. We believe that our Stearns business enjoys the number one position in the North American motor brake market with an approximately 70% market share.

Industrial Chain. We are a leading manufacturer of engineered chain, conveying equipment and roller chain. We are the largest supplier of engineered chain in a wide variety of manufacturing applications. Our engineered and roller chains are used primarily in the cement and aggregates, construction and agricultural equipment, forest and wood products, lift trucks, metals processing and oil fields industries. Approximately 61% of our industrial chain sales are to the aftermarket.

Water Management

We believe our Water Management platform is one of the leading suppliers of professional grade specification drainage, cross-linked polyethelene (PEX) piping, water control and commercial brass products, serving the commercial and institutional construction, civil and public water works markets. Zurn s products are project-critical, high value-add and typically are a low percentage of overall project cost. We believe the combination of these features creates a high level of end-user loyalty. We also believe Zurn has one of the leading market shares in the majority of its product lines. Zurn s end markets are principally specification-driven, and many of its product lines require stringent, third-party approvals prior to commercialization. In the LTM Period, we estimate that approximately 88% of Zurn s sales were derived from product lines that have a number one or number two market share position.

Over the last 106 years, Zurn has established itself as a leading designer, manufacturer and distributor of highly engineered water management products for the multi-billion dollar commercial and institutional construction, civil and public water works markets and, to a lesser extent, the residential construction and remodeling markets. Zurn has an extensive network of approximately 400 independent sales representatives across 121 sales agencies in North America who work with local engineers, contractors, builders and architects to specify, or spec-in, Zurn s products for use in commercial and institutional construction projects. Once Zurn s products are specified, these products will generally be used in future project designs. These specifications, combined with Zurn s ability to innovate, engineer and deliver products and systems that save time and money for engineers, contractors, builders and architects result in growing demand for Zurn products.

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Zurn s products are marketed through its widely recognized brand names, including ZURN®, WILKINS®, AQUAFLUSH®, AQUASENSE®, AQUAVANTAGE®, ZURN ONE SYSTEMS®, ECOVANTAGE® and

AQUASPEC®. Through the strength of these brands and the ability to leverage them effectively across multiple

wholesale, specialty and retail distribution channels, Zurn has built and maintained leadership positions across a majority of the markets it serves.

The following chart shows the distribution of Zurn s net sales by market for the LTM Period:

Our key Water Management product offerings include:

Specification Drainage. Zurn manufactures specification drainage products under the ZURN® brand name. These products, which we believe to be industry leading, are used in potable and processed water, waste water and storm water control and have numerous commercial and industrial applications, including roof and floor drains, linear drainage systems and trench drains, traps and interceptors, clean outs and corrosive waste drainage systems and chemical drainage systems. Commercial and institutional construction are currently the major end markets for Zurn s specification drainage products. We believe that Zurn is the market leader in the specification drainage market, with a North American market share estimated by management to be approximately 44%. In addition, management estimates that Zurn s North American market shares with respect to linear drainage systems and chemical drainage systems are 42% and 15%, respectively. Zurn continues to expand the end market applications for these products into civil and transportation as well as irrigation markets with applications for linear drainage systems in highway, transportation terminal, bridge and airport construction.

PEX. Zurn manufactures PEX systems and products under the Zurn PEX brand name. We believe Zurn s PEX systems and products deliver industry leading innovation in plumbing and radiant heating applications. PEX piping is made from polyethylene, strengthened to withstand high temperatures and water pressure, and is used in place of traditional copper piping. Compared to copper, PEX offers lower installed cost, easy maintenance and repair, faster hot water delivery and significantly improved service life. We believe Zurn is a leader in PEX plumbing systems, with a North American market share estimated by management to be approximately 34%. We believe that the North American market for PEX will continue to grow as PEX continues to replace copper in plumbing applications. Although most of Zurn s PEX products are currently sold for use in plumbing systems, Zurn also designs and manufactures PEX radiant heating systems. Radiant heating systems enjoy widespread use in Europe as the primary method of heating buildings and is gaining popularity in North America.

Water Control. Zurn manufactures water control products, including backflow prevention, pressure reducing, fire safety, thermostatic mixing and pressure relief valves, as well as a wide variety of complimentary goods, under the Wilkins® brand name. Before they can be marketed and sold, many water control products must satisfy stringent independent certification and approval requirements administered by NSF International (NSF) and the Foundation for Cross-Connection Control and Hydraulic Research at the University of Southern California (USC). Wilkins is a leading brand name in the North American market for water control products because of the innovative design and value-add

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features of Wilkins products, and because they are highly engineered to exceed the standards set by NSF and USC. Wilkins products are primarily used in commercial and institutional construction, as well as in water works, irrigation and fire protection systems. Management estimates that Zurn s North American market shares with respect to pressure relief valves and backflow preventers are 43% and 28%, respectively. We believe there are substantial opportunities to expand sales of Wilkins products as municipalities continue to upgrade existing water control infrastructure and backflow prevention becomes a more common mandatory element of commercial and institutional construction.

Commercial Brass. Zurn supplies sensor operated flush valves under the AQUAFLUSH®, AQUASENSE® and AQUAVANTAGE® brand names, heavy duty commercial faucets under the AQUASPEC® brand name, pressure assist toilets under the ECOVANTAGE® brand name and specification tubular products. We believe Zurn is a market leading supplier of such products, as well as related fittings, tubular products and bathroom china. The Zurn commercial brass business ranks second in flush valve and sensor products with North American market shares estimated by management to be approximately 13% and 23%, respectively. In addition, management estimates that Zurn s North American market share with respect to specification tubular products is 18%. Many of Zurn s commercial brass products are specially engineered for water conservation. In addition, with the innovation of Zurn One Systems, which integrate commercial brass and fixtures into complete, easily customizable plumbing systems, Zurn has developed a valuable time- and cost-saving means of delivering commercial and institutional bathroom fixtures.

Our Industries

Through our two strategic platforms, we manufacture and distribute highly engineered, mission critical products to the PT and water management industries. These industries span a broad and diverse array of commercial and industrial end markets with fundamental long-term growth characteristics.

PT Industry

According to Industrial Market Information, Inc., the domestic PT industry accounts for approximately $84 billion in sales per year. Of this overall estimated PT industry, the relevant domestic market for our current product offerings is approximately $5 billion, which includes all product categories in all industries in which we currently compete. The PT industry is fragmented with most participants having limited product lines and serving specific geographic markets. While there are numerous competitors with limited product offerings, there are only a few national and international competitors of a size comparable to us, including the Emerson Power Transmission division of Emerson Electric and the Dodge Manufacturing division of Baldor Electric (formerly a division of Rockwell Automation). The industry s customer base is broadly diversified across many sectors of the economy. We believe that growth in the PT industry is closely tied to overall growth in industrial production, which we believe to have significant long-term growth fundamentals.

PT products are generally critical components in the machinery or plant in which they operate, yet they typically represent only a fraction of an end user s total production cost. However, because the costs associated with product failure to the end user can be substantial, we believe end users in most of the markets we serve focus on products with superior quality, reliability and availability, rather than considering price alone, when making a purchasing decision. We believe that the key to success in our industry is to develop a reputation for quality and reliability, as well as an extensive distribution network to maintain attractive margins on products and gain market share.

The PT industry is also characterized by the need for significant start-up capital expenditures, experience with sophisticated engineering requirements, the ability to produce a broad number of niche products with very little lead time and long-standing customer relationships. In addition, we believe there is an industry trend of customers increasingly consolidating their vendor bases, which we expect should allow suppliers with broader product offerings to capture additional market share. We believe entry into our markets by competitors with lower labor costs, including foreign competitors, will be limited due to the fact that we manufacture highly specialized niche products that are mission critical components in large scale manufacturing processes, where the cost of component failure and resulting downtime is high.

Water Management Industry

According to the U.S. Census Bureau, U.S. nonresidential construction expenditures were approximately $586.0 billion in 2006. We estimate that the relevant market within nonresidential construction for Zurn s current product offerings is approximately $4.0 billion. We believe the segment in which Zurn participates is relatively fragmented and that most competitors offer limited product lines. Although Zurn competes against numerous competitors with limited products or scale, one competitor, Watts Water Technologies, competes with Zurn across several lines on a nationwide basis. Zurn also competes against Sloan Valve Company in flush valves, Uponor (formerly Wirsbo) in PEX piping and Geberit in commercial faucets.

We believe the segment of the water management industry in which Zurn competes is closely tied to growth in commercial and industrial construction, which we believe to have significant long-term growth fundamentals. For the LTM Period, we estimate that 76% of Zurn s net sales were driven by the commercial and industrial construction markets. Historically, the commercial and institutional construction industry has been more stable and less vulnerable to down-cycles than the residential construction industry. Compared to residential construction cycles, downturns in commercial and institutional construction have been shorter and less severe, and upturns have lasted longer and had higher peaks. The following graph shows the number of consecutive quarters of growth or decline in nonresidential construction cycles in the United States since 1965:

Water management products tend to be project-critical and high value-add and typically are a low percentage of overall project cost. We believe the combination of these features creates a high level of end-user loyalty. Demand for these products is influenced by regulatory, building and plumbing code requirements. Many water management products must be tested and approved by NSF or USC before they may be sold. In addition, many of these products must meet detailed specifications set by water management engineers, contractors, builders and architects. As a result, these products are highly engineered to meet these precise specifications and stringent regulatory requirements.

The industry s specification-driven end markets require manufacturers to work closely with engineers, contractors, builders and architects, in local markets across the United States, to design specific applications on a project-by-project basis. Accordingly, flexibility in design and product innovation is critical in order to compete effectively. Also important are relationships with local engineers, contractors, builders and architects who specify or spec-in products for use in construction projects. Companies with a strong network of such relationships have a competitive advantage, in that once an engineer, contractor, builder or architect has specified a company s product with satisfactory results, he or she will generally continue to use that company s products in future projects.

Our Strengths

We believe our leading market positions in diversified end markets, our broad portfolio of highly-engineered value-added products and components, our new product development and innovation expertise, our significant installed base of specification-driven products and our extensive distribution network give us a competitive advantage.

Leading Market Positions. Our high-margin performance is driven by industry leading positions in the diverse end markets in which we compete. We estimate that greater than 80% of our net sales across both platforms in the LTM Period, after giving pro forma effect to the Zurn Transactions, were derived from products for which we believe we had the number one or two market share position. We believe we have achieved leadership positions in these markets because of our extensive offering of quality products, positive brand perception, highly engineered product lines, extensive specification work, market experience and focus on customer satisfaction. We believe we enhanced our position as a market leader through our acquisition of Falk, which is one of the most recognized brands in the PT industry, and we expect to further enhance this position through the Zurn acquisition. Our acquisition of Falk established our gear and coupling product lines as market leaders with significant relative market shares and gave us increased exposure to end markets in which Falk had a sizeable market presence, such as cement and aggregates, mining and natural resource extraction. With the Zurn acquisition, we have become a leading multi-platform industrial company by adding a market leading water management business, which gives us a presence in the specification-driven commercial and institutional construction end markets. In the LTM Period, after giving pro forma effect to the Zurn acquisition, no end market accounted for more than 19% of our net sales.

Broad Portfolio of Highly Engineered, Mission and Project Critical Products. We believe we offer the broadest portfolio of highly engineered, mission and project critical PT products in the industrial and aerospace end markets. Our strong application engineering and new product development capabilities have contributed to our reputation as an innovator in each of our end markets, solidifying our leadership position across all of our PT product categories. Our PT products are highly engineered and are critical components in the machinery or plant in which they operate. Reliability is a key driver of plant productivity, and the cost of product failure to the customer is substantial in relation to the cost of our PT products. Further, our library of PT product applications, knowledge and expertise applied across our extensive portfolio of SKUs allows us to work closely with our customers to design and develop solutions tailored to their individual specifications. The addition of our Water Management platform through the Zurn acquisition broadens our already expansive product portfolio by adding one of the broadest ranges of water management products in the industry. Like our PT products, Zurn s products are project-critical and high value-add and typically account for a low percentage of overall project cost. Zurn s strong reputation for new product development and innovation complement our strengths in those areas as well.

Significant Installed Base and Specification-Driven Products. Over the past century, we have established relationships with OEMs and end users serving a wide variety of industries. As a result of incorporating our PT components into their products, our sales to OEMs and end users have created a significant installed base for our PT products, which generates significant aftermarket sales for us as our PT products are consumed in use. We estimate that aftermarket sales have historically accounted for approximately 60% of our North American PT sales. Zurn has a 106-year track record of designing and manufacturing products to the exacting specifications

mandated by engineers, contractors, builders and architects. We believe that the ability to meet such third-party specifications is critical to competing in the water management industry, and that Zurn s deep experience in this regard and its outstanding reputation in the construction industry and its other end-markets drive strong

demand for our water management products. The following graph shows, within each of Zurn s product offerings, the percentage of 2006 net sales attributable to products driven by specifications from engineers, contractors, builders or architects:

Extensive Distribution Network. Within our PT platform, we have cultivated relationships with over 400 distributors nationwide, who sell our PT products through over 1,900 branches across the United States.

This distribution network is essential to our success in meeting lead times as short as one day. We believe our

installed PT base, end-user preference and product line breadth make our product portfolio an attractive package to distributors in the PT industry. Zurn has 16 manufacturing and warehouse facilities and uses approximately 70 third-party warehouses at which it maintains inventory. This broad distribution network provides Zurn with a competitive advantage and drives demand for its products by allowing quick delivery of project critical water management products throughout the country to engineers, contractors, builders and architects facing short lead times. Once an engineer, contractor, builder or architect has specified a product with satisfactory results, he or she will generally continue to use such products in future projects, which further drives the demand for Zurn s products.

Strong, Stable Cash Flows. Our PT operating model has generated strong, stable cash flows. Our leading market positions, highly engineered products and management s successful application of RBS have also created strong margins. We have low maintenance capital expenditure requirements, low working capital requirements and a favorable effective cash tax rate as a result of a step-up in tax basis that occurred in conjunction with the Falk acquisition. Zurn also has historically generated high operating margins, driven by its market leading positions, highly engineered products and ability to use low-cost country sourcing to maintain highly flexible, low-cost manufacturing operations, and has required low amounts of capital expenditures. Accordingly, we believe the Zurn acquisition will be accretive to our operating margins and further improve our free cash flow profile.

The Rexnord Business System. RBS was established in 2002 by our CEO, Bob Hitt, and then augmented by George Sherman, our non-executive Chairman of the board, former CEO of the Danaher Corporation and architect of the Danaher Business System. RBS is at the heart of our performance-driven culture and drives both our strategic development and operational improvements. RBS is based on three basic tenets People, Plan and Process and focuses on the development of industry-leading talent, a rigorous strategic planning process and deployment of a lean process to achieve our strategic plan. RBS embodies a wide-ranging lean enterprise strategy

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based on eliminating waste from every business process with the goal of providing world class quality, delivery and service to customers while maximizing returns to our stockholders. RBS was implemented approximately four years ago and has resulted in significant improvements in inventory management, operating costs and sales per employee. Implementation of RBS is ongoing and is expected to continue to yield meaningful improvements in growth, quality, delivery and overall costs.

Experienced, High-Caliber Management Team. Our management team is headed by Bob Hitt, President, Chief Executive Officer and director, who joined Rexnord in 2000 after serving for six years in leadership positions at Invensys plc and its predecessor, Siebe plc. Mr. Hitt has led the successful implementation of RBS. Our management team also includes George C. Moore, Executive Vice President and Chief Financial Officer, who previously served as Chief Financial Officer of Maytag Corporation and Group Vice President of Finance for Danaher Corporation. In addition, over the last four years, we have significantly strengthened our management team through the replacement of 12 people who report directly to the CEO. These managers bring expertise from industry-leading companies such as Boeing, IDEX, Whirlpool, Honeywell and Danaher. Our Water Management platform will continue to be led by an experienced team of industry professionals, headed by Alex Marini, who brings 37 years of experience, and complemented by a group of experienced senior executives.

Our Business Strategy

Our strategy is to enhance our position as a leading global manufacturer and supplier of products across our diverse markets by exerting our market leadership and continuing to provide our customers with innovative design and premium quality products. We plan to use the following strategies, along with continued application of RBS, to enhance our position in the market and drive superior financial performance:

Drive Profitable Growth. We will continue to seek profitable growth opportunities in both existing and new markets. In our existing markets we will continue to rationalize our PT product portfolio with the goals of

optimizing our product mix, extending product lines and strengthening profit margins. Through the Falk

acquisition, we have expanded our presence in the gear repair business, which we believe is an opportunity for

growth and margin expansion due to its favorable returns. In addition, we will seek to expand the markets in which we operate both in the United States and internationally. We are capitalizing on our relationships with top tier OEMs and end users to provide them with quality PT products as they expand their operations in high-growth areas overseas. The Zurn acquisition created a new strategic Water Management platform for our company. We will seek to continue Zurn s track record of profitable growth by engineering, manufacturing and marketing innovative Water Management products and systems that will save time and money for engineers, contractors, builders and architects.

Leverage Distribution Channel. By marketing our PT products to both OEMs and directly to end users, we have created an expressed end-user preference for such products. We believe this customer preference is important in differentiating our PT products from our competitors products and preserves our ability to influence distributors to recommend Rexnord PT products to OEMs and end users. In addition, because it is more cost effective for distributors to deal with multi-line suppliers, we believe our influence in distribution is and will continue to be enhanced by the fact that our product portfolio is one of the most extensive in the industry. We believe the combination of these factors, in addition to joint marketing and other collaborative efforts, position us to gain additional share with these distributors. Also, we will seek to continue Zurn s strategy of distinguishing itself from its competitors through the extensive reach of its warehouse network, which assists engineers, contractors, builders and architects to meet short lead times and thus drives demand for our Water Management products.

Apply the Rexnord Business System. We will seek to continue the significant successes achieved to date in the areas of productivity, operating margin expansion and inventory management. We will seek further

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operational efficiencies by continuing to aggressively implement RBS throughout our business. By systematically applying the core tenets of People, Plan and Process, we believe we will further enhance our market positions and overall operational performance through shorter lead times, competitive price offerings and innovative products. We will apply RBS throughout all of our operations in an effort to take costs out of our business, reduce inventory, increase operational efficiency and improve margins. We also believe we will be able to drive operational performance in our Water Management platform through the application of RBS.

Product Line Focus. We develop, implement and execute our business by focusing on our product lines and aligning them with our overall corporate growth objectives. We believe that this focus at the product line level creates a competitive advantage by allowing us to better understand the competitive landscape in each of our product categories, thus allowing us to capitalize on product, customer and end-market opportunities with high potential for success. Where applicable, we also leverage corporate-level resources, including field sales, customer service, logistics and technology, allowing our product lines to take advantage of cost synergies and shared marketplace intelligence. We believe our focus and structure, in addition to being a major advantage in competing with industrial companies with more limited product offerings, provide us with enhanced market visibility and focus and position us to capture additional market share.

The Zurn Transactions

The Zurn Acquisition

On February 7, 2007 we acquired Zurn from an affiliate of Apollo Management, L.P. (together with its affiliates, (Apollo), for $942.5 million. Zurn is a leader in the multi-billion dollar non-residential construction and replacement market for plumbing fixtures and fittings, and the Zurn acquisition created a new strategic Water Management platform for Rexnord.

Zurn manufactures professional grade specification drainage, PEX piping, water control and commercial brass products for the specification-driven commercial and institutional construction, civil and public water works end markets. Zurn s products are project-critical, high value-add and typically account for a low percentage of overall project cost. We believe the combination of these features creates a high level of end-user loyalty. Zurn s products are marketed through its widely recognized brand names, including ZURN®, WILKINS®, AQUAFLUSH®, AQUASENSE®, AQUAVANTAGE®, ZURN ONE SYSTEMS®, ECOVANTAGE® and AQUASPEC®. As a result of the strength of these brands and the ability to leverage them effectively across wholesale, specialty and retail distribution channels, Zurn believes it has built and maintained leadership positions across the various markets it serves. We believe the ZURN® and WILKINS® branded products hold number one or two market positions in most of the domestic commercial and institutional markets they serve. For the LTM Period, we believe approximately 88% of Zurn s sales were derived from product lines with either number one or number two market shares in North America.

Zurn s end markets are principally specification-driven, and many of its product line offerings require stringent third-party approvals prior to commercialization. Zurn has invested heavily in its internal design and engineering capabilities, which are a key point of differentiation in the marketplace and a significant driver of organic growth in the form of both product extensions and new market entry. For example, Zurn recently expanded its commercial brass product offerings by introducing Zurn One Systems, which integrates commercial brass and fixtures into complete, easily customizable plumbing systems and thus offer a valuable time- and cost-saving process of delivering commercial and institutional bathroom fixtures, and the Ecovantage product lines, which are high performance water-conserving systems. Zurn also continues to develop new PEX products to expedite the conversion of copper pipe to PEX pipe for potable water supplies, as well as the conversion of forced-air heating systems to radiant heating systems. Through its water control business, Zurn is currently

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developing storm drainage applications for highways, bridges, airports and parking lots, as well as flow control valves for landscaping, water treatment and fire protection markets.

Zurn s industry leading new product development capabilities have provided significant growth opportunities regardless of the underlying commercial construction cycle.

Zurn s business model has remained successful in the face of downturns in the underlying commercial construction cycle. We believe this is a function of its outstanding reputation for high quality, innovative products; its long track record of designing and manufacturing products to exacting third-party and governmental specifications; and the strength of its distribution network. Historically, Zurn has succeeded in growing revenues and operating income even during cyclical downturns in the non-residential construction cycle. For example, from 2001 to 2005 Zurn s revenues and operating income grew at 8.2% and 11.5% compound annual growth rates (CAGR), respectively, compared to a (1.2)% non-residential construction market CAGR over the same period.

Zurn products are marketed through an extensive network of independent sales representatives, as well as Zurn s product specialists and area sales managers. This team of sales professionals drives the demand for Zurn products through engineers, contractors, builders and architects, resulting in pull-through sales at traditional plumbing wholesalers such as Ferguson, Hughes and Hajoca; retail home centers such as The Home Depot and Lowe s; and industry-specific distributors in the food service, manufactured structures, industrial, janitorial and sanitation industries. Zurn s extensive network of approximately 400 independent sales representatives across 121 agencies in North America works with local engineers, contractors, builders and architects to specify, or spec-in, Zurn s products for use in local commercial and institutional construction projects. These independent sales representatives also work with wholesalers to assess and meet the needs of building contractors by combining knowledge of Zurn s products, installation and delivery with the wholesalers knowledge of the local markets.

Zurn has 16 manufacturing and warehouse facilities and uses approximately 70 third-party warehouses at which it maintains inventory. In this network of warehouses, those that are not directly owned by Zurn are, within the applicable Zurn product line, committed to sell Zurn products exclusively. This broad distribution network provides Zurn with a competitive advantage and drives demand for its products by allowing quick delivery of project critical water management products throughout the country to engineers, contractors, builders and architects facing short lead times.

Over the last 30 years, Zurn has built an extensive global network of independent foreign sources that manufacture high quality, low-cost component parts for its products. Currently, Zurn sources approximately 60%

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of its component parts from these lower cost sources. These sources manufacture components to Zurn s internally engineered specifications using Zurn s proprietary designs, which in turn enables Zurn to focus on product design, assembly, testing and quality control. Zurn has an office in Zhuhai, China with approximately 10 employees who work closely with local manufacturers and suppliers to supervise Zurn s sourcing operation and monitor the quality of component parts. We plan to leverage Zurn s outsourcing expertise to enhance our own low-cost regional sourcing capabilities.

Zurn s extensive global sourcing network has allowed it to maintain a highly flexible operating cost structure. Zurn s domestic facilities are primarily used as flexible assembly operations, which minimizes Zurn s fixed overhead and capital expenditure requirements. This strategy has enabled Zurn to enjoy strong operating margins while requiring capital expenditures of approximately 1% of net sales over Zurn s past four fiscal years. Because of these factors, we believe the Zurn acquisition will be accretive to our operating margins and further improve our free cash flow profile.

The Other Zurn Transactions

On October 11, 2006, Jacuzzi entered into an agreement and plan of merger (the merger agreement) with Jupiter Acquisition LLC (Jupiter) and Jupiter Merger Sub, Inc. (the merger sub). Jupiter and merger sub are affiliates of Apollo. On February 7, 2007, pursuant to the merger agreement, (i) merger sub merged with and into Jacuzzi, with Jacuzzi surviving the merger as a wholly-owned subsidiary of Jupiter, and (ii) at the effective time of the merger, each outstanding share of common stock of Jacuzzi was converted into the right to receive $12.50 in cash, without interest. Upon consummation of the merger, substantially all of the outstanding common stock of Jacuzzi was owned by Jupiter.

As a condition to closing the merger, Jacuzzi repurchased substantially all of the $380.0 million in aggregate outstanding principal amount of its 9 $^{5}/8$% Senior Secured Notes due 2010 (the existing Jacuzzi notes) pursuant to a previously launched tender offer (the tender offer). Any existing Jacuzzi notes not repurchased in the tender offer remain outstanding as indebtedness of Jacuzzi and are secured by the Zurn assets. Throughout this prospectus we assume that all of the existing Jacuzzi notes were repurchased pursuant to the tender offer at substantially the same time as the consummation of the Zurn acquisition.

Also on October 11, 2006, we entered into a purchase agreement with Jupiter (the Zurn purchase agreement), pursuant to which we acquired Zurn from Jupiter for a purchase price of $942.5 million on February 7, 2007. The Zurn acquisition was effected by (i) Jacuzzi selling its bath products business (the Bath sale) to Bath Acquisition Corp., a Delaware corporation and affiliate of Apollo (Bath Newco), leaving the plumbing products business as Jacuzzi s sole business operation, and (ii) Jupiter contributing the stock of Jacuzzi to Rexnord LLC immediately following the Bath sale. Following the Bath sale, Jacuzzi also retained certain corporate and administrative functions that we anticipate eliminating in the near future. The purchase price was funded through (i) the issuance of $310.0 million in additional 9 $^{1}/2$% Senior Notes due 2014 (the additional 2014 notes), (ii) the issuance of $150.0 million of 8 $^{7}/8$% Senior Notes due 2016 (the 2016 notes), (iii) an incremental term loan B facility in the amount of $200.0 million and (iv) equity contributions of approximately $282.0 million by Apollo, George Sherman (our non-executive Chairman) and certain members of our management.

Including the Zurn acquisition, Apollo, Mr. Sherman and certain members of management have contributed an aggregate of $757.0 million in equity to our parent company, Rexnord Holdings, Inc. (Rexnord Holdings).

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The term Zurn Transactions means, collectively, the Jacuzzi acquisition, the Zurn acquisition, the debt financing used to finance the Zurn acquisition, the Bath sale, the tender offer and the payment of fees and expenses in connection with the foregoing.

Other Recent Events

On December 6, 2006, we experienced an explosion at our Canal Street manufacturing facility, located in Milwaukee, Wisconsin (the Canal Street Facility), in which three employees lost their lives and approximately 45 employees were injured. The Canal Street Facility is comprised of over 1.1 million square feet among several buildings, and had approximately 750 employees prior to the accident. Preliminary reports indicate the accident resulted from a leak in an underground pipe related to a backup propane gas system that was being tested. The explosion destroyed approximately 80,000 square feet of warehouse, storage and non-production buildings, and damaged portions of other production areas. The core production capabilities were substantially unaffected by the accident.

The Canal Street Facility is our primary manufacturing facility for gear products, and also manufactures portions of the components for our coupling products. However, we have gear manufacturing and repair operations in nine other locations and we manufacture couplings in three other locations. Our ability to produce other products was not affected by the incident.

To date we have not experienced any material loss of customers or orders as a result of the accident. We do not believe that there will be any long-term negative implications to our gear product line as a result of the accident, and we have resumed shipments and production at the Canal Street Facility. As of the date of this prospectus all employees have been recalled and are working at the facility in their roles prior to the accident and/or assisting in the restoration process. Shipments and production at the Canal Street Facility continue to increase, and our current preliminarily estimate is that we will be able to reach pre-accident shipment levels during the first half of fiscal 2008.

We have substantial property, casualty, liability, workers compensation and business interruption insurance and believe that the limits of our coverage will be in excess of the losses incurred. Our property, casualty and business interruption liability insurance provides coverage of up to $2.0 billion per incident. The aggregate amount of deductibles under all insurance coverage is $1.0 million. We are working with our insurance carriers to evaluate losses and coverage and to determine how to proceed with reconstruction and recovery.

The accident created a business interruption that we estimate adversely impacted sales in the third quarter of fiscal 2007 by approximately $15.0 million to $20.0 million. We are actively working with our insurance carriers to determine the amounts and timing of the insurance proceeds recoverable under our business interruption coverage.

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We will record impairments to fixed assets and inventory in the third quarter of fiscal 2007, and we also expect to record expenses related to cleanup and restoration activities, insurance deductibles, professional fees and additional outsourcing costs incurred to meet customer commitments in that quarter. The total amount of the charges and impairments was approximately $20.0 million during the third fiscal quarter. We currently expect to recover a substantial majority of these charges and impairments under our insurance coverage, although the timing of these recoveries is not currently predictable with certainty.

We have not experienced, and we do not expect to experience, any material adverse impact to our liquidity, cash or leverage profile as a result of the accident. We also do not expect this incident to have a material effect on, or result in a default under, our existing senior secured credit facilities or our senior notes or senior subordinated notes.

The facility reconstruction and insurance claim process will likely extend into our next fiscal year (which begins on April 1, 2007) and possibly beyond. We continue to evaluate the time frame in which the Canal Street Facility may return to pre-accident production levels, the timing of receipt of insurance recoveries and the overall impact to our business and financial results. See Risk Factors Risks Related to Our Business We are not yet able to determine the full effect of the accident at our Canal Street Facility on our financial condition or operations.

The Apollo Acquisition

On July 21, 2006, certain affiliates of Apollo purchased substantially all of our outstanding common stock from The Carlyle Group (Carlyle) for approximately $1.825 billion, excluding transaction fees (the Apollo acquisition). The Apollo acquisition was financed with (i) the issuance of the initial 2014 notes and the original senior subordinated notes, (ii) $645.7 million of borrowings under our senior secured credit facilities (the senior secured credit facilities) and (iii) $475.0 million of equity contributions (consisting of a $438.0 million cash contribution from Apollo and $37.0 million of rollover stock and stock options held by certain members of our management). The proceeds from the Apollo cash contribution and the new financing arrangements, net of related debt issuance costs, were used to (i) pay our previous equity holders for their ownership interests in us, (ii) repay all outstanding borrowings under our previously existing credit agreement, (iii) repurchase substantially all of our $225.0 million of 10 $^{1}/8$% senior subordinated notes then outstanding and (iv) pay transaction fees and expenses.

The Falk Acquisition

On May 16, 2005, we acquired Falk from Hamilton Sundstrand, a division of United Technologies Corporation, for $301.3 million ($306.2 million purchase price including related expenses, net of cash acquired of $4.9 million) and the assumption of certain liabilities. Falk is a manufacturer of gears and lubricated couplings with calendar year 2004 sales of $203.1 million, and is also a recognized leader in the gear and coupling markets with exceptional brand equity, as evidenced by its number one rating in gearboxes and couplings in Plant Services Magazine s Reader s Choice Award in 2004. The Falk acquisition significantly enhanced our position as a leading manufacturer of highly engineered PT products. By combining our leadership positions in flattop chain, industrial bearings, non-lubricated couplings and industrial chain with Falk s complementary leadership positions in gears and lubricated couplings, as well as a growing gear repair business, the Falk acquisition resulted in a comprehensive, market-leading product portfolio that we believe to be one of the broadest in the PT industry. Falk is included in our results of operations from May 17, 2005.

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Corporate Structure

The following diagram sets forth our pro forma corporate structure and indebtedness as of September 30, 2006 assuming the Zurn Transactions had occurred on September 30, 2006.

Our Equity Sponsor

Apollo Fund VI, L.P., together with its co-investment vehicle, AAA Investments, L.P., is our principal equity sponsor and is an affiliate of Apollo Management, L.P. and Apollo Investment VI, L.P. Apollo Management, L.P. was founded in 1990 and is among the most active and successful private investment firms in the world in terms of both number of investment transactions completed and aggregate dollars invested. Since its inception, Apollo Management, L.P. has managed the investment of an aggregate of approximately $20 billion in capital, including more than $14 billion invested in leveraged buyouts, in a wide variety of industries, both in the United States and internationally. Companies owned or controlled by Apollo Management, L.P. or in which Apollo Management, L.P. or its affiliates have a significant equity investment include, among others, Affinion, AMC Entertainment, Berry Plastics, CEVA Logistics, Covalence Specialty Materials, Goodman Global, Hexion Specialty Chemicals, Intelsat, Metals USA, Momentive and Verso Paper.

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Summary of the Terms of the Exchange Offer

In connection with the closing of the Apollo acquisition, we entered into registration rights agreements having identical terms (as more fully described below) with the initial purchasers of the original senior notes and the original senior subordinated notes. Under each agreement, we agreed to deliver to you this prospectus and to consummate the exchange offer. In the exchange offer you are entitled to exchange your original notes for exchange notes which are identical in all material respects to the original notes except that:

- the exchange notes have been registered under the Securities Act and will be freely tradable by persons who are not affiliated with us;
- the exchange notes are not entitled to the registration rights which are applicable to the original notes under the registration rights agreements; and
- our obligation to pay additional interest on the original notes due to the failure to consummate the exchange offer by a certain date does not apply to the exchange notes.

The Exchange Offer	We are offering to exchange up to \$795,000,000 aggregate principal amount of our registered 9 1/2% Senior Notes due 2014 and the guarantees thereof, for a like principal amount of our 9 1/2% Senior Notes due 2014 and the guarantees thereof which were issued in part on July 21, 2006 and in part on February 7, 2007, and \$300,000,000 aggregate principal amount of our registered 11 3/4% Senior Subordinated Notes due 2016 and the guarantees thereof, for a like principal amount of our 11 3/4% Senior Subordinated Notes due 2016 and the guarantees thereof, which were issued on July 21, 2006. Original notes may be exchanged only in integral multiples of \$1,000.
Resales	Based on an interpretation by the staff of the SEC set forth in no-action letters issued to third parties, we believe that the exchange notes issued pursuant to the exchange offer in exchange for original notes may be offered for resale, resold and otherwise transferred by you (unless you are our affiliate within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that you: • are acquiring the exchange notes in the ordinary course of business; and • have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person or entity, including any of our affiliates, to participate in, a distribution of the exchange notes. In addition, each participating broker-dealer that receives exchange notes for its own account pursuant to the exchange offer in exchange for original notes that were acquired as a result of market-making or other trading activity must also acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. For more information, see Plan of Distribution.

Any holder of original notes, including any broker-dealer, who is our affiliate,

does not acquire the exchange notes in the ordinary course of its business, or

tenders in the exchange offer with the intention to participate, or for the purpose of participating, in a distribution of exchange notes,

cannot rely on the position of the staff of the Commission expressed in Exxon Capital Holdings Corporation, Morgan Stanley & Co., Incorporated or similar no-action letters and, in the absence of an exemption, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale of the exchange notes.

Expiration Date; Withdrawal of Tenders	The exchange offer will expire at 5:00 p.m., New York City time, on [ ], 2007, or such later date and time to which we extend it. We do not currently intend to extend the expiration date. A tender of original notes pursuant to the exchange offer may be withdrawn at any time prior to the expiration date. Any original notes not accepted for exchange for any reason will be returned without expense to the tendering holder promptly after the expiration or termination of the exchange offer.
Conditions to the Exchange Offer	The exchange offer is subject to customary conditions, some of which we may waive. For more information, see The Exchange Offer Certain Conditions to the Exchange Offer.
Procedures for Tendering Original Notes	If you wish to accept the exchange offer, you must complete, sign and date the accompanying letter of transmittal, or a copy of the letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must also mail or otherwise deliver the letter of transmittal, or the copy, together with the original notes and any other required documents, to the exchange agent at the address set forth on the cover of the letter of transmittal. If you hold original notes through The Depository Trust Company (DTC) and wish to participate in the exchange offer, you must comply with the Automated Tender Offer Program procedures of DTC, by which you will agree to be bound by the letter of transmittal.

By signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

any exchange notes that you receive will be acquired in the ordinary course of your business;

you have no arrangement or understanding with any person or entity, including any of our affiliates, to participate in the distribution of the exchange notes;

if you are a broker-dealer that will receive exchange notes for your own account in exchange for original notes that were acquired as a

	result of market-making activities, that you will deliver a prospectus, as required by law, in connection with any resale of the exchange notes; and
	you are not our affiliate as defined in Rule 405 under the Securities Act, or, if you are an affiliate, you will comply with any applicable registration and prospectus delivery requirements of the Securities Act.
Guaranteed Delivery Procedures	If you wish to tender your original notes and your original notes are not immediately available or you cannot deliver your original notes, the letter of transmittal or any other documents required by the letter of transmittal or comply with the applicable procedures under DTC s Automated Tender Offer Program prior to the expiration date, you must tender your original notes according to the guaranteed delivery procedures set forth in this prospectus under The Exchange Offer Guaranteed Delivery Procedures.
Effect on Holders of Original Notes	As a result of the making of, and upon acceptance for exchange of all validly tendered original notes pursuant to the terms of, the exchange offer, we will have fulfilled a covenant contained in the registration rights agreements for the original notes and, accordingly, we will not be obligated to pay additional interest as described in the registration rights agreements. If you are a holder of original notes and do not tender your original notes in the exchange offer, you will continue to hold such original notes and you will be entitled to all the rights and limitations applicable to the original notes in the respective indenture, except for any rights under the respective registration rights agreement that, by their terms, terminate upon the consummation of the exchange offer.
Consequences of Failure to Exchange	All untendered original notes will continue to be subject to the restrictions on transfer provided for in the original notes and in the respective indenture. In general, the original notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, we do not currently anticipate that we will register the original notes under the Securities Act.
Material Tax Consequences	The exchange of original notes for exchange notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes. For more information, see Material United States Federal Tax Consequences.
Use of Proceeds	We will not receive any cash proceeds from the issuance of the exchange notes in the exchange offer.
Exchange Agent	Wells Fargo Bank, N.A. is the exchange agent for the exchange offer. The address and telephone number of the exchange agent are set forth in the section captioned The Exchange Offer Exchange Agent.

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Summary of the Terms of the Exchange Notes

The following summary highlights the material information regarding the exchange notes contained elsewhere in this prospectus. We urge you to read this entire prospectus, including the Risk Factors section and the consolidated financial statements and related notes.

Issuers	RBS Global, Inc. and Rexnord LLC as joint and several obligors.
Notes Offered	
Senior Notes	\$795,000,000 aggregate principal amount of 9 1/2% Senior Notes due 2014.
Senior Subordinated Notes	\$300,000,000 aggregate principal amount of 11 3/4% Senior Subordinated Notes due 2016.
Maturity Date	
Senior Notes	The senior notes will mature on August 1, 2014.
Senior Subordinated Notes	The senior subordinated notes will mature on August 1, 2016.
Interest Payment Dates	
Senior Notes	February 1 and August 1 of each year, commencing August 1, 2007.
Senior Subordinated Notes	February 1 and August 1 of each year, commencing August 1, 2007.
Optional Redemption	
Senior Notes	Prior to August 1, 2010, we may redeem some or all of the senior notes at a redemption price equal to 100% of the principal amount of the senior notes plus accrued and unpaid interest and additional interest, if any, to the applicable redemption date plus the applicable make-whole premium. On or after August 1, 2010, we may redeem some or all of the senior notes at the redemption price set forth in this prospectus. Additionally, on or prior to August 1, 2009, we may redeem up to 35% of the aggregate principal amount of the senior notes with the net proceeds of specified equity offerings at the redemption prices set forth in this prospectus. See Description of the Senior Notes Optional Redemption.
Senior Subordinated Notes	Prior to August 1, 2011, we may redeem some or all of the senior subordinated notes at a redemption price equal to 100% of the principal amount of the senior subordinated notes plus accrued and unpaid interest and additional interest, if any, to the applicable redemption date plus the applicable make-whole premium. On or after August 1, 2011, we may redeem some or all of the senior subordinated notes at the redemption price set forth in this prospectus. Additionally, on or prior to August 1, 2009, we may redeem up to 35% of the aggregate principal amount of the senior subordinated

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notes with the net proceeds of specified equity offerings at the redemption prices set forth in this prospectus. See Description of the Senior Subordinated Notes Optional Redemption.

Change of Control	If a change of control occurs, we must give holders of the notes an opportunity to sell to us their notes at a purchase price of 101% of the principal amount of such notes, plus accrued and unpaid interest to the date of purchase. The term Change of Control is defined under Description of the Senior Notes Change of Control and Description of the Senior Subordinated Notes Change of Control.
Guarantees	
Senior Notes	The senior notes are guaranteed, jointly and severally, on an unsecured, senior basis, by each of the Guarantors.
Senior Subordinated Notes	The senior subordinated notes are guaranteed, jointly and severally, on an unsecured, senior subordinated basis, by each of the Guarantors.
Ranking	
Senior Notes	The senior notes and the guarantees thereof are our and the guarantors unsecured, senior obligations and rank: equal in the right of payment with all of our and the guarantors existing and future senior indebtedness; and senior to all of our and the guarantors existing and future subordinated indebtedness, including the senior subordinated notes and the guarantees thereof.
Senior Subordinated Notes	The senior subordinated notes and the guarantees thereof are our and the guarantors unsecured, senior subordinated obligations and rank: junior to all of our and the guarantors existing and future senior indebtedness, including the senior notes and our senior secured credit facilities; equally with any of our and the guarantors future senior subordinated indebtedness; and senior to any of our or the guarantors future subordinated indebtedness.

The notes are effectively junior in priority to our and the guarantors obligations under all secured indebtedness, including our senior secured credit facilities and any other secured obligations, in each case to the extent of the value of the assets securing such obligations. See Description of Other Indebtedness.

The notes also are effectively junior to liabilities of the non-guarantor subsidiaries. As of September 30, 2006, our non-guarantor subsidiaries had total liabilities of $155.4 million and had $329.6 million of our total assets.

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As of September 30, 2006, after giving pro forma effect to the Zurn Transactions, we had outstanding on a consolidated basis:

- $816.7 million of secured senior indebtedness;
- $945.0 million of unsecured senior indebtedness, consisting of the original 2014 notes and the 2016 notes (excluding a premium of $9.3 million received from the issuance of the additional 2014 notes);
- $300.3 million of unsecured senior subordinated indebtedness, consisting substantially of the senior subordinated notes; and
- $5.2 million of other long-term indebtedness.

Restrictive Covenants

The indentures governing the notes (the Indentures) contain covenants that limit our ability and certain of our subsidiaries ability to:

- incur or guarantee additional indebtedness;
- pay dividends and make other restricted payments;
- create restrictions on the payment of dividends or other distributions to us from our restricted subsidiaries;
- create or incur certain liens;
- make certain investments;
- engage in sales of assets and subsidiary stock; and
- transfer all or substantially all of our assets or enter into merger or consolidation transactions.

These covenants are subject to a number of important limitations and exceptions as described under Description of the Senior Notes Certain Covenants and Description of the Senior Subordinated Notes Certain Covenants.

Risk Factors

Investing in the notes involves substantial risk. These risks include, among other things, risks related to our competitive environment, our dependence on independent distributors, general economic and business conditions, our dependence on customers in cyclical industries and the seasonality of Zurn s sales. See Risk Factors for a discussion of these and certain other factors that you should consider before investing in the notes.

Additional Information

RBS Global is a Delaware corporation and Rexnord LLC is a Delaware limited liability company. Our principal executive offices are located at 4701 Greenfield Avenue, Milwaukee, Wisconsin 53214. Our telephone number is (414) 643-3000. Our website is located at www.rexnord.com. **The information that appears on our and Jacuzzi s website is not a part of, and is not incorporated into, this prospectus.**

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Summary Historical and Unaudited Pro Forma Financial Data

The following table sets forth certain of RBS Global s historical and pro forma financial data.

The summary historical financial data for the years ended March 31, 2004, 2005 and 2006 have been derived from our consolidated financial statements and related notes thereto included in this prospectus, which have been audited by Ernst & Young LLP, an independent registered public accounting firm. The summary historical financial data for the six months ended October 2, 2005, for the periods from April 1, 2006 to July 21, 2006 and from July 22, 2006 to September 30, 2006, and as of September 30, 2006 are derived from our unaudited financial statements included elsewhere in this prospectus. The period from April 1, 2006 to July 21, 2006 includes the accounts of RBS Global prior to the Apollo acquisition. The period from July 22, 2006 to September 30, 2006 includes the accounts of RBS Global after the Apollo acquisition. The two periods account for the six months ended September 30, 2006. We refer to the financial statements prior to the Apollo acquisition as Predecessor. These financial statements do not include the accounts of Rexnord Holdings, the parent company of RBS Global. Rexnord Holdings does not have any operations or investments other than its investment in RBS Global.

The summary historical financial data for the LTM Period was derived by (i) combining our historical consolidated statement of income for fiscal 2006 (which consists of the combination of our statements of income for our Predecessor for the period from April 1, 2006 through July 21, 2006 and for our Successor for the period from July 22, 2006 through September 30, 2006) with (ii) our historical consolidated statement of income for the six months ended September 30, 2006 and (iii) subtracting our historical consolidated statement of income for the six months ended October 2, 2005.

The following summary unaudited pro forma financial information for the LTM Period and as of September 30, 2006 has been derived from the pro forma financial information set forth under Unaudited Pro Forma Condensed Consolidated Financial Information of RBS Global, Inc. and Unaudited Pro Forma Condensed Consolidated Financial Information of Jacuzzi Brands, Inc. which has been prepared to give pro forma effect to (i) the Apollo acquisition and (ii) the Apollo acquisition and the Zurn acquisition. Except as otherwise indicated, the summary unaudited pro forma condensed consolidated statement of income data for the LTM Period gives effect to the Apollo acquisition and the Zurn acquisition as if they had occurred on April 1, 2005.

The Apollo acquisition and the Zurn acquisition have been accounted for using the purchase method of accounting. The summary pro forma information presented will be revised based upon final calculations and the resolution of purchase price adjustments pursuant to the merger agreement relating to the Apollo acquisition and the purchase agreement related to the Zurn acquisition, in each case as additional information becomes available. The final allocations of the purchase prices in the Apollo acquisition and the Zurn acquisition will be determined at a later date and depend on a number of factors, including the final evaluation of the fair value of the tangible and identifiable intangible assets acquired and liabilities assumed in each of those transactions. In connection with the Apollo acquisition, we are still in the process of finalizing third-party appraisals of our plant, property and equipment and certain identifiable intangible assets. In addition, we are still finalizing our strategic assessment of the business, which may give rise to additional purchase liabilities. Accordingly, final adjustments to the purchase price allocation may be required and those adjustments may be material. In connection with the Zurn acquisition, an independent third-party appraiser will perform a valuation of Zurn s assets as of the closing date of the Zurn acquisition, and upon a final valuation the purchase allocation will be adjusted. Such final adjustments, including increases to depreciation and amortization resulting from the allocation of purchase price to amortizable tangible and intangible assets, may be material. This valuation will be based on the actual net tangible and intangible assets and liabilities that exist as of the closing date of the Zurn acquisition.

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The summary unaudited pro forma financial information is for informational purposes only and does not purport to represent what our results of operation or financial position would have been if the Apollo acquisition and the Zurn Transactions had occurred as of the dates indicated or what such results will be for future periods, and such information does not purport to project the results of operations for any future period.

The following data should be read in conjunction with Risk Factors, Unaudited Pro Forma Condensed Consolidated Financial Information of RBS Global Inc., Unaudited Pro Forma Condensed Consolidated Financial Information of Jacuzzi Brands, Inc., Selected Historical Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our and Jacuzzi s consolidated financial statements and related notes thereto included elsewhere in this prospectus.

	Historical							Pro Forma LTM Period	
	Predecessor					Successor			
	Fiscal Year Ended March 31,			Six Months Ended October 2,	Period from April 1, 2006 through July 21,	Period from July 22, 2006 through September 30,	LTM	RBS	Combined RBS Global and JBI (Less Bath
	2004	2005	2006(1)	2005	2006	2006	Period	Global(2)	Disc. Op.)(3)
					(dollars in millions)				
Statement of Income Data:									
Net sales	$ 712.8	$ 811.0	$ 1,081.4	$ 513.2	$ 334.2	$ 252.3	$ 1,154.7	$ 1,154.7	$ 1,590.6
Cost of sales(4)	485.4	555.8	742.3	355.1	237.7	168.3	793.2	795.9	1,063.0
Gross profit	227.4	255.2	339.1	158.1	96.5	84.0	361.5	358.8	527.6
Selling, general and administrative expenses	148.1	153.6	187.8	89.9	63.1	42.7	203.7	203.7	294.2
Restructuring and other similar costs	2.6	7.3	31.1	5.8			25.3	25.3	25.4
Transaction related costs					62.7		62.7		
Curtailment gain	(6.6)								
Amortization of intangible assets	13.9	13.8	15.7	7.6	5.0	7.4	20.5	31.9	31.9
Income (loss) from operations	69.4	80.5	104.5	54.8	(34.3)	33.9	49.3	97.9	176.1
Other expense									
Interest expense, net	(45.4)	(44.0)	(61.5)	(29.8)	(21.0)	(28.4)	(81.1)	(140.4)	(200.4)
Other expense, net	(1.1)	(0.7)	(3.8)	(2.9)	(0.4)	(0.6)	(1.9)	(1.9)	(4.5)
Income (loss) before income taxes	22.9	35.8	39.2	22.1	(55.7)	4.9	(33.7)	(44.4)	(28.8)
Provision (benefit) for income taxes	8.7	14.2	16.3	9.5	(16.1)	4.5	(4.8)	(9.2)	(0.9)
Net income (loss)	$ 14.2	$ 21.6	$ 22.9	$ 12.6	$ (39.6)	$ 0.4	$ (28.9)	$ (35.2)	$ (27.9)
Other Financial Data:									
Capital expenditures	22.1	25.7	37.1	12.7	11.7	9.8	45.9	45.9	50.0

	As of September 30, 2006	
	Historical	Pro Forma(5)
Balance Sheet Data:		
Cash	$ 9.9	$ 36.2
Working capital(6)	165.1	269.2
Total assets	2,403.7	3,635.5
Total debt(7)	1,407.2	2,067.2
Total stockholders equity	400.8	682.8

(1) Consolidated financial data for the fiscal year ended March 31, 2006 reflects the estimated fair value of assets acquired and liabilities assumed in connection with the Falk acquisition. The comparability of the operating results for the periods presented is affected by the revaluation of the assets acquired and liabilities assumed on the date of the Falk acquisition.

(2) Gives effect to the Apollo acquisition as if it had occurred on April 1, 2005.

(3) Gives effect to the Apollo acquisition and the Zurn Transactions as if they had occurred on April 1, 2005.

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(4) We capitalize overhead variances into inventories based on estimates of related cost drivers, which are generally either raw material purchases or standard labor. In fiscal 2005, we re-evaluated these estimates to ensure we were valuing our inventories at actual cost. As a result, we revised certain of these estimates to increase inventories and reduce cost of sales by $7.0 million in fiscal 2005.

(5) Gives effect to the Zurn Transactions as if they had occurred on September 30, 2006.

(6) Represents total current assets less total current liabilities less cash.

(7) Excludes a premium of $9.3 million received from the issuance of the additional 2014 notes.

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RISK FACTORS

Investing in the notes involves a high degree of risk. You should carefully consider the following risk factors and all other information contained in this prospectus, including our financial statements and the related notes, before participating in this exchange offer. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. If any of the following risks materialize, our business, financial condition or results of operations could be materially and adversely affected. In that case, you may lose some or all of your investment.

Risk Factors Related to an Investment in the Notes

Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from making payments on the notes.

We are a highly leveraged company. As of September 30, 2006, we would have had, after giving pro forma effect to the Zurn Transactions, $2,067.2 million of outstanding indebtedness (excluding a premium of $9.3 million received from the issuance of the additional 2014 notes) and fiscal 2007 debt service payment obligations of $202.3 million (including approximately $124.1 million of debt service on fixed rate obligations). Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt will depend on a range of economic, competitive and business factors, many of which are outside our control. Our business may not generate sufficient cash flow from operations to meet our debt service and other obligations, and currently anticipated cost savings and operating improvements may not be realized on schedule, or at all. If we are unable to meet our expenses and debt service and other obligations, we may need to refinance all or a portion of our indebtedness on or before maturity, sell assets or raise equity. We may not be able to refinance any of our indebtedness, sell assets or raise equity on commercially reasonable terms or at all, which could cause us to default on our obligations and impair our liquidity. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms, would have a material adverse effect on our business, financial condition and results of operations.

Our substantial indebtedness could have important consequences for you as a holder of the notes, including the following:

- it may limit our ability to borrow money for our working capital, capital expenditures, debt service requirements, strategic initiatives or other purposes;
- it may make it more difficult for us to satisfy our obligations with respect to our indebtedness, including the notes, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the indentures governing the notes and the agreements governing other indebtedness;
- a substantial portion of our cash flow from operations will be dedicated to the repayment of our indebtedness and so will not be available for other purposes;
- it may limit our flexibility in planning for, or reacting to, changes in our operations or business;
- we will be more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;
- it may make us more vulnerable to downturns in our business or the economy;
- it may restrict us from making strategic acquisitions, introducing new technologies or exploiting business opportunities; and

it may limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds or dispose of assets.

Furthermore, our interest expense could increase if interest rates increase because a portion of the debt under our senior secured credit facilities is unhedged variable-rate debt. See Description of Other Indebtedness.

Despite our substantial indebtedness, we may still be able to incur significantly more debt. This could intensify the risks described above.

The terms of our senior secured credit facilities, the indentures and the indenture governing the 2016 notes will contain, restrictions on our and our subsidiaries ability to incur additional indebtedness, including secured indebtedness that will be effectively senior to the notes to the extent of the assets securing such indebtedness. However, these restrictions will be subject to a number of important qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. Accordingly, we or our subsidiaries could incur significant additional indebtedness in the future, much of which could constitute secured or senior indebtedness. As of September 30, 2006, we had $121.0 million available for additional borrowing under our revolving credit facility (there was $6.7 million of borrowings outstanding under the facility and an additional $22.3 million of the facility was utilized in connection with outstanding letters of credit, all of which is secured). In addition to the notes, the terms of our borrowings under our senior secured credit facilities, our 2016 notes and the covenants under any other existing or future debt instruments could allow us to borrow a significant amount of additional indebtedness. The more leveraged we become, the more we, and in turn our securityholders, become exposed to the risks described above under Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from making debt service payments on the notes.

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness that may not be successful.

Our ability to pay principal and interest on the notes and to satisfy our other debt obligations will depend upon, among other things:

- our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, many of which are beyond our control; and

- the future availability of borrowings under our senior secured credit facilities, the availability of which depends on, among other things, our complying with the covenants in our senior secured credit facilities.

We cannot assure you that our business will generate sufficient cash flow from operations, or that future borrowings will be available to us under our senior secured credit facilities or otherwise, in an amount sufficient to fund our liquidity needs, including the payment of principal and interest on the notes. On a pro forma basis for the LTM Period, our earnings were insufficient to cover our fixed charges by $28.8 million. See Forward-Looking Statements and Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

If our cash flows and capital resources are insufficient to service our indebtedness, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. In addition, the terms of existing or future debt agreements, including our senior secured credit facilities, the indentures and the indenture governing the 2016 notes, may restrict us from adopting some of these alternatives. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions for fair market value or at all. Furthermore, any proceeds that we could realize from any such dispositions may not be adequate to meet our debt service obligations then due. Furthermore, Apollo has no continuing obligation to provide us with debt or equity financing.

Repayment of our debt, including the notes, is dependent on cash flow generated by our subsidiaries.

Our subsidiaries own a significant portion of our assets and conduct a significant portion of our operations. Accordingly, repayment of our indebtedness, including the notes, is dependent, to a significant extent, on the generation of cash flow by our subsidiaries and (if they are not guarantors of the notes) their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of the notes, our subsidiaries do not have any obligation to pay amounts due on the notes or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the notes. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indentures governing the notes and our 2016 notes limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive distributions from our non-guarantor subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the notes.

Your right to receive payments on the notes is effectively junior to those lenders who have a security interest in our assets.

Our obligations under the notes and our guarantors obligations under their guarantees of the notes will be unsecured. As a result, the notes and the related guarantees will be effectively subordinated to all of our and the guarantors secured indebtedness to the extent of the value of the assets securing the indebtedness. Our obligations under our senior secured credit facilities and each guarantor s obligations under its guarantee of our senior secured credit facilities will be secured by a security interest in substantially all of our domestic tangible and intangible assets. In the event that we or a guarantor are declared bankrupt, become insolvent or are liquidated or reorganized, our obligations under our senior secured credit facilities and any other secured obligations will be entitled to be paid in full from our assets or the assets of the guarantor, as the case may be, securing such obligation before any payment may be made with respect to the notes. Holders of the original senior notes and the 2016 notes would participate ratably in our remaining assets or the remaining assets of the guarantor, as the case may be, with all holders of unsecured indebtedness that are deemed to rank equally with the original senior notes and the 2016 notes based upon the respective amount owed to each creditor. In addition, if we default under our senior secured credit facilities, the lenders could declare all of the funds borrowed thereunder, together with accrued interest, immediately due and payable. If we were unable to repay such indebtedness, the lenders could foreclose on the pledged assets to the exclusion of holders of the notes, even if an event of default exists under the indentures under which the notes are issued at such time. Furthermore, if the lenders foreclose and sell the pledged equity interests in any subsidiary guarantor under the notes, then that guarantor will be released from its guarantee of the notes automatically and immediately upon such sale. In any such event, because the notes will not be secured by any of our assets or the equity interests in subsidiary guarantors, it is possible that there would be no assets remaining from which your claims could be satisfied or, if any assets remained, they might be insufficient to satisfy your claims fully. See Description of Other Indebtedness.

As of September 30, 2006, on a pro forma basis after giving effect to the Zurn Transactions, we would have had $816.7 million of senior secured indebtedness (substantially all of which would have been indebtedness

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under our senior secured credit facilities and which does not include additional borrowing availability of $121.0 million under our revolving credit facility, subject to $22.3 million in outstanding letters of credit). The indentures governing our notes permit the incurrence of substantial additional indebtedness by us and our restricted subsidiaries in the future, including secured indebtedness. In addition, any existing Jacuzzi notes not repurchased in the tender offer remain outstanding as indebtedness of Jacuzzi and are secured by the Zurn assets.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the notes.

Any default under the agreements governing our indebtedness, including a default under our senior secured credit facilities that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness could make us unable to pay principal, premium, if any, or interest on the notes and could substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, or interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness (including our senior secured credit facilities), we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under our revolving credit facility could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to seek waivers from the required lenders under our senior secured credit facilities to avoid being in default. If we breach our covenants under our senior secured credit facilities and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under our senior secured credit facilities, the lenders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. See Description of Other Indebtedness, Description of the Senior Notes and Description of the Senor Subordinated Notes.

The notes will be structurally subordinated to all liabilities of our non-guarantor subsidiaries.

The notes are structurally subordinated to indebtedness and other liabilities of our subsidiaries that are not guaranteeing the notes. In the LTM Period, subsidiaries that are not guaranteeing the notes incurred a net loss of $6.9 million and held $329.6 million of our total assets. In the event of a bankruptcy, liquidation or reorganization of any of our non-guarantor subsidiaries, these non-guarantor subsidiaries will pay the holders of their debts, holders of preferred equity interests and their trade creditors before they will be able to distribute any of their assets to us.

The notes will not be guaranteed by any of our non-U.S. subsidiaries. These non-guarantor subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the notes, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Any right that we or the subsidiary guarantors have to receive any assets of any of the non-guarantor subsidiaries upon the liquidation or reorganization of those subsidiaries, and the consequent rights of holders of notes to realize proceeds from the sale of any of those subsidiaries assets, will be effectively subordinated to the claims of those subsidiaries creditors, including trade creditors and holders of preferred equity interests of those subsidiaries.

Federal and state fraudulent transfer laws permit a court to void the notes and the guarantees, and, if that occurs, you may not receive any payments on the notes.

The issuance of the notes and the guarantees may be subject to review under federal and state fraudulent transfer and conveyance statutes if a bankruptcy, liquidation or reorganization case or a lawsuit, including under circumstances in which bankruptcy is not involved, were commenced at some future date by us, by the guarantors or on behalf of our unpaid creditors or the unpaid creditors of a guarantor. While the relevant laws may vary from state to state, under such laws the payment of the consideration in the Apollo acquisition or the Zurn acquisition, including the proceeds of the initial 2014 notes and the senior subordinated notes, or the additional 2014 notes and the 2016 notes, respectively, will be a fraudulent conveyance if (i) the consideration was paid with the intent of hindering, delaying or defrauding creditors or (ii) we or any of our subsidiary guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for issuing either the notes or a guarantee, and, in the case of (ii) only, one of the following is also true:

- we or any of our subsidiary guarantors were or was insolvent or rendered insolvent by reason of issuing the notes or the guarantees;
- payment of the consideration left us or any of our subsidiary guarantors with an unreasonably small amount of capital to carry on its business; or
- we or any of our subsidiary guarantors intended to, or believed that we or it would, incur debts beyond our or its ability to pay as they mature.

If a court were to find that the issuance of the notes or a guarantee was a fraudulent conveyance, the court could void the payment obligations under the notes or such guarantee or further subordinate the notes or such guarantee to existing and future indebtedness of ours or such subsidiary guarantor, or require the holders of the notes to repay any amounts received with respect to the notes or such guarantee. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the notes. Further, the voidance of the notes could result in an event of default with respect to our other debt and that of our subsidiary guarantors that could result in acceleration of such debt.

The measures of insolvency for purposes of fraudulent conveyance laws vary depending upon the law of the jurisdiction that is being applied. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

We cannot be certain as to the standards a court would use to determine whether or not we or the subsidiary guarantors were solvent at the relevant time, or regardless of the standard that a court uses, that the issuance of the notes and the guarantees would not be subordinated to our or any subsidiary guarantor s other debt.

If the guarantees were legally challenged, any guarantee could also be subject to the claim that, since the guarantee was incurred for our benefit, and only indirectly for the benefit of the subsidiary guarantor, the obligations of the applicable subsidiary guarantor were incurred for less than fair consideration. A court could thus void the obligations under the guarantees, subordinate them to the applicable subsidiary guarantor s other debt or take other action detrimental to the holders of the notes.

The terms of our senior secured credit facilities, the indentures and the indenture governing our 2016 notes may restrict our current and future operations, particularly our ability to respond to changes in our business or to take certain actions.

Our senior secured credit facilities, the indentures and the indenture governing our 2016 notes contain, and any future indebtedness of ours would likely contain, a number of restrictive covenants that will impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

incur or guarantee additional debt;

pay dividends and make other restricted payments;

- create or incur certain liens;
- make certain investments;
- engage in sales of assets and subsidiary stock;
- enter into transactions with affiliates;
- transfer all or substantially all of our assets or enter into merger or consolidation transactions; and
- make capital expenditures.

In addition, our revolving credit facility requires us to maintain a senior secured leverage ratio. As a result of these covenants, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs.

A failure to comply with the covenants contained in our senior secured credit facilities or our other indebtedness could result in an event of default under the facilities or the existing agreements, which, if not cured or waived, could have a material adverse affect on our business, financial condition and results of operations. In the event of any default under our senior secured credit facilities or our other indebtedness, the lenders thereunder:

- will not be required to lend any additional amounts to us;
- could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due and payable;
- require us to apply all of our available cash to repay these borrowings; or
- prevent us from making debt service payments on the notes, any of which could result in an event of default under the notes.

If the indebtedness under our senior secured credit facilities or our other indebtedness, including the notes, were to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full. See Description of Other Indebtedness, Description of the Senior Notes and Description of the Senior Subordinated Notes.

We may not be able to repurchase the notes upon a change of control.

Upon a change of control as defined in the indentures and the indenture governing our 2016 notes, we will be required to make an offer to repurchase all outstanding notes at 101% of their principal amount plus accrued and unpaid interest, unless we give notice of our intention to exercise our right to redeem the notes. We may not have sufficient financial resources to purchase all of the notes that are tendered upon a change of control offer or to redeem the notes. A failure to make the applicable change of control offer or to pay the applicable change of control purchase price when due would result in a default under each of the indentures. The occurrence of a change of control would also constitute an event of default under our senior secured credit facilities and our existing notes and may constitute an event of default under the terms of our other indebtedness. The terms of the loan and security agreement governing our senior secured credit facilities limit our right to purchase or redeem certain indebtedness. In the event any purchase or redemption is prohibited, we may seek to obtain waivers from the required lenders under our senior secured credit facilities to permit the required repurchase or redemption, but we may not be able to do so. A change of control is defined in the indentures and would not include all transactions that could involve a change of control of our day-to-day operations, including a transaction involving the Management Group, as defined in the indentures governing the notes and the indenture governing our 2016 notes. See

Description of the Senior Notes Change of Control and Description of the Senior Subordinated Notes Change of Control.

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Because each guarantor s liability under its guarantees may be reduced to zero, avoided or released under certain circumstances, you may not receive any payments from some or all of the guarantors.

You have the benefit of the guarantees of the guarantors. However, the guarantees by the guarantors are limited to the maximum amount that the guarantors are permitted to guarantee under applicable law. As a result, a guarantor s liability under its guarantee could be reduced to zero, depending on the amount of other obligations of such guarantor. Further, under the circumstances discussed more fully above, a court under Federal or state fraudulent conveyance and transfer statutes could void the obligations under a guarantee or further subordinate it to all other obligations of the guarantor. In addition, you will lose the benefit of a particular guarantee if it is released under certain circumstances described under Description of the Senior Notes Guarantees and Description of the Senior Subordinated Notes Guarantees.

Risks Related to the Exchange Offer

If you do not properly tender your original notes, you will continue to hold unregistered original notes and be subject to the same limitations on your ability to transfer original notes.

We will only issue exchange notes in exchange for original notes that are timely received by the exchange agent together with all required documents, including a properly completed and signed letter of transmittal. Therefore, you should allow sufficient time to ensure timely delivery of the original notes and you should carefully follow the instructions on how to tender your original notes. Neither we nor the exchange agent are required to tell you of any defects or irregularities with respect to your tender of the original notes. If you are eligible to participate in the exchange offer and do not tender your original notes or if we do not accept your original notes because you did not tender your original notes properly, then, after we consummate the exchange offer, you will continue to hold original notes that are subject to the existing transfer restrictions and will no longer have any registration rights or be entitled to any additional interest with respect to the original notes. In addition:

- if you tender your original notes for the purpose of participating in a distribution of the exchange notes, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes; and

- if you are a broker-dealer that receives exchange notes for your own account in exchange for original notes that you acquired as a result of market-making activities or any other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale of those exchange notes.

We have agreed that, for a period of 180 days after the exchange offer is consummated, we will make this prospectus available to any broker-dealer for use in connection with any resales of the exchange notes.

After the exchange offer is consummated, if you continue to hold any original notes, you may have difficulty selling them because there will be fewer original notes outstanding.

An active trading market may not develop for the exchange notes, in which case the trading market liquidity and the market price quoted for the exchange notes could be adversely affected.

The exchange notes are a new issue of securities with no established trading market and will not be listed on any securities exchange or automated dealer quotation system. The liquidity of the trading market in the exchange notes, and the market price quoted for the exchange notes, may be adversely affected by changes in the overall market for high yield securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, you cannot be sure that an active trading market will develop for the exchange notes. In addition, if a large amount of original notes are not tendered or are tendered improperly, the limited amount of exchange notes that would be issued and outstanding after we consummate the exchange offer would reduce liquidity and could lower the market price of those exchange notes. Future trading prices of the original notes and the exchange notes will depend on many factors, including:

- our operating performance and financial condition;

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- the interest of securities dealers in making a market; and

- the market for similar securities.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. The market for the notes, if any, may be subject to similar disruptions. Any such disruptions may adversely affect the value of your notes.

Risks Related to Our Business

The markets in which we sell our products are highly competitive.

We operate in highly fragmented markets within the PT industry. As a result, we compete against numerous different companies. Some of our competitors have achieved substantially more market penetration in certain of the markets in which we operate, and some of our competitors have greater financial and other resources than we do. Competition in our business lines is based on a number of considerations including product performance, cost of transportation in the distribution of our PT products, brand reputation, quality of client service and support, product availability and price. Additionally, some of our larger, more sophisticated customers are attempting to reduce the number of vendors from which they purchase in order to increase their efficiency. If we are not selected to become one of these preferred providers, we may lose access to certain sections of the end markets in which we compete. Our customers increasingly demand a broad product range and we must continue to develop our expertise in order to manufacture and market these products successfully. To remain competitive, we will need to invest continuously in manufacturing, customer service and support, marketing and our distribution networks. We may also have to adjust the prices of some of our PT products to stay competitive. We cannot assure you that we will have sufficient resources to continue to make these investments or that we will maintain our competitive position within each of the markets we serve.

Zurn competes against both large international and national rivals, as well as many regional competitors. Some of its competitors have greater resources than Zurn. Significant competition in any of Zurn s given markets can result in substantial pressure on its pricing and profit margins, thereby adversely affecting its financial results. As a result of pricing pressures, Zurn may in the future experience reductions in profit margins. We cannot provide assurance that Zurn will be able to maintain or increase the current market share of its products successfully in the future.

We rely on independent distributors. Termination of one or more of our relationships with any of those independent distributors or an increase in the distributors sales of our competitors products could have a material adverse effect on our business, financial condition or results of operations.

In addition to our own direct sales force, we depend on the services of independent distributors to sell our PT products and provide service and aftermarket support to our customers. We rely on an extensive distribution network, with over 1,900 distributor locations nationwide. Rather than serving as passive conduits for delivery of product, our industrial distributors are active participants in the overall competitive dynamic in the PT industry. Industrial distributors play a significant role in determining which of our PT products are stocked at the branch locations, and hence are most readily accessible to aftermarket buyers, and the price at which these products are sold. For fiscal 2006, approximately 21.9% of our net sales were generated through sales to three of our key independent distributors: Motion Industries (which accounted for 11.8%), Applied Industrial Technologies and Kaman Corporation. Almost all of the distributors with whom we transact business offer competitors products and services to our customers. In addition, the distribution agreements we have are typically cancelable by the distributor after a short notice period. The loss of one of our key distributors or of a substantial number of our other distributors or an increase in the distributors sales of our competitors products to our customers could materially and adversely affect our business, financial condition or results of operations. Zurn depends on a network of several hundred independent sales representatives and approximately 70 third-party warehouses to distribute its products and is subject to similar risks.

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Our business depends upon general economic conditions and other market factors beyond our control, and we serve customers in cyclical industries. As a result, our operating results could be negatively affected during economic downturns.

Our financial performance depends, in large part, on conditions in the markets that we serve and in the U.S. and global economies generally. Some of the industries we serve are highly cyclical, such as the aerospace, energy and industrial equipment industries. While we are currently experiencing an upturn in the economic environment, it is uncertain how long this upturn will continue. We have undertaken cost reduction programs as well as diversified the end markets served to mitigate the effect of a downturn in economic conditions; however, such programs may be unsuccessful in the event a downturn occurs. Any sustained weakness in demand or downturn or uncertainty in the economy generally would reduce our sales and profitability.

With respect to Zurn, the demand in the water management industry is influenced by new construction activity and the level of repair and remodeling activity. The level of new construction and repair and remodeling activity is affected by a number of factors beyond Zurn s control, including the overall strength of the U.S. economy (including confidence in the U.S. economy by our customers), the strength of the residential and commercial real estate markets, institutional building activity, the age of existing housing stock, unemployment rates and interest rates. Any declines in commercial, institutional or residential construction starts or demand for replacement building and home improvement products may adversely impact Zurn, and there can be no assurance that any such adverse effects would not be material and would not continue for a prolonged period of time.

The seasonality of Zurn s sales may adversely affect its financial results.

Zurn s business experiences seasonal business swings. It experiences downturns in the autumn and winter months of the northern hemisphere, which encompasses the vast majority of its markets. This seasonality requires Zurn to manage its cash flows over the course of the year. If its sales were to fall substantially below what it would normally expect during certain periods, its financial condition would be adversely impacted.

Weather could adversely affect the demand for Zurn s products and decrease its net sales.

Demand for Zurn s products is primarily driven by commercial, institutional and residential construction activity. Weather is an important variable affecting its financial performance as it significantly impacts construction activity. Spring and summer months in the United States and Europe represent the main construction seasons. Adverse weather conditions, such as prolonged periods of cold or rain, blizzards, hurricanes and other severe weather patterns, could delay or halt construction and remodeling activity. For example, an unusually severe winter can lead to reduced construction activity and magnify the seasonal decline in Zurn s net sales and earnings during the winter months. In addition, a prolonged winter season can delay construction and remodeling plans and hamper the seasonal increase in its net sales and earnings during the spring months.

Demand for Zurn s products may depend on availability of financing.

Many customers who purchase Zurn s products depend on third-party financing. Fluctuations in prevailing interest rates could affect the availability and cost of financing to Zurn s customers. The lack of availability or increased cost of credit could lead to a reduction in demand for Zurn s products and have a material adverse effect on its business, financial condition, cash flows and results of operations.

We are subject to risks associated with changing technology and manufacturing techniques, which could place us at a competitive disadvantage.

The successful implementation of our business strategy requires us to continuously evolve our existing products and introduce new products to meet customers needs in the industries we serve and want to serve. Our products are characterized by stringent performance and specification requirements that mandate a high degree of manufacturing and engineering expertise. If we fail to meet these requirements, our business could be at risk. We believe that our customers rigorously evaluate their suppliers on the basis of a number of factors, including product quality, price competitiveness, technical and manufacturing expertise, development and product design capability, new product innovation, reliability and timeliness of delivery, operational flexibility, customer service and overall management. Our success will depend on our ability to continue to meet our customers changing specifications with respect to these criteria. We cannot assure you that we will be able to address technological advances or introduce new products that may be necessary to remain competitive within our businesses. Furthermore, we cannot assure you that we can adequately protect any of our own technological developments to produce a sustainable competitive advantage.

If we lose certain of our key sales, marketing or engineering personnel, our business may be adversely affected.

Our success depends (as has Zurn s historically) on our ability to recruit, retain and motivate highly-skilled sales, marketing and engineering personnel. Competition for these persons in our industry is intense, and we may not be able to successfully recruit, train or retain qualified personnel. If we fail to retain and recruit the necessary personnel, our business and our ability to obtain new customers, develop new products and provide acceptable levels of customer service could suffer. In addition, we cannot assure you that these individuals will stay with us. If any of these key personnel were to leave our company, it could be difficult to replace them, and our business could be harmed.

Increases in the cost of our raw materials, in particular bar steel, brass, castings, copper, forgings, high-performance engineered plastic, plate steel, resin, sheet steel and zinc, or the loss of a substantial number of our suppliers could adversely affect our financial health.

We depend on third parties for the raw materials used in our manufacturing processes. We generally purchase our raw materials on the open market on a purchase order basis. In the past, these contracts generally have had one-to-five year terms and have contained competitive and benchmarking clauses intended to ensure competitive pricing. While we currently maintain alternative sources for raw materials, our business is subject to the risk of price fluctuations and delays in the delivery of our raw materials. Any such price fluctuations or delays, if material, could harm our profitability or operations. In addition, the loss of a substantial number of suppliers could result in material cost increases or reduce our production capacity. We are also significantly affected by the cost of natural gas used for fuel and the cost of electricity. Natural gas and electricity prices have historically been volatile, particularly in California where we have a significant manufacturing presence.

We do not typically enter into hedge transactions to reduce our exposure to price risks and cannot assure you that we would be successful in passing on any attendant costs if these risks were to materialize. In addition, if we are unable to continue to purchase our required quantities of raw materials on commercially reasonable terms, or at all, or if we are unable to maintain or enter into our purchasing contracts for our larger commodities, our business operations could be disrupted and our profitability could be adversely impacted.

The loss of any significant customer could adversely affect Zurn s business.

Zurn has certain customers that are significant to its business. During the LTM Period, Zurn s top six customers accounted for approximately 34% of its net sales, and Zurn s top customer, Ferguson Enterprises, Inc., accounted for 17% of its net sales. Its competitors may adopt more aggressive sales policies and devote greater resources to the development, promotion and sale of their products than Zurn does, which could result in a loss of customers. The loss of one or more of its major customers or deterioration in its relationship with any of them could have a material adverse effect on its business, results of operations and financial condition.

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We may be unable to make necessary capital expenditures.

We periodically make capital investments to, among other things, maintain and upgrade our facilities and enhance our products processes. As we grow our businesses, we may have to incur significant capital expenditures. We believe that we will be able to fund these expenditures through cash flow from operations and borrowings under our senior secured credit facilities. However, our senior secured credit facilities, the indentures and the indenture governing our 2016 notes contain limitations that could affect our ability to fund our future capital expenditures and other capital requirements. We cannot assure you that we will have, or be able to obtain, adequate funds to make all necessary capital expenditures when required, or that the amount of future capital expenditures will not be materially in excess of our anticipated or current expenditures. If we are unable to make necessary capital expenditures, our product line may become dated, our productivity may be decreased and the quality of our products may be adversely affected, which, in turn, could reduce our sales and profitability.

Our international operations are subject to uncertainties, which could adversely affect our operating results.

Our business is subject to certain risks associated with doing business internationally. For the LTM Period on a pro forma basis, after giving effect to the Zurn acquisition, our net sales outside the United States represented approximately 22% of our total sales. Accordingly, our future results could be harmed by a variety of factors, including:

- fluctuations in currency exchange rates, particularly fluctuations in the euro against the U.S. dollar;
- exchange controls;
- compliance with U.S. Department of Commerce export controls;
- tariffs or other trade protection measures and import or export licensing requirements;
- changes in tax laws;
- interest rates;
- changes in regulatory requirements;
- differing labor regulations;
- requirements relating to withholding taxes on remittances and other payments by subsidiaries;
- restrictions on our ability to own or operate subsidiaries, make investments or acquire new businesses in these jurisdictions;
- restrictions on our ability to repatriate dividends from our subsidiaries; and

- exposure to liabilities under the Foreign Corrupt Practices Act.

As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. However, any of these factors could materially and adversely affect our international operations and, consequently, our business, financial condition and results of operations.

We may incur significant costs for environmental compliance and/or to address liabilities under environmental laws and regulations.

Our operations and facilities are subject to extensive laws and regulations related to pollution and the protection of the environment, health and safety, including those governing, among other things, emissions to air, discharges to water, the generation, handling, storage, treatment and disposal of hazardous wastes and other materials, and the remediation of contaminated sites. A failure by us to comply with applicable requirements or the permits required for our operations could result in civil or criminal fines, penalties, enforcement actions, third party claims for property damage and personal injury, requirements to clean up property or to pay for the costs of cleanup or regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, including the installation of pollution control equipment or remedial actions. Moreover, if applicable environmental, health and safety laws and regulations, or the interpretation or enforcement thereof, become more stringent in the future, we could incur capital or operating costs beyond those currently anticipated.

Some environmental laws and regulations, including the federal Superfund law, impose requirements to investigate and remediate contamination on present and former owners and operators of facilities and sites, and on potentially responsible parties, or PRPs, for sites to which such parties may have sent waste for disposal. Such liability can be imposed without regard to fault and, under certain circumstances, may be joint and several, resulting in one PRP being held responsible for the entire obligation. Liability may also include damages to natural resources. We are currently conducting investigations and/or cleanup of known or potential contamination at several of our current and former facilities, and have been named as a PRP at several third party Superfund sites. The discovery of additional contamination at these sites, or the imposition of more stringent cleanup requirements, could require significant expenditures by us in excess of our current reserves. In addition, we occasionally evaluate various alternatives with respect to our facilities, including possible dispositions or closures. Investigations undertaken in connection with these activities may lead to discoveries of contamination that must be remediated, and closures of facilities may trigger remediation requirements that are not currently applicable to our operating facilities. We may also face liability for alleged personal injury or property damage due to exposure to hazardous substances used or disposed of by us, that may be contained within our current or former products, or that are present in the soil or groundwater at our current or former facilities. Significant costs could be incurred in connection with such liabilities.

We believe that, subject to various terms and conditions, we have certain indemnification protection from Invensys plc (Invensys) with respect to certain environmental liabilities that may have occurred prior to the acquisition by Carlyle (the Carlyle acquisition) of the capital stock of 16 entities comprising the Rexnord Group of Invensys, including certain liabilities associated with our Downers Grove, Illinois facility and with personal injury claims for alleged exposure to hazardous materials. We also believe that, subject to various terms and conditions, we have certain indemnification protection from Hamilton Sundstrand Corporation, or Hamilton Sundstrand, with respect to certain environmental liabilities that may have arisen from events occurring at Falk facilities prior to the Falk acquisition, including certain liabilities associated with personal injury claims for alleged exposure to hazardous materials. If Invensys or Hamilton Sundstrand becomes unable to, or otherwise does not, comply with their respective indemnity obligations, or if certain contamination or other liability for which we are obligated is not subject to such indemnities or historic insurance coverage, we could incur significant unanticipated costs. As a result, it is possible that we will not be able to recover pursuant to these indemnities a substantial portion, if any, of the costs that we may incur. See Business Legal Proceedings.

Zurn is investigating and remediating contamination at a number of present and former operating or disposal sites and it has been named as a PRP at a number of Superfund sites pursuant to CERCLA or comparable state statutes. Zurn s actual costs to clean up these sites may exceed its current estimates due to factors beyond its control, such as the discovery of presently unknown environmental conditions, the imposition of more stringent cleanup standards, disputes with insurers or the insolvency of other responsible parties at the sites at which it is involved.

Zurn is subject to numerous asbestos claims.

Zurn is a co-defendant in approximately 4,900 personal injury lawsuits involving approximately 46,200 plaintiffs pending as of September 30, 2006 in various courts in the United States primarily related to alleged exposure to asbestos contained in industrial boilers formerly manufactured by a segment of Zurn that has been accounted for as a discontinued operation. Zurn s potential liability for asbestos-related claims currently pending against it and expected to be filed through 2016 is estimated at approximately $136 million, of which $102 million is expected to be paid by 2016. These claims are handled by Zurn s insurers pursuant to a coordinated defense strategy and, to date, all defense and settlement costs have been paid by the insurers. In the event any such carriers become insolvent in the future, or the actual number or value of asbestos-related claims differs

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materially from Zurn s existing estimates, Zurn could incur material costs that could have an adverse impact on Zurn s business, financial condition or results of operations. See Business Legal Proceedings Zurn.

We are not yet able to determine the full effect of the accident at our Canal Street Facility on our financial condition or operations.

On December 6, 2006, we experienced an explosion at our Canal Street Facility, in which three employees lost their lives and approximately 45 employees were injured. The incident also resulted in the destruction of a warehouse building that held inventory and manufacturing components. An adjacent production facility and portions of other buildings at the Canal Street Facility were also damaged. The Canal Street Facility is our primary manufacturing facility for gear products, and also manufactures portions of the components for our coupling products.

The extent of the damage and the impact on future production and sales are not yet fully determinable. We expect a delay, and as a result a probable decline, in orders shipped for our gear products, and to a lesser extent in coupling shipments, due to this temporary loss of production capacity in this facility. Such delay could lead to a loss of customers for these, and possibly for other of our, products. We may also experience start-up inefficiencies as we bring this production facility back to full capacity, and repairing this facility may take longer than we expect. We could also face difficulties in procuring replacement machinery and tooling for equipment that was damaged in the explosion, and we therefore cannot assure you when the facility will be operating at full capacity. Due to a possible delay in obtaining component parts with long lead times, we also cannot assure you as to when the facility will return to shipping product in the same volumes as prior to the accident.

There also can be no assurance that our insurance coverage will cover all of our losses from this incident, or that we will not have to engage in protracted litigation to recover under our insurance policies. Even if the insurance carriers acknowledge broad coverage, the facility reconstruction and insurance claim process may take an extended period of time to complete. In addition, we may face workers compensation, personal injury, wrongful death or other tort claims for injury, death or property damage allegedly caused by the incident. It is also possible that we may be subject to civil penalties. We may not be successful in defending such claims, and the resulting liability could be substantial and may not be fully covered by insurance. As a result of the foregoing and other matters relating to or resulting from this event, there can be no assurance as to the long term effect this incident will have on us or our financial condition. See Prospectus Summary Other Recent Events.

We rely on intellectual property that may be misappropriated or subject to claims of infringement.

We attempt to protect our intellectual property rights through a combination of patent, trademark, copyright and trade secret protection, as well as licensing agreements and third-party nondisclosure and assignment agreements. We cannot assure you that any of our applications for protection of our intellectual property rights will be approved or that others will not infringe on or challenge our intellectual property rights. We also rely on unpatented proprietary technology. It is possible that others will independently develop the same or similar technology or otherwise obtain access to our unpatented technology. To protect our trade secrets and other proprietary information, we require employees, consultants and advisors to enter into confidentiality agreements. We cannot assure you that these agreements will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure. If we are unable to maintain the proprietary nature of our technologies, our ability to sustain margins on some or all of our products may be affected, which could materially and adversely affect our business, financial condition or results of operations. In addition, in the ordinary course of our operations, from time to time we pursue and are pursued in potential litigation relating to the protection of certain intellectual property rights, including some of our more profitable products, such as flattop chain. An adverse ruling in any such litigation could have a material and adverse affect on our business, financial condition or results of operations. Similar risks apply to Zurn s U.S. and foreign patents, patent applications, registered trademarks and other proprietary rights, which we believe are important to its success, potential growth and competitive position.

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We could face potential product liability claims relating to products we manufacture or distribute.

We may be subject to product liability claims in the event that the use of our products, or the exposure to our products or their raw materials is alleged to have resulted in injury or other adverse effects. We currently maintain product liability insurance coverage, but we cannot assure you that we will be able to obtain such insurance on acceptable terms in the future, if at all, or that any such insurance will provide adequate coverage against potential claims. Product liability claims can be expensive to defend and can divert the attention of management and other personnel for long periods of time, regardless of the ultimate outcome. An unsuccessful product liability defense could have a material and adverse effect on our business, financial condition or results of operations. In addition, our business depends on the strong brand reputation we have developed. In the event that this reputation is damaged as a result of a product liability claim, we may face difficulty in maintaining our pricing positions and market share with respect to some of our products, which could materially and adversely affect our business, financial condition or results of operations. See Business Legal Proceedings RBS Global.

We, our customers and our shippers have unionized employees that may stage work stoppages, which could seriously impact the profitability of our business.

As of September 30, 2006, we had approximately 6,045 employees, of whom approximately 4,133 were employed in the United States. Zurn employed approximately 937 persons at September 30, 2006, substantially all of whom were employed in the United States. Approximately 10% of our North American employees are represented by labor unions and approximately 12% of Zurn s employees are represented by labor unions. The five U.S. collective bargaining agreements to which we are a party will expire in February 2007, July 2007 (in the case of two such agreements), April 2008 and October 2010. Zurn s collective bargaining agreements with two local unions in North America (covering 118 employees) expire in fiscal 2010. Negotiations for the extension of collective bargaining agreements may result in modifications to the terms of the agreements, and the modifications could cause Zurn and us to incur increased costs relating to our labor forces. Additionally, approximately 18% of our workforce is employed in Europe, where trade union membership is common.

Although we believe that our relations with our employees are currently satisfactory, if our unionized workers were to engage in a strike, work stoppage or other slowdown in the future, we could experience a significant disruption of our operations, which could interfere with our ability to deliver products on a timely basis and could have other negative effects, such as decreased productivity and increased labor costs. Such negative effects could materially and adversely affect our business, financial condition or results of operations. In addition, if a greater percentage of our workforce becomes unionized, our business, financial condition or results of operations could be materially and adversely affected. Many of our direct and indirect customers have unionized workforces. Strikes, work stoppages or slowdowns experienced by these customers or their suppliers could result in slowdowns or closures of assembly plants where our products are used. In addition, organizations responsible for shipping our products may be impacted by occasional strikes staged by the International Brotherhood of Teamsters or Teamsters Union. Any interruption in the delivery of our products could reduce demand for our products and could have a material and adverse effect on our business, financial condition or results of operations.

Although we expect the Zurn acquisition to be beneficial, its expected benefits may not be realized, in the time frame anticipated or at all, because of integration and other challenges.

Achieving the expected benefits of the Zurn acquisition will depend on the timely and efficient integration of Zurn s technology, operations, business culture and personnel into our Company. The integration may not be completed as quickly as expected, and if we fail to effectively integrate the companies or the integration takes longer than expected, we may not achieve the expected benefits of the acquisition. The challenges involved in this integration include, among others:

- potential disruption or our ongoing business and distraction of management;

- unexpected loss of key employees or customers of Zurn;
- conforming Zurn s standards, processes, procedures and controls with our operations;
- coordinating new product and process development;
- hiring additional management and other critical personnel; and
- increasing the scope, geographic diversity and complexity of our operations.

The Zurn acquisition may not be successfully received by our or Zurn s customers, distributors or suppliers. In addition, we may encounter unforeseen obstacles or costs in the integration of the Zurn acquisition. Furthermore, the presence of one or more material liabilities of the Zurn business that are unknown to us at the time of acquisition may have a material adverse effect on our business.

We may be unable to successfully realize all of the intended benefits from our past acquisitions, and we may be unable to identify or realize the intended benefits of other potential acquisition candidates.

We acquired Falk on May 16, 2005 and, although we believe that the integration of Falk into our business is substantially complete, we may be unable to realize all of the intended benefits of this acquisition. As part of our business strategy, we will also evaluate other potential acquisitions, some of which could be material, and engage in discussions with acquisition candidates. We cannot assure you that suitable acquisition candidates will be identified and acquired in the future, that the financing of any such acquisition will be available on satisfactory terms, that we will be able to complete any such acquisition or that we will be able to accomplish our strategic objectives as a result of any such acquisition. Nor can we assure you that our acquisition strategies will be successfully received by customers or achieve their intended benefits. Often acquisitions are undertaken to improve the operating results of either or both of the acquiror and the acquired company and we cannot assure you that we will be successful in this regard. We will encounter various risks in acquiring other companies, including the possible inability to integrate an acquired business into our operations, diversion of management s attention and unanticipated problems or liabilities, some or all of which could materially and adversely affect our business, financial condition or results of operations.

Our future required cash contributions to our pension plans may increase.

Congress recently passed legislation (which was signed into law by President Bush) to reform funding requirements for underfunded pension plans. The legislation, among other things, increases the percentage funding target from 90% to 100% and requires the use of a more current mortality table in the calculation of minimum yearly funding requirements. In the LTM Period, we contributed $16.7 million to our U.S. defined benefit pension plans. Our future required cash contributions to our U.S. defined benefit pension plans may increase based on the funding reform provisions that were enacted into law. In addition, if the performance of assets in our pension plans does not meet our expectations, if the Pension Benefit Guaranty Corporation, or PBGC, requires additional contributions to such plans as a result of the Zurn Transactions, or if other actuarial assumptions are modified, our future required cash contributions could increase. Any such increases could have a material and adverse effect on our business, financial condition or results of operations.

The need to make these cash contributions may reduce the cash available to meet our other obligations, including our obligations with respect to the notes, or to meet the needs of our business. In addition, the PBGC may terminate our defined benefit pension plans under limited circumstances, including in the event the PBGC concludes that its risk may increase unreasonably if such plans continue. In the event a plan is terminated for any reason while it is underfunded, we could be required to make an immediate payment to the PBGC of all or a substantial portion of such plan s underfunding, as calculated by the PBGC based on its own assumptions (which might result in a larger pension obligation than that based on the assumptions we have used to fund such plan), and the PBGC could assert a lien on material amounts of our assets.

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The calculation of EBITDA pursuant to the indentures and the indenture governing our 2016 notes permits certain estimates and assumptions that may differ materially from actual results and the estimated synergies expected from the Falk acquisition and the Zurn acquisition may not be achieved.

Although EBITDA is derived from our financial statements (pro forma or historical, as the case may be), the calculation of EBITDA pursuant to the indentures and the indenture governing our 2016 notes permits certain estimates and assumptions that may differ materially from actual results. For example, the determination of the adjustment attributable to inventory under absorption permits an estimate as to the decline in our inventory levels over historical amounts. In addition, the determination of fixed costs attributable to inventory and other similar costs permits certain assumptions. Although our management believes these estimates and assumptions are reasonable, investors should not place undue reliance upon the calculation of EBITDA pursuant to the indentures and the indenture governing our 2016 notes given how it is calculated and the possibility that the underlying estimates and assumptions may ultimately not reflect actual results. In addition, the estimated synergies expected from the Falk acquisition and the Zurn acquisition are merely estimates and may not actually be achieved in the timeframe anticipated or at all. These estimated synergies, for example, increase our adjusted EBITDA by the amount of savings expected to be achievable from leveraging our and Falk s combined spending volume and consolidating to the lowest cost vendors for purchases of raw materials, logistics and other goods and services. We cannot assure you, however, that we will be able to realize such synergies. In addition, the indentures and the indenture governing our 2016 notes permit us to adjust EBITDA for items that would not meet the standards for inclusion in pro forma financial statements under Regulation S-X and the other SEC rules. Some of these adjustments may be too speculative to merit adjustment under Regulation S-X; however, the indentures and the indenture governing our 2016 notes would permit such adjustments for purposes of determining EBITDA under the indentures and the indenture governing our 2016 notes. As a result of these adjustments, we may be able to incur more debt or pay dividends or make other restricted payments in greater amounts that would otherwise be permitted without such adjustments.

We are controlled by principal equity holders who will be able to make important decisions about our business and capital structure; their interests may differ from your interests as a debtholder.

Substantially all of the common stock of Rexnord Holdings is held by Apollo. As a result, Apollo controls us and has the power to elect a majority of the members of our board of directors, appoint new management and approve any action requiring the approval of the holders of Rexnord Holdings stock, including approving acquisitions or sales of all or substantially all of our assets. The directors elected by Apollo have the ability to control decisions affecting our capital structure, including the issuance of additional capital stock, the implementation of stock repurchase programs and the declaration of dividends. The interests of Rexnord Holdings equity holders may not in all cases be aligned with yours as a holder of notes. If we encounter financial difficulties, or we are unable to pay our debts as they mature, the holders of the notes might want us to raise additional equity from such equity holders or other investors to reduce our leverage and pay our debts, while such equity holders might not want to increase their investment in us or have their ownership diluted and instead choose to take other actions, such as selling our assets. Rexnord Holdings equity holders may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to you as a holder of the notes. Furthermore, Apollo and its affiliates have no continuing obligation to provide us with debt or equity financing. Additionally, Apollo is in the business of investing in companies and may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with us. Apollo may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us.

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Our historical financial information is not comparable to our current financial condition and results of operations because of our use of purchase accounting in connection with the Apollo acquisition, the Falk acquisition and the Zurn acquisition and due to the different basis of accounting used by Invensys and its affiliates prior to the Carlyle acquisition.

It may be difficult for you to compare both our historical and future results to our results for fiscal 2006 and for the LTM Period. The Falk acquisition was accounted for utilizing purchase accounting, which resulted in a new valuation for the assets and liabilities of Falk to their fair values. This new basis of accounting began on the date of the consummation of the Falk acquisition. The Apollo acquisition also was accounted for using the purchase method of accounting, causing our assets and liabilities to be revalued to their fair values on the closing date of the Apollo acquisition. The allocation of the excess purchase price over the book value of the net assets acquired in the Apollo acquisition was based, in part, on preliminary information which will continue to be subject to adjustment upon obtaining complete valuation information.

In addition, as a result of the Carlyle acquisition, we were subject to a different basis of accounting after November 25, 2002. Accordingly, our historical operating results for periods prior to such date may be of limited use in evaluating our historical performance and comparing it to other periods.

In addition, we expect that the Zurn acquisition and future acquisitions will also be accounted for using purchase accounting and therefore similar limitations regarding comparability of historical and future results could arise. Under the purchase method of accounting, the operating results of each of the acquired businesses are included in our financial statements only from the date of the acquisitions.

Accordingly, our historical financial information may be of limited use in evaluating our historical performance and comparing it to other periods.

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CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements that involve risks and uncertainties. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, business trends and other information that is not historical information and, in particular, appear under the headings Prospectus Summary, Management s Discussion and Analysis of Financial Condition and Results of Operations and Business. When used in this prospectus, the words estimates, expects, anticipates, projects, plans, intends, believes, forecasts, foresees, likely, target and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon information available to us on the date of this prospectus.

These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of our control, that could cause actual results to differ materially from the results discussed in the forward-looking statements, including, among other things, the matters discussed in this prospectus in the sections captioned Prospectus Summary, Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations. Such factors may include:

- our competitive environment;
- dependence on independent distributors;
- general economic and business conditions, market factors and our dependence on customers in cyclical industries;
- the seasonality of our sales;
- impact of weather on the demand for our products;
- availability of financing for our customers;
- changes in technology and manufacturing techniques;
- loss of key personnel;
- increases in cost of our raw materials and our possible inability to increase product prices to offset such increases;
- the loss of any significant customer;
- inability to make necessary capital expenditures;
- risks associated with international operations;

the costs of environmental compliance and/or the imposition of liabilities under environmental, health and safety laws and regulations;

the costs of Zurn s asbestos claims;

slowdown of conversion of copper plumbing to PEX;

a declining construction market;

the effects of the recent explosion at our Canal Street Facility;

reliance on intellectual property;

potential product liability claims;

work stoppages by unionized employees;

integration of recent and future acquisitions, including Zurn, into our business;

changes in pension funding requirements; and

control by our principal equityholders.

There may be other factors that could cause our actual results to differ materially from the results referred to in the forward-looking statements. We undertake no obligation to publicly update or revise forward-looking statements to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events, except as required by law.

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MARKET AND INDUSTRY DATA AND FORECASTS

This prospectus includes estimates of market share and industry data and forecasts that we obtained from industry publications, surveys and internal company sources. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Unless otherwise noted, all information regarding our market share is based on the latest market data currently available to us, and all market share data is based on net sales in the applicable market.

THE EXCHANGE OFFER

Purpose and Effect of the Exchange Offer

We have entered into registration rights agreements with the initial purchasers of the original notes, in which we agreed to file a registration statement relating to an offer to exchange the original notes for exchange notes. The registration statement of which this prospectus forms a part was filed in compliance with this obligation. We also agreed to use our commercially reasonable efforts to file the registration statement with the SEC and to cause it to become effective under the Securities Act. The exchange notes will have terms substantially identical to the original notes except that the exchange notes will not contain terms with respect to transfer restrictions and registration rights and additional interest payable for the failure to consummate the exchange offer by the dates set forth in the applicable registration rights agreement. Original notes in an aggregate principal amount of $1,095,000,000, consisting of $795,000,000 in aggregate principal amount of 9 1/2% Senior Notes due 2014 and $300,000,000 in aggregate principal amount of 11 3/4% Senior Subordinated Notes due 2016, were issued on July 21, 2006.

Under the circumstances set forth below, we will use our commercially reasonable efforts to cause the SEC to declare effective a shelf registration statement with respect to the resale of the original notes and to keep the shelf registration statement effective for up to two years after the effective date of the shelf registration statement. These circumstances include:

- the exchange offer is not permitted by applicable law or SEC policy;
- prior to the consummation of the exchange offer, existing SEC interpretations are changed such that the debt securities received by the holders in the exchange offer would not be transferable without restriction under the Securities Act;
- if any initial purchaser so requests on or prior to the 60th day after consummation of this exchange offer with respect to original notes not eligible to be exchanged for the exchange notes and held by it following the consummation of this exchange offer; or
- if any holder that participates in this exchange offer does not receive freely transferable exchange notes in exchange for tendered original notes and so requests on or prior to the 60th day after the consummation of this exchange offer.

Each holder of original notes that wishes to exchange such original notes for transferable exchange notes in this exchange offer will be required to make the following representations:

- any exchange notes to be received by it will be acquired in the ordinary course of its business;
- it has no arrangement or understanding with any person or entity, including any of our affiliates, to participate in the distribution (within the meaning of Securities Act) of the exchange notes in violation of the Securities Act;

it is not our affiliate, as defined in Rule 405 under the Securities Act, or, if it is an affiliate, that it will comply with applicable registration and prospectus delivery requirements of the Securities Act; and if such holder is not a broker-dealer, that it is not engaged in, and does not intend to engage in, the distribution of the exchange notes and if such holder is a broker-dealer, that it will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities and such holder will acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes.

In addition, each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See Plan of Distribution.

Resale of Exchange Notes

Based on interpretations of the SEC staff set forth in no action letters issued to unrelated third parties, we believe that exchange notes issued in this exchange offer in exchange for original notes may be offered for resale, resold and otherwise transferred by any exchange note holder without compliance with the registration and prospectus delivery provisions of the Securities Act, if:

such holder is not an affiliate of ours within the meaning of Rule 405 under the Securities Act;

such exchange notes are acquired in the ordinary course of the holder s business; and

the holder does not intend to participate in the distribution of such exchange notes.

Any holder who tenders in the exchange offer with the intention of participating in any manner in a distribution of the exchange notes:

cannot rely on the position of the staff of the SEC set forth in Exxon Capital Holdings Corporation or similar interpretive letters; and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

If, as stated above, a holder cannot rely on the position of the staff of the SEC set forth in Exxon Capital Holdings Corporation or similar interpretive letters, any effective registration statement used in connection with a secondary resale transaction must contain the selling security holder information required by Item 507 of Regulation S-K under the Securities Act.

This prospectus may be used for an offer to resell, for the resale or for other retransfer of exchange notes only as specifically set forth in this prospectus. With regard to broker-dealers, only broker-dealers that acquired the original notes as a result of market-making activities or other trading activities may participate in the exchange offer. Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. Please read the section captioned Plan of Distribution for more details regarding these procedures for the transfer of exchange notes. We have agreed that, for a period of 180 days after the exchange offer is consummated, we will make this prospectus available to any broker-dealer for use in connection with any resale of the exchange notes.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept for exchange any original notes properly tendered and not withdrawn prior to the expiration date. We will issue $1,000 principal amount of exchange notes in exchange for each $1,000 principal amount of original notes surrendered under the exchange offer. Original notes may be tendered only in denominations of $2,000 and in integral multiples of $1,000.

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The form and terms of the exchange notes will be substantially identical to the form and terms of the original notes except the exchange notes will be registered under the Securities Act, will not bear legends restricting their transfer and will not provide for any additional interest upon our failure to fulfill our obligations under the registration rights agreement to file, and cause to become effective, a registration statement. The exchange notes will evidence the same debt as the original notes. The exchange notes will be issued under and entitled to the benefits of the same indenture that authorized the issuance of the outstanding original notes. Consequently, both series of notes will be treated as a single class of debt securities under the indenture.

The exchange offer is not conditioned upon any minimum aggregate principal amount of original notes being tendered for exchange.

As of the date of this prospectus, $1,095,000,000 in aggregate principal amount of the original notes, consisting of $795,000,000 in aggregate principal amount of 9 $^{1}/2$% Senior Notes due 2014 and $300,000,000 in aggregate principal amount of 11 $^{3}/4$% Senior Subordinated Notes due 2016, are outstanding. This prospectus and the letter of transmittal are being sent to all registered holders of original notes. There will be no fixed record date for determining registered holders of original notes entitled to participate in the exchange offer.

We will conduct the exchange offer in accordance with the provisions of the registration rights agreements, the applicable requirements of the Securities Act and the Securities Exchange Act of 1934, as amended (the Exchange Act), and the rules and regulations of the SEC. Original notes that are not tendered for exchange in the exchange offer will remain outstanding and continue to accrue interest and will be entitled to the rights and benefits such holders have under the indenture relating to the original notes.

We will be deemed to have accepted for exchange properly tendered original notes when we have given oral or written notice of the acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the exchange notes from us and delivering exchange notes to such holders. Subject to the terms of the registration rights agreements, we expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any original notes not previously accepted for exchange, upon the occurrence of any of the conditions specified below under the caption Certain Conditions to the Exchange Offer.

Holders who tender original notes in the exchange offer will not be required to pay brokerage commissions or fees, or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of original notes. We will pay all charges and expenses, other than those transfer taxes described below, in connection with the exchange offer. It is important that you read the section labeled Fees and Expenses below for more details regarding fees and expenses incurred in the exchange offer.

Expiration Date; Extensions; Amendments

The exchange offer will expire at 5:00 p.m., New York City time on [ ], 2007, unless we extend it in our sole discretion.

In order to extend the exchange offer, we will notify the exchange agent orally or in writing of any extension. We will notify in writing or by public announcement the registered holders of original notes of the extension no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

We reserve the right, in our sole discretion:

to delay accepting for exchange any original notes in connection with the extension of the exchange offer;

to extend the exchange offer or to terminate the exchange offer and to refuse to accept original notes not previously accepted if any of the conditions set forth below under Certain Conditions to the Exchange Offer have not been satisfied, by giving oral or written notice of such delay, extension or termination to the exchange agent; or

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subject to the terms of the registration rights agreements, to amend the terms of the exchange offer in any manner, provided that in the event of a material change in the exchange offer, including the waiver of a material condition, we will extend the exchange offer period, if necessary, so that at least five business days remain in the exchange offer following notice of the material change.

Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by written notice or public announcement thereof to the registered holders of original notes. If we amend the exchange offer in a manner that we determine to constitute a material change, we will promptly disclose such amendment in a manner reasonably calculated to inform the holders of original notes of such amendment, provided that in the event of a material change in the exchange offer, including the waiver of a material condition, we will extend the exchange offer period, if necessary, so that at least five business days remain in the exchange offer following notice of the material change. If we terminate this exchange offer as provided in this prospectus before accepting any original notes for exchange or if we amend the terms of this exchange offer in a manner that constitutes a fundamental change in the information set forth in the registration statement of which this prospectus forms a part, we will promptly file a post-effective amendment to the registration statement of which this prospectus forms a part. In addition, we will in all events comply with our obligation to make prompt payment for all original notes properly tendered and accepted for exchange in the exchange offer.

Without limiting the manner in which we may choose to make public announcements of any delay in acceptance, extension, termination or amendment of the exchange offer, we shall have no obligation to publish, advertise, or otherwise communicate any such public announcement, other than by issuing a timely press release to a financial news service.

Certain Conditions to the Exchange Offer

Despite any other term of the exchange offer, we will not be required to accept for exchange, or exchange any exchange notes for, any original notes, and we may terminate the exchange offer as provided in this prospectus before accepting any original notes for exchange if in our reasonable judgment:

- the exchange notes to be received will not be tradable by the holder without restriction under the Securities Act or the Exchange Act, and without material restrictions under the blue sky or securities laws of substantially all of the states of the United States;

- the exchange offer, or the making of any exchange by a holder of original notes, would violate applicable law or any applicable interpretation of the staff of the SEC; or

- any action or proceeding has been instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer that, in our judgment, would reasonably be expected to impair our ability to proceed with the exchange offer.

In addition, we will not be obligated to accept for exchange the original notes of any holder that has not made:

- the representations described under Purpose and Effect of the Exchange Offer, Procedures for Tendering and Plan of Distribution, an

- such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to make available to us an appropriate form for registration of the exchange notes under the Securities Act.

We expressly reserve the right, at any time or at various times on or prior to the scheduled expiration date of the exchange offer, to extend the period of time during which the exchange offer is open. Consequently, we may delay acceptance of any original notes by giving written notice of such extension to the registered holders of the original notes. During any such extensions, all original notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange unless they have been previously withdrawn. We will return any original notes that we do not accept for exchange for any reason without expense to their tendering holder promptly after the expiration or termination of the exchange offer.

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We expressly reserve the right to amend or terminate the exchange offer on or prior to the scheduled expiration date of the exchange offer, and to reject for exchange any original notes not previously accepted for exchange, upon the occurrence of any of the conditions of the exchange offer specified above. We will give written notice or public announcement of any extension, amendment, non-acceptance or termination to the registered holders of the original notes as promptly as practicable. In the case of any extension, such notice will be issued no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

These conditions are for our sole benefit and we may, in our sole discretion, assert them regardless of the circumstances that may give rise to them or waive them in whole or in part at any or at various times except that all conditions to the exchange offer must be satisfied or waived by us prior to the expiration of the exchange offer. If we fail at any time to exercise any of the foregoing rights, that failure will not constitute a waiver of such right. Each such right will be deemed an ongoing right that we may assert at any time or at various times prior to the expiration of the exchange offer. Any waiver by us will be made by written notice or public announcement to the registered holders of the notes.

In addition, we will not accept for exchange any original notes tendered, and will not issue exchange notes in exchange for any such original notes, if at such time any stop order is threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939, as amended.

Procedures for Tendering

Only a holder of original notes may tender such original notes in the exchange offer. To tender in the exchange offer, a holder must:

- complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal; have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires; and mail or deliver such letter of transmittal or facsimile to the exchange agent prior to the expiration date; or

- comply with DTC s Automated Tender Offer Program procedures described below.

In addition, either:

- the exchange agent must receive original notes along with the letter of transmittal; or

- the exchange agent must receive, prior to the expiration date, a timely confirmation of book-entry transfer of such original notes into the exchange agent s account at DTC according to the procedures for book-entry transfer described below or a properly transmitted agent s message; or

- the holder must comply with the guaranteed delivery procedures described below.

To be tendered effectively, the exchange agent must receive any physical delivery of the letter of transmittal and other required documents at the address set forth below under Exchange Agent prior to the expiration date.

The tender by a holder that is not withdrawn prior to the expiration date will constitute an agreement between such holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.

The method of delivery of original notes, the letter of transmittal and all other required documents to the exchange agent is at the holder s election and risk. Rather than mail these items, we recommend that holders use an overnight or hand delivery service. In all cases, holders should allow sufficient time to assure delivery to the exchange agent before the expiration date. Holders should not send us the letter of transmittal or original notes. Holders may request their respective brokers, dealers, commercial banks, trust companies or other nominees to effect the above transactions for them.

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Any beneficial owner whose original notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct it to tender on the owners behalf. If such beneficial owner wishes to tender on its own behalf, it must, prior to completing and executing the letter of transmittal and delivering its original notes, either:

- make appropriate arrangements to register ownership of the original notes in such owner s name; or
- obtain a properly completed bond power from the registered holder of original notes.

The transfer of registered ownership may take considerable time and may not be completed prior to the expiration date.

Signatures on a letter of transmittal or a notice of withdrawal described below must be guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or another eligible institution within the meaning of Rule 17Ad-15 under the Exchange Act, unless the original notes tendered pursuant thereto are tendered:

- by a registered holder who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal; or
- for the account of an eligible institution.

If the letter of transmittal is signed by a person other than the registered holder of any original notes listed on the original notes, such original notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder s name appears on the original notes and an eligible institution must guarantee the signature on the bond power.

If the letter of transmittal or any original notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing. Unless waived by us, they should also submit evidence satisfactory to us of their authority to deliver the letter of transmittal.

The exchange agent and DTC have confirmed that any financial institution that is a participant in DTC s system may use DTC s Automated Tender Offer Program to tender. Participants in the program may, instead of physically completing and signing the letter of transmittal and delivering it to the exchange agent, transmit their acceptance of the exchange offer electronically. They may do so by causing DTC to transfer the original notes to the exchange agent in accordance with its procedures for transfer. DTC will then send an agent s message to the exchange agent. The term agent s message means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, to the effect that:

- DTC has received an express acknowledgment from a participant in its Automated Tender Offer Program that is tendering original notes that are the subject of such book-entry confirmation;
- such participant has received and agrees to be bound by the terms of the letter of transmittal (or, in the case of an agent s message relating to guaranteed delivery, that such participant has received and agrees to be bound by the applicable notice of guaranteed delivery); and
- the agreement may be enforced against such participant.

We will determine in our sole discretion all questions as to the validity, form, eligibility (including time of receipt), acceptance of tendered original notes and withdrawal of tendered original notes. Our determination will be final and binding. We reserve the absolute right to reject any original notes not properly tendered or any original notes the acceptance of which would, in the opinion of our counsel, be unlawful. Our interpretation of the terms and conditions of the exchange offer (including the instructions in the letter of transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of original notes must be cured within such time as we shall determine. Although we intend to notify holders of defects or

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irregularities with respect to tenders of original notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tenders of original notes will not be deemed made until such defects or irregularities have been cured or waived. Any original notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the exchange agent without cost to the tendering holder, unless otherwise provided in the letter of transmittal, promptly following the expiration date or termination of the exchange offer, as applicable.

In all cases, we will issue exchange notes for original notes that we have accepted for exchange under the exchange offer only after the exchange agent timely receives:

- original notes or a timely book-entry confirmation of such original notes into the exchange agent s account at DTC; and
- a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent s message.

By signing the letter of transmittal, each tendering holder of original notes will represent that, among other things:

- any exchange notes that the holder receives will be acquired in the ordinary course of its business;
- the holder has no arrangement or understanding with any person or entity, including any of our affiliates, to participate in the distribution of the exchange notes;
- if the holder is not a broker-dealer, that it is not engaged in and does not intend to engage in the distribution of the exchange notes;
- if the holder is a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities, that it will deliver a prospectus, as required by law, in connection with any resale of such exchange notes; and
- the holder is not our affiliate, as defined in Rule 405 of the Securities Act, or, if it is an affiliate, that it will comply with applicable registration and prospectus delivery requirements of the Securities Act.

In addition, each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See Plan of Distribution.

Book-Entry Transfer

The exchange agent will make a request to establish an account with respect to the original notes at DTC for purposes of the exchange offer promptly after the date of this prospectus; and any financial institution participating in DTC s system may make book-entry delivery of original notes by causing DTC to transfer such original notes into the exchange agent s account at DTC in accordance with DTC s procedures for transfer. Holders of original notes who are unable to deliver confirmation of the book-entry tender of their original notes into the exchange agent s account at DTC or all other documents of transmittal to the exchange agent on or prior to the expiration date must tender their original notes according to the guaranteed delivery procedures described below.

Guaranteed Delivery Procedures

Holders wishing to tender their original notes but whose original notes are not immediately available or who cannot deliver their original notes, the letter of transmittal or any other required documents to the exchange agent or comply with the applicable procedures under DTC s Automated

Tender Offer Program prior to the expiration date may tender if:

- the tender is made through an eligible institution;

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prior to the expiration date, the exchange agent receives from such eligible institution either a properly completed and duly executed notice of guaranteed delivery by facsimile transmission, mail or hand delivery or a properly transmitted agent s message and notice of guaranteed delivery:

setting forth the name and address of the holder, the registered number(s) of such original notes and the principal amount of original notes tendered;

stating that the tender is being made thereby; and

guaranteeing that, within three (3) New York Stock Exchange trading days after the expiration date, the letter of transmittal or facsimile thereof together with the original notes or a book-entry confirmation, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and

the exchange agent receives such properly completed and executed letter of transmittal or facsimile thereof, as well as all tendered original notes in proper form for transfer or a book-entry confirmation, and all other documents required by the letter of transmittal, within three (3) New York Stock Exchange trading days after the expiration date.

Upon request to the exchange agent, a notice of guaranteed delivery will be sent to holders who wish to tender their original notes according to the guaranteed delivery procedures set forth above.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, holders of original notes may withdraw their tenders at any time prior to the expiration date.

For a withdrawal to be effective:

the exchange agent must receive a written notice of withdrawal, which notice may be by telegram, telex, facsimile transmission or letter, at one of the addresses set forth below under Exchange Agent ; or

holders must comply with the appropriate procedures of DTC s Automated Tender Offer Program system.

Any such notice of withdrawal must:

specify the name of the person who tendered the original notes to be withdrawn;

identify the original notes to be withdrawn, including the principal amount of such original notes; and

where certificates for original notes have been transmitted, specify the name in which such original notes were registered, if different from that of the withdrawing holder.

If certificates for original notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of such certificates, the withdrawing holder must also submit:

- the serial numbers of the particular certificates to be withdrawn; and

- a signed notice of withdrawal with signatures guaranteed by an eligible institution unless such holder is an eligible institution.

If original notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn original notes and otherwise comply with the procedures of such facility. We will determine all questions as to the validity, form and eligibility, including time of receipt, of such notices, and our determination shall be final and binding on all parties. We will deem any original notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer. Any original notes that have been tendered for exchange but which

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are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or, in the case of original notes tendered by book-entry transfer into the exchange agent s account at DTC according to the procedures described above, such original notes will be credited to an account maintained with DTC for original notes) promptly after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn original notes may be retendered by following one of the procedures described under Procedures for Tendering above at any time prior to the expiration date.

Exchange Agent

Wells Fargo Bank, N.A., has been appointed as exchange agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for the notice of guaranteed delivery to the exchange agent addressed as follows:

Wells Fargo Bank, N.A.

(Exchange Agent/Depositary addresses)

By Registered & Certified Mail:	*By Regular Mail or Overnight Courier:*
WELLS FARGO BANK, N.A.	WELLS FARGO BANK, N.A.
Corporate Trust Operations	Corporate Trust Operations
MAC N9303-121	MAC N9303-121
PO Box 1517	Sixth & Marquette Avenue
Minneapolis, MN 55480	Minneapolis, MN 55479
In Person by Hand Only:	*By Facsimile (for Eligible Institutions only):*
WELLS FARGO BANK, N.A.	(612) 667-6282
12th Floor Northstar East Building	
Corporate Trust Operations	*For Information or Confirmation by Telephone:*
608 Second Avenue South	
Minneapolis, MN 55479	(800) 344-5128

DELIVERY OF THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY OF SUCH LETTER OF TRANSMITTAL.

Fees and Expenses

We will bear the expenses of soliciting tenders. The principal solicitation is being made by mail, however, we may make additional solicitations by telegraph, telephone or in person by our officers and regular employees and those of our affiliates.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related reasonable out-of-pocket expenses.

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Our expenses in connection with the exchange offer include:

- SEC registration fees;
- fees and expenses of the exchange agent and trustee;
- accounting and legal fees and printing costs; and
- related fees and expenses.

Transfer Taxes

We will pay all transfer taxes, if any, applicable to the exchange of original notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing original notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of original notes tendered;
- tendered original notes are registered in the name of any person other than the person signing the letter of transmittal; or
- a transfer tax is imposed for any reason other than the exchange of original notes under the exchange offer.

If satisfactory evidence of payment of such taxes is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed to that tendering holder.

Holders who tender their original notes for exchange will not be required to pay any transfer taxes. However, holders who instruct us to register exchange notes in the name of, or request that original notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be required to pay any applicable transfer tax.

Consequences of Failure to Exchange

Holders of original notes who do not exchange their original notes for exchange notes under the exchange offer, including as a result of failing to timely deliver original notes to the exchange agent, together with all required documentation, including a properly completed and signed letter of transmittal, will remain subject to the restrictions on transfer of such original notes:

- as set forth in the legend printed on the original notes as a consequence of the issuance of the original notes pursuant to the exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws; and
- otherwise as set forth in the offering memorandum distributed in connection with the private offering of the original notes.

In addition, you will no longer have any registration rights or be entitled to additional interest with respect to the original notes.

In general, you may not offer or sell the original notes unless they are registered under the Securities Act, or if the offer or sale is exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the original notes under the Securities Act. Based on interpretations of the SEC staff, exchange notes issued pursuant to the exchange offer may be offered for resale, resold or otherwise transferred by their holders, other than any such holder that is our affiliate within the meaning of Rule 405 under the Securities Act, without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that the holders acquired the exchange notes in the ordinary course of the holders business and the holders have no arrangement or understanding with respect to the distribution of the exchange notes to be acquired in the exchange offer. Any holder who tenders in the exchange offer for the purpose of participating in a distribution of the exchange notes:

- could not rely on the applicable interpretations of the SEC; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

After the exchange offer is consummated, if you continue to hold any original notes, you may have difficulty selling them because there will be fewer original notes outstanding.

Accounting Treatment

We will record the exchange notes in our accounting records at the same carrying value as the original notes, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer.

Other

Participation in the exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

We may in the future seek to acquire untendered original notes in the open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plans to acquire any original notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered original notes.

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USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the exchange notes pursuant to the exchange offers. In consideration for issuing the exchange notes as contemplated in this prospectus, we will receive in exchange a like principal amount of outstanding notes, the terms of which are identical in all material respects to the exchange notes. The outstanding notes surrendered in exchange for the exchange notes will be retired and canceled and cannot be reissued. Accordingly, the issuance of the exchange notes will not result in any change in our capitalization.

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CAPITALIZATION

The following table sets forth our cash and capitalization as of September 30, 2006, both on a historical basis and on an as adjusted basis after giving effect to the Zurn Transactions. You should read this table in conjunction with the consolidated financial statements and the related notes included elsewhere in this prospectus and Use of Proceeds, Unaudited Pro Forma Condensed Consolidated Financial Information of RBS Global, Inc., Unaudited Pro Forma Condensed Consolidated Financial Information of Jacuzzi Brands, Inc., Selected Historical Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations.

	As of September 30, 2006	
	Actual	As Adjusted
	(in millions)	
Cash	$ 9.9	$ 36.2(1)
Long-term debt, including current portion:		
Revolving credit facility(2)	$ 6.7	$ 6.7
Term Loan B	610.0	610.0
Incremental term loan B facility		200.0
Initial 2014 notes	485.0	485.0
Additional 2014 notes(3)		310.0
2016 notes		150.0
Senior subordinated notes(4)	300.3	300.3
Other(5)	5.2	5.2
Total long-term debt, including current portion	1,407.2	2,067.2
Total stockholders equity	400.8	682.8
Total capitalization	$ 1,808.0	$ 2,750.0

(1) Represents the net effect to cash of the sources and uses of cash in the Zurn Transactions, and includes $8.8 million of excess cash because the additional 2014 notes were issued at a premium.

(2) As of September 30, 2006, we had $121.0 million of borrowing availability under our revolving credit facility (subject to $22.3 million of outstanding letters of credit).

(3) Excludes a premium of $9.3 million received from the issuance of the additional 2014 notes.

(4) Includes $300.0 million of senior subordinated notes and $0.3 million of our 10 $^{1}/8$% Senior Subordinated Notes due 2012.

(5) As adjusted amount assumes that all of the existing Jacuzzi notes are repurchased pursuant to the tender offer. As of January 24, 2007, Jacuzzi had received tenders of $379,950,000 in aggregate principal amount of the existing Jacuzzi notes, representing 99.99% of the existing Jacuzzi notes.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED

FINANCIAL INFORMATION OF RBS GLOBAL, INC.

The following unaudited pro forma condensed consolidated financial information has been derived by application of pro forma adjustments to our and Jacuzzi s audited historical consolidated financial statements included elsewhere in this prospectus, as well as our and Jacuzzi s unaudited quarterly information. The unaudited pro forma condensed consolidated statement of operations data gives effect to the Falk acquisition, the Apollo acquisition and the Zurn acquisition as if they had occurred on April 1, 2005. In addition, the unaudited pro forma condensed consolidated statement of operations data for the six months ended October 2, 2005 and for the twelve months ended March 31, 2006 gives effect to Jacuzzi s June 2005 sale of Rexair, Inc. (Rexair), which formerly comprised Jacuzzi s vacuum cleaner business (the Rexair sale), as if it had occurred on April 1, 2005. The unaudited pro forma condensed consolidated balance sheet data as of September 30, 2006 gives effect to the Zurn acquisition as if it had occurred on September 30, 2006.

The Falk acquisition, the Apollo acquisition and the Zurn acquisition were accounted for using the purchase method of accounting. The pro forma information presented will be revised based upon final calculations and the resolution of purchase price adjustments pursuant to the merger agreement related to the Apollo acquisition and the purchase agreement related to the Zurn acquisition, in each case as additional information becomes available. The final allocations of the purchase prices in the Apollo acquisition and the Zurn acquisition will be determined at a later date and depend on a number of factors, including the final evaluation of the fair value of our tangible and identifiable intangible assets, including those assets acquired and liabilities assumed in the Zurn acquisition. In connection with the Apollo acquisition, we are still in the process of finalizing third-party appraisals of our plant, property and equipment and certain identifiable intangible assets. In addition, we are still finalizing our strategic assessment of the business, which may give rise to additional purchase liabilities. Accordingly, final adjustment to the purchase price allocation may be required and such adjustments may be material. In connection with the Zurn acquisition, an independent third-party appraiser will perform a valuation of assets as of the closing date of the Zurn acquisition, and upon a final valuation the purchase allocation will be adjusted. Such final adjustments, including increases to depreciation and amortization resulting from the allocation of purchase price to amortizable tangible and intangible assets, may be material. This valuation will be based on the actual net tangible and intangible assets and liabilities that exist as of the closing date of the Jacuzzi acquisition and the Zurn acquisition.

The unaudited pro forma condensed consolidated financial information does not purport to represent what our results of operations and financial condition would have been had the Rexair sale, the Falk acquisition, the Apollo acquisition and the Zurn acquisition actually occurred as of the dates indicated, nor does it project our results of operations for any future period or our financial condition at any future date.

The unaudited pro forma condensed consolidated financial information should be read in conjunction with Risk Factors, Selected Historical Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our and Jacuzzi s historical consolidated financial statements included elsewhere in this prospectus.

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RBS Global, Inc.

Unaudited Pro Forma Condensed Consolidated Statement of Operations

For the Six Months Ended October 2, 2005

(in millions)

	RBS Global Six Months Ended October 2, 2005	Falk for the period from April 1, 2005 through May 16, 2005(1)	Apollo Acquisition Adjustments, Six Months Ended October 2, 2005(2)	RBS Global Sub-Total Six Months Ended October 2, 2005	Jacuzzi Consolidated Six Months Ended September 30, 2005(3)	(Deduct) Bath and Rexair Discontinued Operations Adjustments Six Months Ended September 30, 2005(4)	Zurn Acquisition Adjustments Six Months Ended September 30, 2005	Pro Forma Combined Six Months Ended October 2, 2005
Net sales	$ 513.2	$ 25.2	$	$ 538.4	$ 627.5	$ 433.4	$	$ 732.5
Cost of sales	355.1	18.3	1.4	374.8	422.7	310.0		487.5
Gross profit	158.1	6.9	(1.4)	163.6	204.8	123.4		245.0
Selling, general and administrative expenses	89.9	4.6		94.5	146.5	96.5	(3.1)(5)	141.4
Restructuring and other similar costs	5.8	0.4		6.2	5.0	0.2	(0.2)(5)	10.8
Transaction related costs					2.2	2.2		
Amortization of intangible assets	7.6	0.3	8.1	16.0				16.0
Income (loss) from operations	54.8	1.6	(9.5)	46.9	51.1	24.5	3.3	76.8
Other income (expense):								
Interest income (expense), net	(29.8)	(2.2)	(38.2)	(70.2)	(21.8)	0.4	(7.8)(6)	(100.2)
Other income (expenses), net	(2.9)			(2.9)	18.7	24.6		(8.8)
Income (loss) before income taxes	22.1	(0.6)	(47.7)	(26.2)	48.0	49.5	(4.5)	(32.2)
Provision (benefit) for income taxes	9.5	(0.2)	(17.6)	(8.3)	5.2	4.5	(1.8)(7)	(9.4)
Net income (loss)	$ 12.6	$ (0.4)	$ (30.1)	$ (17.9)	$ 42.8	$ 45.0	$ (2.7)	$ (22.8)

See Notes to Unaudited Pro Forma Condensed Consolidated Statement of Operations

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RBS Global, Inc.

Unaudited Pro Forma Condensed Consolidated Statement of Operations

For the Six Months Ended September 30, 2006

(in millions)

	RBS Global (Predecessor) April 1, 2006 through July 21, 2006	RBS Global (Successor) July 22, 2006 through September 30, 2006	Apollo Acquisition Adjustments, Six Months Ended September 30, 2006(2)	RBS Global Sub-Total Six Months Ended September 30, 2006	Jacuzzi Consolidated Six Months Ended September 30, 2006(8)	(Deduct) Bath Discontinued Operations Adjustments Six Months Ended September 30, 2006(9)	Zurn Acquisition Adjustments Six Months Ended September 30, 2006	Pro Forma Combined Six Months Ended September 30, 2006
Net sales	$ 334.2	$ 252.3	$	$ 586.5	$ 646.1	$ 404.2	$	$ 828.4
Cost of sales	237.7	168.3	1.4	407.4	438.6	290.8		555.2
Gross profit	96.5	84.0	(1.4)	179.1	207.5	113.4		273.2
Selling, general and administrative expenses	63.1	42.7		105.8	144.3	86.6	(8.5)(5)	155.0
Restructuring and other similar costs					2.8	2.8		
Transaction related costs	62.7		(62.7)					
Amortization of intangible assets	5.0	7.4	3.6	16.0				16.0
Income (loss) from operations	(34.3)	33.9	57.7	57.3	60.4	24.0	8.5	102.2
Other income (expense):								
Interest income (expense), net	(21.0)	(28.4)	(20.8)	(70.2)	(15.6)	3.0	(11.4)(6)	(100.2)
Other income (expenses), net	(0.4)	(0.6)		(1.0)	0.4	2.9		(3.5)
Income (loss) before income taxes	(55.7)	4.9	36.9	(13.9)	45.2	29.9	(2.9)	(1.5)
Provision (benefit) for income taxes	(16.1)	4.5	11.5	(0.1)	21.1	13.4	(1.1)(7)	6.5
Net income (loss)	$ (39.6)	$ 0.4	$ 25.4	$ (13.8)	$ 24.1	$ 16.5	$ (1.8)	$ (8.0)

See Notes to Unaudited Pro Forma Condensed Consolidated Statement of Operations

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RBS Global, Inc.

Unaudited Pro Forma Condensed Consolidated Statement of Operations

For the Twelve Months Ended March 31, 2006

(in millions)

	RBS Global April 1, 2005 through March 31, 2006	Falk for the period from April 1, 2005 through May 16, 2005(1)	Apollo Acquisition Adjustments, Twelve Months Ended March 31, 2006(2)	RBS Global Sub-Total Twelve Months Ended March 31, 2006	Jacuzzi Consolidated Twelve Months Ended March 31, 2006(10)	(Deduct) Bath and Rexair Discontinued Operations Adjustments Twelve Months Ended March 31, 2006(4)	Zurn Acquisition Adjustments Twelve Months Ended March 31, 2006	Pro Forma Combined Twelve Months Ended March 31, 2006
Net sales	$ 1,081.4	$ 25.2	$	$ 1,106.6	$ 1,183.8	$ 795.7	$	$ 1,494.7
Cost of sales	742.3	18.3	2.7	763.3	806.0	574.0		995.3
Gross profit	339.1	6.9	(2.7)	343.3	377.8	221.7		499.4
Selling, general and administrative expenses	187.8	4.6		192.4	274.2	179.0	(7.0)(5)	280.6
Restructuring and other similar costs	31.1	0.4		31.5	7.5	2.6	(0.2)(5)	36.2
Transaction related costs					2.3	2.3		
Amortization of intangible assets	15.7	0.3	15.9	31.9				31.9
Income (loss) from operations	104.5	1.6	(18.6)	87.5	93.8	37.8	7.2	150.7
Other income (expense):								
Interest income (expense), net	(61.5)	(2.2)	(76.7)	(140.4)	(40.2)	0.4	(19.4)(6)	(200.4)
Other income (expenses), net	(3.8)			(3.8)	29.5	36.1	0.6 (5)	(9.8)
Income (loss) before income taxes	39.2	(0.6)	(95.3)	(56.7)	83.1	74.3	(11.6)	(59.5)
Provision (benefit) for income taxes	16.3	(0.2)	(33.5)	(17.4)	21.1	16.0	(4.5)(7)	(16.8)
Net income (loss)	$ 22.9	$ (0.4)	$ (61.8)	$ (39.3)	$ 62.0	$ 58.3	$ (7.1)	$ (42.7)

See Notes to Unaudited Pro Forma Condensed Consolidated Statement of Operations

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RBS Global, Inc.

Unaudited Pro Forma Condensed Consolidated Statement of Operations

For the Twelve Months Ended September 30, 2006

(in millions)

	Pro Forma Combined RBS Global and Jacuzzi (Less Bath Disc. Op.) Twelve Months Ended March 31, 2006	(Deduct) Pro Forma Combined RBS Global and Jacuzzi (Less Bath Disc. Op.) Six Months Ended October 2, 2005	Pro Forma Combined RBS Global and Jacuzzi (Less Bath Disc. Op.) Six Months Ended September 30, 2006	Pro Forma Combined RBS Global and Jacuzzi (Less Bath Disc. Op.) Twelve Months Ended September 30, 2006
Net sales	$ 1,494.7	$ 732.5	$ 828.4	$ 1,590.6
Cost of sales	995.3	487.5	555.2	1,063.0
Gross profit	499.4	245.0	273.2	527.6
Selling, general and administrative expenses	280.6	141.4	155.0	294.2
Restructuring and other similar costs	36.2	10.8		25.4
Amortization of intangible assets	31.9	16.0	16.0	31.9
Income from operations	150.7	76.8	102.2	176.1
Other expense:				
Interest expense, net	(200.4)	(100.2)	(100.2)	(200.4)
Other expenses, net	(9.8)	(8.8)	(3.5)	(4.5)
Loss before income taxes	(59.5)	(32.2)	(1.5)	(28.8)
Provision (benefit) for income taxes	(16.8)	(9.4)	6.5	(0.9)
Net loss	$ (42.7)	$ (22.8)	$ (8.0)	$ (27.9)

See Notes to Unaudited Pro Forma Condensed Consolidated Statement of Operations

Notes to the Unaudited Pro Forma Condensed Consolidated Statements of Operations

(dollars in millions)

(1) Represents Falk results of operations from April 1, 2005 through May 16, 2005, which was the portion of our fiscal year 2006 prior to the Falk acquisition.

(2) Represents the effect of purchase price accounting and additional indebtedness to the periods prior to the Apollo acquisition on July 21, 2006, as if the Apollo acquisition had occurred on April 1, 2005. The adjustments are primarily attributable to increased amortization of intangible assets, additional interest expense and related effects on income taxes. Also included in the statement of operations for the six months ended September 30, 2006 is the reversal of $62.7 of costs related to the Apollo acquisition, which were incurred and expensed by the accounting predecessor company to RBS Global. Interest expense adjustment for the Apollo acquisition is based on RBS Global s total indebtedness after the Apollo acquisition less the interest expense incurred prior to the Apollo acquisition.

(3) Jacuzzi s consolidated statement of operations data for the six months ended September 30, 2005 was derived by subtracting Jacuzzi s consolidated statement of income for the six months ended March 31, 2005 from its consolidated statement of income for the year ended September 30, 2005.

(4) Represents adjustments to Jacuzzi s statement of operations data to reflect the disposal of its Bath and Rexair businesses. For more information, see Jacuzzi s unaudited pro forma condensed consolidated statements of operations set forth elsewhere in this prospectus.

(5) Reflects the adjustment to the Jacuzzi pension and other post-employment benefits (OPEB) expenses for the elimination of non-cash amortization of actuarial gains, losses and prior service costs, as well as elimination of expenses associated with non-qualified pension plans that will terminate in connection with the Zurn acquisition in accordance with the plans terms.

	Six months ended October 2, 2005	Six months ended September 30, 2006	Twelve months ended March 31, 2006
Selling, general and administrative expenses	$ 3.1	$ 8.5	$ 7.0
Restructuring and other similar costs	0.2		0.2
Other income (expense)			0.6

(6) Reflects incremental interest expense related to additional indebtedness consisting of the additional 2014 notes, the 2016 notes and the incremental term loan B facility entered into in connection with the Zurn acquisition, reduced by interest expense associated with the repurchase or repayment of Jacuzzi indebtedness in an amount equal to $38.2. The interest rates used for pro forma purposes are based on the actual rates. The additional 2014 notes bear interest at 9.50% per annum. An effective weighted average interest rate of 8.59% was used to calculate interest expense on the incremental term loan B facility incurred in connection with the Zurn acquisition. The borrowings under the incremental term loan B facility will bear interest at a rate equal to, at our option, either 2.50% per annum plus the applicable base rate or 1.50% per annum plus the applicable eurocurrency rate. See Description of Other Indebtedness. A 0.125% change in the interest rate on the incremental term loan B facility incurred in connection with the Zurn acquisition would change pro forma interest expense by approximately $0.3. The adjustment assumes straight-line amortization of capitalized financing fees over the respective maturities of the indebtedness. The premium of $9.3 million from the issuance of the additional 2014 notes will be amortized over the term of the additional notes on an effective interest basis with an offset to interest expense.

(7) Reflects the estimated tax effect resulting from the pro forma adjustments described above at an estimated rate of 39.0%.

(8) Jacuzzi s consolidated statement of operations data for the six months ended September 30, 2006 was derived by subtracting Jacuzzi s consolidated statement of income for the six months ended March 31, 2006 from its consolidated statement of income for the year ended September 30, 2006.

(9) Represents adjustments to Jacuzzi s statement of operations data to reflect the disposal of its Bath business. For more information, see Jacuzzi s unaudited pro forma condensed consolidated statements of operations included elsewhere in this prospectus.

(10) Jacuzzi s consolidated statement of operations data for the twelve months ended March 31, 2006 was derived by (i) combining its consolidated statement of income for the year ended September 30, 2006 with (ii) its consolidated statement of income for the six months ended September 30, 2005 and (iii) subtracting its consolidated statement of income for the six months ended September 30, 2006.

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RBS Global, Inc.

Unaudited Pro Forma Condensed Consolidated Balance Sheet

As of September 30, 2006

(in millions)

	RBS Global	Jacuzzi Consolidated(1)	(Deduct) Bath Discontinued Operations Adjustments(2)	RBS Global and Jacuzzi After Bath Discontinued Operations Adjustments(3)	Zurn Acquisition and Financing Adjustments	Pro Forma Combined
Assets						
Current assets:						
Cash	$ 9.9	$ 147.2	$ 6.7	$ 150.4	$ (114.2)(4)	$ 36.2
Receivables, net	183.9	205.0	136.4	252.5		252.5
Inventories	229.9	194.6	92.9	331.6		331.6
Deferred income taxes		25.6	12.1	13.5		13.5
Assets held for sale		7.4	7.4			
Other current assets	25.2	21.9	14.5	32.6	(2.9)(5)	29.7
Total current assets	448.9	601.7	270.0	780.6	(117.1)	663.5
Property, plant and equipment, net	371.6	92.5	70.9	393.2		393.2
Pension assets		150.0	0.2	149.8	(65.2)(6)	84.6
Insurance for asbestos claims		136.0		136.0		136.0
Intangible assets, net	539.6			539.6		539.6
Goodwill	984.6	231.4	105.6	1,110.4	584.9 (6)	1,695.3
Deferred income taxes			(5.6)	5.6	13.5 (6)	19.1
Other assets	59.0	42.1	7.3	93.8	10.4 (7)	104.2
Total assets	$ 2,403.7	$ 1,253.7	$ 448.4	$ 3,209.0	$ 426.5	$ 3,635.5
Liabilities and stockholders equity						
Current liabilities:						
Notes payable	$	$ 19.8	$ 19.8	$	$	$
Current portion of long-term debt	8.7	1.7		10.4	0.3 (8)	10.7
Trade payables	118.1	108.5	81.6	145.0		145.0
Income taxes payable	5.5	9.9	1.5	13.9		13.9
Liabilities associated with assets held for sale		0.8	0.8			
Deferred income taxes	15.2			15.2		15.2
Compensation and benefits	46.3	21.4	13.0	54.7		54.7
Current portion of pension obligations	7.5			7.5		7.5
Current portion of postretirement benefit obligations	5.1			5.1		5.1
Interest payable	26.6	9.5	0.1	36.0		36.0
Other current liabilities	40.9	78.4	49.3	70.0		70.0
Total current liabilities	273.9	250.0	166.1	357.8	0.3	358.1
Long-term debt	1,398.5	381.8		1,780.3	285.5 (8)	2,065.8
Pension obligations	66.8			66.8		42.0

Postretirement benefit obligations	44.2			44.2		39.1
Asbestos claims		136.0		136.0		136.0
Deferred income taxes	197.0	28.3	(6.2)	231.5		231.5
Other liabilities	22.5	112.1	54.4	80.2	(29.9)(6)	80.2
Total liabilities	2,002.9	908.2	214.3	2,696.8	255.9	2,952.7
Total stockholders equity	400.8	345.5	234.1	512.2	170.6 (9)	682.8
Total liabilities and stockholders equity	$ 2,403.7	$ 1,253.7	$ 448.4	$ 3,209.0	$ 426.5	$ 3,635.5

See Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet

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Notes to the Unaudited Pro Forma Condensed Consolidated Balance Sheet

(in millions)

(1) Reflects the condensed consolidated historical balance sheet of Jacuzzi as of September 30, 2006.
(2) Represents adjustments to Jacuzzi s balance sheet data to reflect the disposal of its Bath business. See Jacuzzi s unaudited pro forma condensed consolidated balance sheet included elsewhere in this prospectus.
(3) Represents historical condensed consolidated financial position of RBS Global and Jacuzzi (as adjusted for the disposal of the Bath business) as of September 30, 2006 prior to purchase accounting and financing adjustments related to the Zurn acquisition.
(4) Represents the net effect of the sources and uses of cash in the Zurn acquisition. Includes the repayment or repurchase of Jacuzzi s indebtedness with cash acquired from Jacuzzi.
(5) Reflects the write-off of the current portion of deferred financing fees attributable to repayment or repurchase of Jacuzzi s indebtedness.
(6) Reflects purchase price accounting based on the preliminary allocation of the total costs of the Zurn acquisition of $942.5 to identifiable assets and liabilities acquired. The purchase price for accounting purposes has been determined and allocated as follows:

Costs of Zurn acquisition		
Purchase price (including transaction costs)		$ 942.5
Total costs of acquisition		$ 942.5
Net assets acquired		
Historical book value of net assets	$ 91.6	
Write-off of historical goodwill	(125.8)	
Write-off of deferred financing fees	(8.8)	
Debt not assumed	403.3	
Acquired cash used in acquisition financing	(123.0)	
		237.3
Excess of costs of acquisition over net assets acquired		$ 705.2
Allocated to:		
Goodwill		$ 710.7
Pension assets		(65.2)
Pension obligations(a)		24.8
Postretirement benefit obligations(a)		5.1
Deferred financing fees		16.3
Deferred income taxes		13.5
		$ 705.2

(a) Incorporated in other liabilities on Jacuzzi s Condensed Consolidated Historical Balance Sheet as of September 30, 2006.

The adjustment to goodwill of $584.9 is comprised of the write-off of historical Jacuzzi (less Bath) goodwill of $125.8 plus estimated goodwill to be acquired in the Zurn acquisition of $710.7. The adjustments also include an adjustment to record pension and OPEB liabilities at fair value and to eliminate liabilities associated with non-qualified pension plans that will terminate in connection with the Zurn acquisition in accordance with the terms of the plan.

The final allocation of the purchase price in the Zurn acquisition will be determined at a later date and is dependent on a number of factors, including the final evaluation of the fair value of our tangible and identifiable intangible assets acquired and liabilities assumed in the Zurn acquisition. An independent third-party appraiser will perform a valuation of these assets and the purchase allocation will be adjusted. Such final adjustments may be material.

(7) Represents capitalized financing fees to be incurred in connection with the Zurn acquisition, estimated to be $16.3, less the write-off of the long term portion of deferred financing fees of $5.9 attributable to the repayment or repurchase of Jacuzzi s indebtedness.

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(8) Reflects: (i) current portion of debt issued in connection with the Zurn acquisition of $2.0, less $1.7 current portion of Jacuzzi indebtedness repaid or repurchased and (ii) long-term portion of debt issued in connection with the Zurn acquisition of $658.0 plus $9.3 of premium, less $381.8 long-term portion of Jacuzzi indebtedness repaid or repurchased.

	Jacuzzi Consolidated	Effect of Repayment or Repurchase of Jacuzzi Indebtedness	Effect of Issuance of New Indebtedness	Net Adjustment
Current portion of long-term debt	$ 1.7	$ (1.7)	$ 2.0	$ 0.3
Long-term debt	381.8	(381.8)	667.3	285.5
	$ 383.5	$ (383.5)	$ 669.3	$ 285.8

(9) As a result of the Zurn acquisition, Jacuzzi s historical equity will be eliminated. Pro forma combined total stockholders equity reflects the issuance of $282.0 of Rexnord Holdings common stock to affiliates of Apollo, George Sherman and certain members of our management.

JBI consolidated equity (September 30, 2006)	$ (345.5)
Less Bath equity	234.1
Elimination of historical Jacuzzi equity	(111.4)
Contributed equity	282.0
Net adjustment	$ 170.6

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF JACUZZI BRANDS, INC.

The following unaudited pro forma condensed consolidated financial information has been derived by application of pro forma adjustments to Jacuzzi s audited historical consolidated financial statements included elsewhere in this prospectus. The unaudited pro forma condensed consolidated statement of operations data gives effect to the Bath sale as if it had occurred at the beginning of the applicable fiscal year. In addition, the unaudited pro forma condensed consolidated statement of operations data for the fiscal years ended September 30, 2004 and 2005 gives effect to the Rexair sale, as if it had occurred at the beginning of the applicable fiscal year. The unaudited pro forma condensed consolidated balance sheet data as of September 30, 2006 gives effect to the Bath sale as if it had occurred on September 30, 2006. Neither the unaudited pro forma condensed consolidated statement of operations data nor the unaudited pro forma condensed consolidated balance sheet data give effect to any adjustments other than those that relate to accounting for Bath and Rexair as discontinued operations.

The unaudited pro forma condensed consolidated financial information does not purport to represent what Jacuzzi s results of operations and financial condition would have been had the Rexair sale, the Bath sale and/or the combination of the remaining business with RBS Global actually occurred as of the dates indicated, nor does it project Jacuzzi s or any of its segments results of operations for any future period or Jacuzzi s or any of its segments financial condition at any future date. In addition, the unaudited pro forma condensed consolidated financial information does not purport to represent what Zurn s results of operations or financial condition would have been had it operated as a stand-alone business during the periods indicated.

The unaudited pro forma condensed consolidated financial information should be read in conjunction with Risk Factors, Selected Historical Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and Jacuzzi s historical consolidated financial statements included elsewhere in this prospectus.

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Jacuzzi Brands, Inc.

Unaudited Pro Forma Condensed Consolidated Statement of Operations

For the Fiscal Year Ended September 30, 2004

(in millions)

	Jacuzzi Consolidated(1)	(Deduct) Bath and Rexair Discontinued Operations Adjustments	Jacuzzi Less Bath and Rexair Discontinued Operations(2)
Net sales	$ 1,201.2	$ 893.2	$ 308.0
Operating costs and expenses:			
Cost of products sold	802.4	617.7	184.7
Selling, general and administrative expenses	268.7	187.9	80.8
Impairment, restructuring and other charges	2.9	3.5	(0.6)
Operating income	127.2	84.1	43.1
Interest expense	(50.5)	(0.9)	(49.6)
Interest income	4.7	2.1	2.6
Other income (expense), net	(3.2)	(6.6)	3.4
Income (loss) before income taxes	78.2	78.7	(0.5)
Provision (benefit) for income taxes	29.9	(0.8)	30.7
Income (loss) from continuing operations	$ 48.3	$ 79.5	$ (31.2)

See Notes to Unaudited Pro Forma Condensed Consolidated Statement of Operations

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Jacuzzi Brands, Inc.

Unaudited Pro Forma Condensed Consolidated Statement of Operations

For the Fiscal Year Ended September 30, 2005

(in millions)

	Jacuzzi Consolidated(1)	(Deduct) Bath and Rexair Discontinued Operations Adjustments	Jacuzzi Less Bath and Rexair Discontinued Operations(2)
Net sales	$ 1,210.0	$ 856.9	$ 353.1
Operating costs and expenses:			
Cost of products sold	820.4	609.8	210.6
Selling, general and administrative expenses	285.8	194.1	91.7
Impairment, restructuring and other charges	9.4	4.7	4.7
Operating income	94.4	48.3	46.1
Interest expense	(48.1)	(1.1)	(47.0)
Interest income	3.0	2.2	0.8
Other income (expense), net	18.7	25.4	(6.7)
Income (loss) before income taxes	68.0	74.8	(6.8)
Provision (benefit) for income taxes	10.0	18.5	(8.5)
Income from continuing operations	$ 58.0	$ 56.3	$ 1.7

See Notes to Unaudited Pro Forma Condensed Consolidated Statement of Operations

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Jacuzzi Brands, Inc.

Unaudited Pro Forma Condensed Consolidated Statement of Operations

For the Fiscal Year Ended September 30, 2006

(in millions)

	Jacuzzi Consolidated(1)	(Deduct) Bath Discontinued Operations Adjustments	Jacuzzi Bath Discontinued Operations(3)
Net sales	$ 1,202.4	$ 766.6	$ 435.8
Operating costs and expenses:			
Cost of products sold	821.9	554.8	267.1
Selling, general and administrative expenses	271.5	169.1	102.4
Impairment, restructuring and other charges	5.4	5.2	0.2
Operating income	103.6	37.5	66.1
Interest expense	(42.2)	(1.0)	(41.2)
Interest income	8.2	4.0	4.2
Other income (expense), net	11.3	14.5	(3.2)
Income before income taxes	80.9	55.0	25.9
Provision for income taxes	37.1	25.0	12.1
Income from continuing operations	$ 43.8	$ 30.0	$ 13.8

See Notes to Unaudited Pro Forma Condensed Consolidated Statement of Operations

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Jacuzzi Brands, Inc.

Notes to the Unaudited Pro Forma Condensed Consolidated Statements of Operations

(in millions)

(1) Represents the historical condensed consolidated statements of operations of Jacuzzi.
(2) Represents the adjusted Jacuzzi condensed consolidated statement of operations after giving effect to the discontinuation of the Bath and Rexair businesses.
(3) Represents the adjusted Jacuzzi condensed consolidated statement of operations after giving effect to the discontinuation of the Bath business.

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Jacuzzi Brands, Inc.

Unaudited Pro Forma Condensed Consolidated Balance Sheet

As of September 30, 2006

(in millions)

	Jacuzzi Consolidated(1)	(Deduct) Bath Discontinued Operations Adjustments	Jacuzzi Less Bath Discontinued Operations(2)
Assets			
Current assets:			
Cash and cash equivalents	$ 147.2	$ 6.7	$ 140.5
Trade receivables, net	205.0	136.4	68.6
Inventories	194.6	92.9	101.7
Deferred income taxes	25.6	12.1	13.5
Assets held for sale	7.4	7.4	
Prepaid expenses and other current assets	21.9	14.5	7.4
Total current assets	601.7	270.0	331.7
Property, plant and equipment, net	92.5	70.9	21.6
Pension assets	150.0	0.2	149.8
Insurance for asbestos claims	136.0		136.0
Goodwill	231.4	105.6	125.8
Deferred income taxes		(5.6)	5.6
Other non-current assets	42.1	7.3	34.8
Total assets	$ 1,253.7	$ 448.4	$ 805.3
Liabilities and stockholders equity			
Current liabilities:			
Notes payable	$ 19.8	$ 19.8	$
Current maturities of long-term debt	1.7		1.7
Trade payables	108.5	81.6	26.9
Income taxes payable	9.9	1.5	8.4
Liabilities associated with assets held for sale	0.8	0.8	
Compensation and benefits	21.4	13.0	8.4
Interest payable	9.5	0.1	9.4
Other current liabilities	78.4	49.3	29.1
Total current liabilities	250.0	166.1	83.9
Long-term debt	381.8		381.8
Asbestos claims	136.0		136.0
Deferred income taxes	28.3	(6.2)	34.5
Other liabilities	112.1	54.4	57.7
Total liabilities	908.2	214.3	693.9
Commitments and contingencies			
Total stockholders equity	345.5	234.1	111.4

Total liabilities and stockholders equity	$	1,253.7	$	448.4	$	805.3

See Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet

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Jacuzzi Brands, Inc.

Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet

(in millions)

(1) Represents the historical condensed consolidated balance sheet of Jacuzzi as of September 30, 2006.
(2) Represents the adjusted Jacuzzi condensed consolidated balance sheet after giving effect to the discontinuation of the Bath business.

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SELECTED HISTORICAL FINANCIAL DATA

The following table presents our selected historical financial data as of the dates and for the periods indicated. The selected historical financial data as of March 31, 2005 and 2006 and for the years ended March 31, 2004, 2005 and 2006 have been derived from our consolidated financial statements and related notes thereto included in this prospectus, which have been audited by Ernst & Young LLP, an independent registered public accounting firm. The selected historical financial data as of March 31, 2003 and 2004 and for the period from November 25, 2002 through March 31, 2003 have been derived from financial statements audited by Ernst & Young LLP, which are not included in this prospectus. The selected historical financial data for periods prior to November 25, 2002, which have been audited by Ernst & Young LLP, have a different basis of accounting and consist of the combined historical financial data of the wholly owned subsidiaries of Invensys and its affiliates that were acquired by our indirect wholly-owned subsidiary RBS Acquisition Corporation in the Carlyle acquisition. The consolidated results of operations for any period are not necessarily indicative of the results to be expected for any future period.

The selected historical financial data as of October 2, 2005 and September 30, 2006 and for the six months ended October 2, 2005, the period from April 1, 2006 to July 21, 2006 and the period from July 22, 2006 to September 30, 2006 are derived from our unaudited financial statements included elsewhere in this prospectus. The period from April 1, 2006 to July 21, 2006 includes the accounts of RBS Global prior to the Apollo acquisition. The period from July 22, 2006 to September 30, 2006 includes the accounts of RBS Global after the Apollo acquisition. The two periods account for the six months ended September 30, 2006. Results of interim periods are not necessarily indicative of the results that may be expected for the entire year. These financial statements do not include the accounts of Rexnord Holdings, the parent company of RBS Global. Rexnord Holdings does not, however, have any operations or investments other than its investment in RBS Global. The following data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and all of the consolidated financial statements and related notes thereto included elsewhere in this prospectus.

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	Predecessor Basis of Accounting(1) Fiscal Year Ended March 31, 2002	Predecessor Basis of Accounting(1) Period From April 1, 2002 through November 24, 2002	Fiscal Year Ended March 31, Predecessor(1) Period From November 25, 2002 through March 31, 2003	Fiscal Year Ended March 31, Predecessor(1) 2004	Fiscal Year Ended March 31, Predecessor(1) 2005	Fiscal Year Ended March 31, Predecessor(1) 2006(2)	Six Months and Period Ended October 2, 2005	Six Months and Period Ended Period from April 1, 2006 through July 21, 2006	Six Months and Period Ended Successor Period from July 22, 2006 through September 30, 2006
	(dollars in millions)								
Statement of Operations Data:									
Net sales	$ 722.2	$ 469.3	$ 252.5	$ 712.8	$ 811.0	$ 1,081.4	$ 513.2	$ 334.2	$ 252.3
Cost of sales	477.1	310.5	162.1	485.4	555.8	742.3	355.1	237.7	168.3
Gross profit	245.1	158.8	90.4	227.4	255.2	339.1	158.1	96.5	84.0
Selling, general and administrative expenses	146.2	103.1	52.9	148.1	153.6	187.8	89.9	63.1	42.7
Restructuring and other similar costs	55.9	7.5		2.6	7.3	31.1	5.8		
Transaction related costs								62.7	
Curtailment gain				(6.6)					
Income from litigation settlement		(2.3)							
Amortization of intangible assets	18.8	1.1	4.6	13.9	13.8	15.7	7.6	5.0	7.4
Income (loss) from operations	24.2	49.4	32.9	69.4	80.5	104.5	54.8	(34.3)	33.9
Other income (expense)									
Interest expense, net(3)	(24.0)	(13.0)	(16.3)	(45.4)	(44.0)	(61.5)	(29.8)	(21.0)	(28.4)
Other income (expense), net	0.9	(0.1)	(0.5)	(1.1)	(0.7)	(3.8)	(2.9)	(0.4)	(0.6)
Income (loss) before income taxes	1.1	36.3	16.1	22.9	35.8	39.2	22.1	(55.7)	4.9
Provision (benefit) for income taxes	9.6	16.0	6.5	8.7	14.2	16.3	9.5	(16.1)	4.5
Net income (loss)	$ (8.5)	$ 20.3	$ 9.6	$ 14.2	$ 21.6	$ 22.9	$ 12.6	$ (39.6)	$ 0.4
Balance Sheet Data (at end of period):									
Cash	$ 21.6		$ 37.2	$ 21.8	$ 26.3	$ 22.5	$ 13.1		$ 9.9
Working capital(4)	88.5		98.6	95.8	92.6	136.7	157.7		165.1
Total assets	1,183.4		1,314.2	1,299.1	1,277.4	1,608.1	1,587.3		2,403.7
Total debt(5)	412.9		580.5	550.8	506.7	753.7	783.3		1,407.2
Stockholders equity	477.3		375.0	399.1	424.7	441.1	435.8		400.8
Cash Flow Data:									
Operating activities	$ 66.0	$ (27.0)	$ 51.1	$ 45.0	$ 67.4	$ 91.9	$ 30.8	$ (4.4)	$ 13.9
Investing activities	(14.6)	(11.2)	(920.0)	(30.7)	(19.3)	(336.1)	(314.0)	(15.7)	(1,020.3)
Financing activities	(52.2)	16.4	906.3	(31.2)	(42.0)	240.6	270.3	8.2	1,004.1
Other Financial Data:									
Depreciation and amortization of intangible assets	$ 52.6	$ 24.2	$ 14.8	$ 45.4	$ 45.4	$ 58.7	$ 28.3	$ 19.0	$ 16.5
Capital expenditures	21.7	11.8	6.9	22.1	25.7	37.1	12.7	11.7	9.8
Ratio of earnings to fixed charges(6)	1.0x	3.6x	1.9x	1.5x	1.8x	1.6x	1.7x		1.2x

(1) Consolidated financial data for all periods subsequent to July 21, 2006 (the date of the Apollo acquisition) reflects the as adjusted values of our assets and liabilities as a result of that transaction. Consolidated financial data for all periods subsequent to November 25, 2002 (the date of the Carlyle acquisition) to July 21, 2006 reflects the fair value of assets acquired and liabilities assumed in connection with the Carlyle acquisition. The comparability of the operating results for the periods presented is affected by the revaluation of the assets acquired and liabilities assumed on the date of the Carlyle acquisition and of our assets and liabilities in connection with the Apollo acquisition. RBS Global was formed on November 4, 2002. The financial data for periods prior to November 24, 2002 has a different basis of accounting and consists of the combined historical financial data of the wholly owned subsidiaries of Invensys and its affiliates that were acquired by our indirect wholly owned subsidiary, RBS Acquisition Corporation, in the Carlyle acquisition, and similarly for periods prior to the Apollo acquisition.

(2) Consolidated financial data as of and for the fiscal year ended March 31, 2006 reflects the estimated fair value of assets acquired and liabilities assumed in connection with the Falk acquisition. The comparability of the operating results for the periods presented is affected by the revaluation of the assets acquired and liabilities assumed on the date of the Falk acquisition.

(3) Interest expense for fiscal 2002 and for the period from April 1, 2002 through November 24, 2002 consists solely of interest on intercompany loans.

(4) Represents total current assets less total current liabilities, less cash.

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(5) Total debt represents long-term debt plus the current portion of long-term debt, and includes net intercompany loans to and from our former parent in 2002.

(6) For purposes of computing the ratio of earnings to fixed charges, earnings consist of income before income taxes plus fixed charges. Fixed charges consist of interest expense, amortization of deferred financing fees and a portion of rental expense that management believes is representative of the interest component of rental expense. For the Predecessor period from April 1, 2006 through July 21, 2006, we had a deficit of earnings to fixed charges of approximately $55.7 million.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our results of operations and financial condition covers periods prior to the consummation of the Zurn Transactions. Accordingly, the discussion and analysis of historical periods does not reflect the significant impact that the Zurn Transactions will have on us, including significantly increased liquidity requirements. You should read the following discussion of our results of operations and financial condition with the Unaudited Pro Forma Condensed Consolidated Financial Information of RBS Global, Inc., Unaudited Pro Forma Condensed Consolidated Financial Information of Jacuzzi Brands, Inc., Selected Historical Financial Data and all the condensed consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the Risk Factors section of this prospectus. Actual results may differ materially from those contained in any forward-looking statements. See Forward-Looking Statements.

Overview

We believe we are a leading diversified, multi-platform industrial company strategically well positioned within the markets and industries we serve. With the completion of the Zurn acquisition, our business is comprised of two strategic platforms: (i) our existing PT platform and (ii) a new Water Management platform based on the acquired Zurn operations. We believe that we have the broadest portfolio of highly engineered, mission and project critical PT products in the industrial and aerospace end markets, including gears, couplings, industrial bearings, flattop, aerospace bearings and seals, special components and industrial chain. Our PT products are used in the plants and equipment of companies in diverse end-market industries, including aerospace, cement and aggregates, construction, energy, food and beverages and forest and wood products. Our PT products are either incorporated into products sold by OEMs or sold to end users through industrial distributors as aftermarket products. We have a significant installed base of products consisting primarily of components that are consumed in use and that have a predictable replacement cycle. With the Zurn acquisition, our Water Management platform is a leader in the multi-billion dollar, specification-driven, non-residential construction market for plumbing fixtures and fittings. Although our results of operations are dependent on general economic conditions, our significant installed base generates aftermarket sales that partially mitigate the impact of economic downturns on our results of operations. Due to the similarity of our products, historically we have not experienced significant changes in gross margins due to changes in sales product mix or sales channel mix.

The PT industry is comprised of numerous participants, most serving specific geographies with discrete product lines. The industry s end-user base is broadly diversified across many sectors of the economy and end-users increasingly are focusing on limiting their supplier base, creating the opportunity for companies with broader product offerings to capture additional market share.

PT products generally are critical components in the machinery or plant in which they operate and range from highly engineered products, such as flattop conveyor chain, to products that are more commoditized in nature, such as roller chain. Regardless of the level of sophistication of the product, PT components typically represent only a fraction of an end user s total production cost. However, because the cost of product failure to the end user is substantial, we believe end users of PT components look to quality, reliability, service, availability and selection, rather than price alone, in making their purchasing decisions.

In recent years, we have increased our manufacturing focus on highly engineered products, rather than lower margin commodity products or products with commodity-like qualities. On the other hand, we do continue to manufacture roller chain in Europe. We are continuing to explore outsourcing opportunities for components where high-quality, low-cost sourcing alternatives are available.

The Zurn Transactions

On October 11, 2006, Jacuzzi entered into the merger agreement with Jupiter and merger sub. Jupiter and merger sub are affiliates of Apollo. On February 7, 2007, pursuant to the merger agreement, (i) merger sub merged with and into Jacuzzi, with Jacuzzi surviving the merger as a wholly-owned subsidiary of Jupiter, and (ii) at the effective time of the merger, each outstanding share of common stock of Jacuzzi was converted into the right to receive $12.50 in cash, without interest. Upon consummation of the merger, substantially all of the outstanding common stock of Jacuzzi was owned by Jupiter.

As a condition to closing the merger, Jacuzzi repurchased substantially all of the existing Jacuzzi notes pursuant to a previously launched tender offer. Any Jacuzzi notes not repurchased in the tender offer remain outstanding as indebtedness of Jacuzzi and are secured by the Zurn assets. Throughout this prospectus we assume that all of the existing Jacuzzi notes were repurchased pursuant to the tender offer at substantially the same time as the consummation of the Zurn acquisition.

Also on October 11, 2006, we entered into the Zurn purchase agreement with Jupiter, pursuant to which we acquired Zurn from Jupiter for a purchase price of $942.5 million on February 7, 2007. The Zurn acquisition was effected by (i) Jacuzzi selling its bath products business to Bath Newco, leaving the plumbing products business as Jacuzzi s sole business operation, and (ii) Jupiter contributing the stock of Jacuzzi to Rexnord LLC immediately following the Bath sale. Following the Bath sale, Jacuzzi also retained certain corporate and administrative functions that we anticipate eliminating in the near future.

Including amounts contributed in connection with the Zurn acquisition, Apollo, George Sherman (our non-executive Chairman) and certain members of management have contributed an aggregate of $757.0 million in equity to our parent company, Rexnord Holdings.

The Apollo Acquisition and Related Financing

On July 21, 2006, certain affiliates of Apollo purchased substantially all of our outstanding common stock from Carlyle for approximately $1.825 billion, excluding transaction fees. The Apollo acquisition was financed with (i) the issuance of the initial 2014 notes and the original senior subordinated notes, (ii) $645.7 million of borrowings under our senior secured credit facilities and (iii) $475.0 million of equity contributions (consisting of a $438.0 million cash contribution from Apollo and $37.0 million of rollover stock and stock options held by certain members of our management). The proceeds from the Apollo cash contribution and the new financing arrangements, net of related debt issuance costs, were used to (i) pay our previous equity holders for their ownership interests in us, (ii) repay all outstanding borrowings under our previously existing credit agreement, (iii) repurchase substantially all of our $225.0 million of 10 $^{1}/8$% senior subordinated notes then outstanding and (iv) pay transaction fees and expenses.

The Falk Acquisition

On May 16, 2005, we acquired Falk from Hamilton Sundstrand, a division of United Technologies Corporation, for $301.3 million ($306.2 million purchase price including transaction related expenses, net of cash

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acquired of $4.9 million) and the assumption of certain liabilities. Falk is a manufacturer of gears and lubricated couplings with calendar year 2004 sales of $203.1 million, and is also a recognized leader in the gear and coupling markets. The Falk acquisition significantly enhanced our position as a leading manufacturer of highly engineered PT products. By combining our leadership positions in flattop chain, industrial bearings, non-lubricated couplings and industrial chain with Falk s complementary leadership positions in gears and lubricated couplings, as well as a growing gear repair business, the Falk acquisition created a comprehensive, market-leading product portfolio that we believe to be one of the broadest in the PT industry. The Falk acquisition has been accounted for using the purchase method of accounting, and accordingly the purchase price was allocated to identifiable assets acquired and liabilities assumed based upon their estimated fair values. We fully integrated Falk into our existing product offerings in fiscal 2006, and therefore we do not manage Falk as a stand-alone business.

Financial Statement Presentation

The following paragraphs provide a brief description of certain items and accounting policies that appear in our financial statements and general factors that impact these items.

As described above, the Apollo acquisition occurred on July 21, 2006, and created a new basis of accounting for RBS Global. In this management s discussion and analysis, our results from July 22, 2006, through September 30, 2006 are combined with Predecessor results for the period from April 1, 2006 through July 21, 2006, with the result being referred to as the six months ended September 30, 2006. GAAP does not allow for such a combination of predecessor and successor financial results; however, we believe the combined results provide information that is useful in evaluating our financial performance. The combined financial information is the result of merely adding the predecessor and successor results and does not include any pro forma assumptions or adjustments.

Net Sales. Net sales represent gross sales less deductions taken for sales returns and allowances and incentive rebate programs.

As discussed above, our PT products are industrial products that are used in a number of diverse end markets and consist of moving, wearing components that are consumed in use. As a result of these characteristics, we believe our net sales are primarily driven by overall changes in the general economy and, specifically, changes in industrial production, the replacement cycles of our PT products and the maintenance and capital spending trends of the end users of our PT products. In addition, the cyclicality of the industries in which our end users operate also can affect our net sales. Our relative strength in certain end markets, however, such as food and beverages, and our aftermarket sales through our distributors, which historically have not been as dependent on economic conditions as our sales to original equipment manufacturers, partially mitigate the impact of this market cyclicality. We estimate that aftermarket sales have historically accounted for approximately 60% of our North American PT sales.

Changes in levels of our net sales historically have lagged behind changes in the levels of overall industrial production by three to six months, both when industrial production is increasing and when it is declining. This lag is a result of order lead times and end-user budget cycles, as well as levels of existing inventory at our distributors, which levels historically have been lower at the end of economic downturns. Any reduction in inventory held by our industrial distributors has a negative impact on our sales to industrial distributors during that same period.

Cost of Sales. Cost of sales includes all costs of manufacturing required to bring a product to a ready for sale condition. Such costs include direct and indirect materials, direct and indirect labor costs, including fringe benefits, supplies, utilities, depreciation, insurance, pension and postretirement benefits, information technology costs and other manufacturing related costs.

The largest component of our cost of sales is cost of materials, which represented approximately 30% of net sales in fiscal 2006 and 29% for the six months ended September 30, 2006. The principal materials used in our manufacturing processes are commodities that are available from numerous sources and include sheet, plate and bar steel, castings, forgings, high-performance engineered plastics and a wide variety of other components. We have a strategic sourcing program to significantly reduce the number of direct and indirect suppliers we use and to lower the cost of purchased materials.

The next largest component of our cost of sales is direct and indirect labor, which represented approximately 22% of net sales in fiscal 2006 and 21% for the six months ended September 30, 2006. Direct and indirect labor and related fringe benefit costs are susceptible to inflationary trends. As we continue to implement the Rexnord Business System, however, any productivity gains would help to offset inflationary price pressure on labor and benefit costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses primarily includes sales and marketing, finance and administration, engineering and technical services and distribution. Our major cost elements include salary and wages, fringe benefits, pension and postretirement benefits, insurance, depreciation, advertising, travel and information technology costs.

Critical Accounting Estimates

The methods, estimates and judgments we use in applying our critical accounting policies have a significant impact on the results we report in our consolidated financial statements. We evaluate our estimates and judgments on an on-going basis. We base our estimates on historical experience and on assumptions that we believe to be reasonable under the circumstances. Our experience and assumptions form the basis for our judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may vary from what we anticipate and different assumptions or estimates about the future could change our reported results. Within the context of these critical accounting policies, we are not currently aware of any reasonably likely event that would result in materially different amounts being reported.

We believe the following accounting policies are the most critical to us in that they are important to our financial statements and they require our most difficult, subjective or complex judgments in the preparation of our consolidated financial statements.

Revenue recognition. Sales are recorded upon transfer of title of product, which occurs upon shipment to the customer. Because we enter into sales rebate programs with some of our customers, which require us to make rebate payments to them from time to time, we estimate amounts due under these sales rebate programs at the time of shipment. Net sales relating to any particular shipment are based upon the amount invoiced for the shipped goods less estimated future rebate payments and sales returns. These rebates are primarily volume-based and are estimated based upon our historical experience. Revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known to us. The value of returned goods during fiscal 2006, 2005 and 2004 was less than 0.5% of net sales in each such year and less than 0.7% for the six months ended September 30, 2006. Other than our standard product warranty, there are no post-shipment obligations.

Inventory. We value inventories at the lower of cost or market. Cost of certain domestic inventories are determined on a last-in, first-out (LIFO) basis. Cost of the remaining domestic inventories and all foreign inventories are determined on a first-in, first-out (FIFO) basis. The valuation of inventories includes variable and fixed overhead costs and requires significant management estimates to determine the amount of overhead variances to capitalize into inventories. We capitalize overhead variances into inventories based on estimates of related cost drivers, which are generally either raw material purchases or standard labor. Due to changes in our manufacturing processes, we re-evaluated these estimates in fiscal 2005 to ensure we were valuing our inventories at actual cost. As a result, we revised certain of these estimates which increased inventories and reduced cost of sales by $7.0 million in fiscal 2005.

In some cases we have determined a certain portion of our inventories are excess or obsolete. In those cases, we write down the value of those inventories to their net realizable value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by

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management, additional inventory write-downs may be required. The total write-down of inventories charged to expense was $4.9 million, $3.1 million, and $1.5 million during fiscal 2006, 2005 and 2004, respectively and $1.8 million during the six months ended September 30, 2006.

Impairment of intangible assets and tangible fixed assets. Our intangible assets and tangible fixed assets are held at historical cost, net of depreciation and amortization, less any provision for impairment. Tangible fixed assets are depreciated to their residual values on a straight-line basis over their estimated useful lives as follows:

Land	No depreciation
Buildings and improvements	13 to 50 years
Machinery and equipment	3 to 13 years
Hardware and software	3 to 5 years

An impairment review of intangible or tangible fixed assets is performed if an indicator of impairment, such as an operating loss or cash outflow from operating activities or a significant adverse change in the business or market place, exists. Estimates of future cash flows used to test the asset for impairment are based on current operating projections extended to the useful life of the asset group and are, by their nature, subjective.

Our recorded goodwill is not amortized but is tested annually for impairment using a discounted cash flow analysis. The test for impairment was conducted in the fourth quarters of fiscal 2006 and 2005 and no impairment was found for any reporting unit.

Based on our recorded intangibles at September 30, 2006, we expect to recognize amortization expense on the intangible assets subject to amortization of $28.3 million in fiscal 2007, $27.8 million in fiscal 2008, $27.5 million in fiscal 2009, $27.4 million in fiscal 2010 and $27.4 million in fiscal 2011.

Retirement benefits. Pension obligations are actuarially determined and are affected by assumptions including discount rate and assumed annual rate of compensation increase for plan employees, among other assumptions. Changes in discount rate and differences from actual results for each assumption as well as the actual return on plan assets compared to the expected rate of return on plan assets will affect the amount of pension expense we recognize in future periods. As of March 31, 2006, our pension plans had benefit obligations of $249.8 million as compared to plan assets of $155.8 million. Approximately $39.0 million of the total $94.0 million of benefit obligations in excess of plan assets is related to plans of our foreign subsidiaries, principally in Germany, where such plans are typically not funded.

Zurn has a defined benefit plan covering many of its U.S. employees and former employees and retirees of Jacuzzi and its subsidiaries. As of September 30, 2006, the Zurn pension plan had benefit obligations of $338.0 million as compared to plan assets of $422.8 million. In connection with the Bath sale, Apollo intends to spin-off approximately $10.5 million of Zurn plan benefit obligations for ongoing active Bath participants and $12.5 million of the Zurn plan assets associated with such liabilities to a new Bath plan (although the amount of obligations and assets to be spun off is subject to adjustment).

Market interest rates continued to decline during fiscal 2006 and, as a result, after consultation with our actuarial consultants, we reduced the discount rate from 5.78% at March 31, 2005 to 5.54% at March 31, 2006. We also updated the mortality tables used in our March 31, 2006 actuarial valuations. As a result of these two assumption changes, our projected pension and postretirement benefit obligations increased by approximately $9.2 million and $1.6 million, respectively, at March 31, 2006. Our estimated return on plan assets remained at 8.5% in fiscal 2006 and fiscal 2005 based on historical experience.

The obligation for postretirement benefits other than pension also is actuarially determined and is affected by assumptions including the discount rate and expected future increase in per capita costs of covered postretirement health care benefits. Changes in the discount rate and differences between actual and assumed per capita health care costs may affect the recorded amount of the expense in future periods.

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Income taxes. At the end of each interim period, we estimate the effective tax rate expected to be applicable for the full fiscal year. The estimated effective tax rate contemplates the expected jurisdiction where income is earned as well as tax planning strategies. If the actual results are different from our estimates, adjustments to the effective tax rate may be required in the period such determination is made.

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities. We regularly review our deferred tax assets for recoverability and establish a valuation allowance based on historical losses, projected future taxable income and the expected timing of the reversals of existing temporary differences. As a result of this review, we have established a full valuation allowance against our deferred tax assets relating to foreign loss carryforwards and a partial valuation allowance against our deferred tax assets relating to certain state net operating loss and foreign tax credit carryforwards.

Results of Operations RBS Global

	Predecessor					Successor	Combined
	Fiscal Year Ended March 31,			Six Months and Period Ended September 30, 2006			
	2004	2005	2006	Six Months Ended October 2, 2005	Period from April 1, 2006 through July 21, 2006	Period from July 22, 2006 through September 30, 2006	Combined Period from April 1, 2006 through September 30, 2006
	(dollars in millions)						
Net sales	$ 712.8	$ 811.0	$ 1,081.4	$ 513.2	$ 334.2	$ 252.3	$ 586.5
Cost of sales	485.4	555.8	742.3	355.1	237.7	168.3	406.0
Gross profit	227.4	255.2	339.1	158.1	96.5	84.0	180.5
Gross profit % of net sales	*31.9%*	*31.5%*	*31.4%*	*30.8%*	*28.9%*	*33.3%*	*30.8%*
Selling, general & administrative expenses	$ 148.1	$ 153.6	$ 187.8	$ 89.9	$ 63.1	$ 42.7	$ 105.8
Restructuring and other similar costs	2.6	7.3	31.1	5.8			
Transaction related costs					62.7		62.7
Curtailment gain	(6.6)						
Amortization of intangible assets	13.9	13.8	15.7	7.6	5.0	7.4	12.4
Income (loss) from operations	69.4	80.5	104.5	54.8	(34.3)	33.9	(0.4)
% of net sales	*9.7%*	*9.9%*	*9.7%*	*10.7%*	*(10.3)%*	*13.4%*	*(0.1)%*
Interest expense, net	$ (45.4)	$ (44.0)	$ (61.5)	$ (29.8)	$ (21.0)	$ (28.4)	$ (49.4)
Other expense, net	(1.1)	(0.7)	(3.8)	(2.9)	(0.4)	(0.6)	(1.0)
Income (loss) before income taxes	22.9	35.8	39.2	22.1	(55.7)	4.9	(50.8)
Provision (benefit) for income taxes	8.7	14.2	16.3	9.5	(16.1)	4.5	(11.6)
Net income (loss)	$ 14.2	$ 21.6	$ 22.9	$ 12.6	$ (39.6)	$ 0.4	$ (39.2)

Six Months Ended September 30, 2006 Compared with the Six Months Ended October 2, 2005

Net Sales. Sales in the six months ended September 30, 2006 were $586.5 million, an increase of $73.3 million or 14.3%, from sales in the six months ended October 2, 2005 of $513.2 million. Approximately $25.2 million of this increase was due to the timing of the Falk acquisition in May 2005, as the first half of our prior fiscal year only included approximately 4.5 months of Falk sales. The remaining sales increase of $48.1 million

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was driven primarily by strength in industrial products end markets of natural resource extraction, metals processing, infrastructure expansion (mining, cement, aggregates) and food and beverages as well as strong demand for our aerospace products. In addition, our acquisition of Dalong Chain Company (Dalong) on July 11, 2006 accounted for $3.7 million of the sale increase over the prior year. Foreign currency fluctuations also favorably impacted sales by approximately $6.4 million during the six months ended September 30, 2006 as the Euro and Canadian dollar strengthened against the U.S. dollar compared to the year.

Cost of Sales. Cost of sales were $406.0 million in the six months ended September 30, 2006, an increase of $50.9 million, or 14.3%, over cost of sales in the six months ended October 2, 2005 of $355.1 million. The increase in cost of sales was due primarily to the higher net sales between periods, as well as a $14.0 million unfavorable impact from selling inventories that had been adjusted to fair value in purchase accounting for the Apollo acquisition. However, the unfavorable purchase accounting impact was partially mitigated on a last-in, first-out (LIFO) basis as we also recognized $8.0 million of LIFO income in the six months ended September 30, 2006, compared to $1.5 million of LIFO income in the six months ended October 2, 2005.

Gross Profit. Gross profit in the six months ended September 30, 2006 was $180.5 million, an increase of $22.4 million or 14.2% over gross profit in the six months ended October 2, 2005 of $158.1 million. The increase in gross profit dollars was driven largely by the higher net sales discussed above. As a percent of net sales, gross profit margins were 30.8% in the six months ended September 30, 2006 and October 2, 2005. The purchase accounting adjustments discussed above and LIFO unfavorably impacted current year gross profit margins by a combined 100 basis points, whereas the prior year gross profit margins were favorably impacted by these items by 30 basis points. The reduction in gross profit margins year-over-year from purchase accounting adjustments and LIFO was offset by the realization of synergies and fixed cost reductions achieved over the past year resulting from the integration of the Falk and Rexnord businesses.

Selling, General and Administrative Expenses. SG&A expenses were $105.8 million in the six months ended September 30, 2006, an increase of $15.9 million, or 17.7%, from SG&A expenses in the six months ended October 2, 2005 of $89.9 million. As a percentage of net sales, SG&A expenses increased to 18.0% in the six months ended September 30, 2006 from 17.5% in the six months ended October 2, 2005. Higher stock option expense due to the adoption of SFAS No. 123R accounted for $1.2 million (20 basis points) of this increase, and higher deprecation expense (primarily information technology related costs) accounted for $1.3 million (20 basis points) of the increase. The remaining increase in SG&A as a percentage of net sales was driven by higher compensation costs (primarily severance) as compared to the first six months of the prior year.

Restructuring and Other Similar Costs. We did not incur any restructuring and other similar costs in the six months ended September 30, 2006. We expensed $5.8 million of restructuring and similar costs in the six months ended October 2, 2005 related the restructuring of certain manufacturing operations and headcount reductions at certain locations, including the continuation of certain Falk plant consolidation activity that had been initiated prior to the Falk acquisition.

Transaction-Related Costs. We expensed $62.7 million of Apollo acquisition-related costs in the six months ended September 30, 2006. These costs consisted of (i) $19.1 million of seller-related expenses, including investment banking fees, outside attorney fees and other third-party fees; (ii) $23.1 million of bond tender premiums related to our 10 $^{1}/8$% senior subordinated notes due 2012, substantially all of which were repurchased in connection with the Apollo acquisition; and (iii) a non-cash charge of $20.5 million to write-off the remaining net book value of previously-capitalized financing fees related to the term loans and senior subordinated notes that we repaid or repurchased in connection with the Apollo acquisition. There were no transaction-related costs in the six months ended October 2, 2005.

Amortization of Intangible Assets. We continue to amortize the cost of our intangible assets, which include patents, customer relationships (including distribution network), a covenant not to compete and software. Amortization of these intangible assets increased to $12.4 million in the six months ended September 30, 2006 compared to $7.6 million in the six months ended October 2, 2005 due to the amortization of intangible assets resulting from the Apollo acquisition.

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Interest Expense, net. Interest expense, net was $49.4 million in the six months ended September 30, 2006 compared to $29.8 million in the six months ended October 2, 2005. As a result of the Apollo acquisition, we have increased our overall indebtedness, and a larger portion of that debt consists of our original senior notes which have higher interest rates than our existing term loans.

Other Expense, net. Other expense, net was $1.0 million in the six months ended September 30, 2006 and includes $1.2 million of foreign currency transaction losses, a $1.3 million gain on dispositions of fixed assets, $1.0 million of management fee expenses and $0.1 million of other expense. Other expense, net was $2.9 million in the six months ended October 2, 2005 and included management fee expenses of $1.0 million, foreign currency transaction losses of $0.8 million, attorney fees incurred as part of the refinancing of our credit agreement of $0.9 million and other miscellaneous expenses of $0.2 million.

Income Tax Expense. Our effective income tax rate for the six months ended September 30, 2006 was 23% compared to 43% in the six months ended October 2, 2005. The income tax benefit we recognized in the six months ended September 30, 2006 was reduced as a result of approximately $7.9 million of non-deductible expenses incurred in connection with the sale of us to Apollo. In addition, we increased our valuation allowance for foreign tax credits generated and state net operating losses incurred during this period for which the realization of such benefits is not deemed more-likely-than-not.

Net (Loss) Income. Our net loss for the six months ended September 30, 2006 was $39.2 million compared to net income of $12.6 million in the six months ended October 2, 2005 due to the factors described above.

Year Ended March 31, 2006 Compared to Year Ended March 31, 2005

Net Sales. Net sales in fiscal 2006 were $1,081.4 million, an increase of $270.4 million, or 33.3%, from fiscal 2005 net sales of $811.0 million. The increase in net sales was due primarily to the additional sales from the newly-acquired Falk business. We have substantially integrated Falk into our existing product offerings in fiscal 2006, and therefore we do not manage Falk as a standalone business. Prior to the Falk acquisition, the standalone Falk business had annual revenues of $203.1 million in calendar 2004, their latest completed pre-acquisition fiscal year.

We continued to experience solid performance in our industrial products end markets of forest and wood products, energy, construction equipment, natural resource extraction, metals processing and infrastructure expansion (mining and cement and aggregates), as well as strong demand for our aerospace products. The net impact of foreign currency fluctuations on fiscal 2006 net sales was not significant.

Cost of Sales. Cost of sales were $742.3 million in fiscal 2006, an increase of $186.5 million, or 33.6%, from our fiscal 2005 cost of sales of $555.8 million. Cost of sales in fiscal 2006 includes a charge of $0.7 million to write-off certain excess and obsolete inventory in connection with plant consolidation and integration activities. Cost of sales in fiscal 2005 includes (i) a $7.0 million benefit due to a change in estimate regarding the capitalization of certain overhead variances into inventory and (ii) a $1.6 million one-time charge to write-off certain excess and obsolete inventory that was on-hand at the date of the Carlyle acquisition for which no reserves were established in purchase accounting. The remaining year-over-year increase in cost of sales is due primarily to the increase in net sales in fiscal 2006.

Gross Profit. Gross profit was $339.1 million in fiscal 2006, an increase of $83.9 million, or 32.9%, from our fiscal 2005 gross profit of $255.2 million. The increase in gross profit was due to the changes in net sales and cost of sales discussed above. As a percent of net sales, gross profit margins were 31.4% in fiscal 2006 compared to 31.5% in fiscal 2005. We were able to hold our fiscal 2006 gross profit margins relatively consistent with the prior year even though the acquired Falk business historically had lower gross margins than Rexnord (Falk s historical gross margins were 18.3% in calendar 2004, their latest completed pre-acquisition fiscal year). We accomplished this primarily due to synergies and fixed cost reductions resulting from integrating the Falk and Rexnord businesses.

Selling, General and Administrative Expenses. SG&A expenses increased by $34.2 million, or 22.3%, in fiscal 2006 to $187.8 million as compared to $153.6 million in fiscal 2005. As a percentage of net sales, SG&A

expenses declined to 17.4% in fiscal 2006 compared to 18.9% in fiscal 2005. The reduction in SG&A expenses

as a percent of sales is due primarily to SG&A cost reduction efforts associated with the integration of the acquired Falk business. As a result, we were able to achieve higher sales volume in fiscal 2006 with a comparatively lower SG&A cost structure. The $34.2 million increase in SG&A dollars in fiscal 2006 is primarily due to the Falk acquisition.

Restructuring and Other Similar Costs. We expensed $31.1 million of restructuring and other similar costs in fiscal 2006, including $6.9 million of non-cash asset impairments, related to plans we initiated in fiscal 2006 to restructure certain manufacturing operations and reduce headcount at certain locations. The non-cash asset impairments related to the closure of our flattop plant in Puerto Rico and a decision to outsource certain portions of our industrial chain manufacturing operations. We also incurred $16.5 million of plant consolidation and integration costs consisting primarily of (i) the closure of our coupling plant in Warren, Pennsylvania, (ii) the closure of our flattop plant in Puerto Rico and (iii) Falk integration costs, including the continuation of certain Falk plant consolidation efforts that had been initiated prior to the Falk acquisition. All of these consolidation and integration actions were substantially complete as of March 31, 2006. The remaining $7.7 million of restructuring and other similar costs in fiscal 2006 relate primarily to severance, relocation and recruiting expenses for certain headcount reduction and management realignment initiatives.

During fiscal 2005, we expensed $7.3 million of restructuring and other similar costs related primarily to severance, recruiting and relocation costs incurred as part of our effort to realign management and significantly strengthen talent.

Amortization of Intangible Assets. We continue to amortize the cost of our intangible assets, which include patents, customer relationships (including distribution network), a covenant not to compete and software. Amortization of these intangible assets amounted to $15.7 million in fiscal 2006 and $13.8 million in fiscal 2005. The increase between years is due to amortization of the acquired Falk intangible assets.

Interest Expense, net. Interest expense, net was $61.5 million in fiscal 2006 compared to $44.0 million in fiscal 2005. Approximately $13.4 million of the $17.5 million increase in our net interest expense between years was attributable to interest on the additional $312 million term loan used to fund the Falk acquisition. The remainder of the increase in net interest expense was due to higher interest rates year-over-year on our variable-rate term debt.

Other Expense, net. Other expense, net for fiscal 2006 consisted of management fees of $2.0 million, attorney fees related to the refinancing of our credit agreement of $1.0 million, losses on the sale of plant, property and equipment of $0.4 million and foreign currency exchange losses of $0.4 million. Other expense, net for fiscal 2005 consisted of gains on the sales of plant, property and equipment of $2.1 million, foreign currency exchange losses of $0.8 million and management fees of $2.0 million.

Provision for Income Taxes. The effective income tax rate for fiscal 2006 of 41.6% is up from our fiscal 2005 effective income tax rate of 39.7% due to certain one-time non-deductible expenses and higher foreign-related tax expense, offset in part by the realization of certain state and local income tax benefits. See Note 12 of the consolidated financial statements for more information on income taxes.

Net Income. Net income in fiscal 2006 was $22.9 million as compared to $21.6 million in the prior year due to the factors described above.

Year Ended March 31, 2005 Compared to Year Ended March 31, 2004

Net Sales. Net sales in fiscal 2005 were $811.0 million, an increase of $98.2 million, or 13.8%, from net sales of $712.8 million in fiscal 2004. The sales growth in fiscal 2005 occurred as each of our major product offerings posted year-over-year improvements. Business conditions in the end markets where our PT products are utilized, including aerospace, cement and aggregates, construction, energy, heavy duty truck and mining have improved over fiscal 2004, and our distribution channel partners have decreased the magnitude of inventory reductions in the channel compared to fiscal 2004. Approximately $15.4 million of the fiscal 2005 sales growth was the result of changes in currency rates, principally related to the Euro, from those in effect during fiscal 2004.

Cost of Sales. Cost of sales were $555.8 million in fiscal 2005, an increase of $70.4 million, or 14.5%, from our fiscal 2004 cost of sales of $485.4 million. Cost of sales in fiscal 2005 includes a $2.0 million charge to appropriately reflect the valuation of our domestic inventories to the last-in, first-out (LIFO) method of inventory valuation, a $1.6 million one-time charge to write-off certain excess and obsolete inventory that was on-hand at the date of the Carlyle acquisition for which no reserves were established in purchase accounting, and a $7.0 million benefit due to a change in estimate regarding the capitalization of certain overhead variances into inventory. This change in estimate resulted from a re-evaluation of our process for capitalizing overhead costs into inventory to ensure we were valuing our inventories at actual cost. Cost of sales in fiscal 2004 includes a favorable LIFO benefit of $0.4 million. The remaining increase in cost of sales between years is due primarily to the increase in net sales in fiscal 2005.

Gross Profit. Gross profit was $255.2 million in fiscal 2005, an increase of $27.8 million, or 12.2%, from our fiscal 2004 gross profit of $227.4 million. The increase in gross profit was due to the changes in net sales and cost of sales discussed above. As a percent of sales, gross profit margins were 31.5% in fiscal 2005 compared to 31.9% in fiscal 2004. We estimate that our gross profit margins were adversely affected in fiscal 2005 by approximately 100 basis points due to increased raw materials prices. Higher LIFO expense year-over-year and the $1.6 million charge we recorded to write-off certain excess and obsolete inventory that was on-hand at the date of the Carlyle acquisition for which no reserves were established in purchase accounting also adversely affected our fiscal 2005 gross profit margins by a combined 50 basis points. These reductions in gross profit margins in fiscal 2005 were partially offset by the favorable impact of the $7.0 million change in estimate regarding the capitalization of certain overhead variances into inventory discussed above.

SG&A Expenses. SG&A expenses increased by $5.5 million, or 3.7%, in fiscal 2005 to $153.6 million as compared to $148.1 million in fiscal 2004. As a percentage of net sales, SG&A declined to 18.9% in fiscal 2005 compared to 20.8% in fiscal 2004. The reduction in SG&A expenses as a percent of sales was due primarily to the impact of our restructuring actions taken during fiscal 2005 to reduce overhead and administrative headcount. As a result, we were able to achieve higher sales volume in fiscal 2005 with a comparatively lower SG&A cost structure. This reduction in SG&A expenses was partially offset by adverse changes in currency exchange rates which had the impact of increasing SG&A expenses by $3.2 million in fiscal 2005 as compared to fiscal 2004. Increased sales volume accounted for the remainder of the dollar increase in SG&A expenses in fiscal 2005.

Restructuring and Other Similar Costs. Restructuring costs of $7.3 million were incurred during fiscal 2005 compared to $2.6 million in fiscal 2004. The fiscal 2005 amount consisted of severance, recruiting and relocation costs incurred as part of our effort to realign management and upgrade talent. The fiscal 2004 amount consisted of consulting expenses incurred in connection with the implementation of a severance program.

Curtailment Gain. In December 2003, we made significant modifications to our defined benefit pension plan covering certain U.S. employees by freezing credited service as of March 31, 2004. The changes to the defined benefit plan resulted in a curtailment of the plan under GAAP. Accordingly, a pretax curtailment gain of $5.6 million was recorded in the third quarter of fiscal 2004. In the fourth quarter of fiscal 2004, we eliminated postretirement benefits for certain active employees and recognized a curtailment gain of $1.1 million. There was no curtailment gain in fiscal 2005.

Amortization of Intangible Assets. We are amortizing the cost of intangible assets acquired in the acquisition of the Rexnord Group including patents, customer relationships (including a distribution network) and a covenant not to compete. Amortization of these intangible assets amounted to $13.8 million in fiscal 2005 and $13.9 million in fiscal 2004. We did not acquire any new intangible assets during fiscal 2005 or fiscal 2004.

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Interest Expense, net. Interest expense (net of interest income) was $44.0 million in fiscal 2005 compared to $45.4 million in fiscal 2004. The reduction in interest expense in fiscal 2005 was due primarily to lower overall debt levels compared to fiscal 2004 as we repaid $45 million of term loans in fiscal 2005. Interest on the existing notes was 10 1/8% per annum in both fiscal 2005 and 2004 and interest on the term loans averaged approximately 5.0% during fiscal 2005 as compared to 5.2% during fiscal 2004.

Other Expense, net. Other expense, net for fiscal 2005 consisted of gains on the sales of plant, property and equipment of $2.1 million, foreign currency exchange losses of $0.8 million and management fees of $2.0 million. Other income (expense), net for fiscal 2004 consisted of gains on the sales of plant, property and equipment of $0.9 million and management fees of $2.0 million.

Provision for Income Taxes. The effective income tax rate for fiscal 2005 of 39.7% was up slightly from our fiscal 2004 effective income tax rate of 38.0% due to higher state and local income taxes.

Net Income. Net income in fiscal 2005 was $21.6 million as compared to $14.2 million in fiscal 2004 due to the factors described above.

Results of Operations Zurn

The following results of operations for the fiscal years ended September 30, 2004, 2005 and 2006 have been derived by application of pro forma adjustments to Jacuzzi s audited historical consolidated financial statements included elsewhere in this prospectus to give effect to the Bath sale as if it had occurred at the beginning of the applicable fiscal year. In addition, the results of operations data for the fiscal years ended September 30, 2004 and 2005 give effect to the Rexair sale as if it had occurred at the beginning of the applicable fiscal year. Neither the unaudited pro forma condensed consolidated statement of operations data nor the unaudited pro forma condensed consolidated balance sheet data give effect to any adjustments other than those that relate to accounting for Bath and Rexair as a discontinued operation. The following table and the related discussion thereto should be read in conjunction with Unaudited Pro Forma Condensed Consolidated Financial Information of Jacuzzi Brands, Inc. and all of the consolidated financial statements included elsewhere in this prospectus.

	Fiscal Year Ended September 30,		
	2004	**2005**	**2006**
		(dollars in millions)	
Net sales	$ 308.0	$ 353.1	$ 435.8
Cost of products sold	184.7	210.6	267.1
Gross profit	123.3	142.5	168.7
Gross profit % of sales	*40.0%*	*40.4%*	*38.7%*
Selling, general & administrative expenses	$ 80.8	$ 91.7	$ 102.4
Impairment, restructuring and other charges	(0.6)	4.7	0.2
Operating income	43.1	46.1	66.1
% of sales	*14.0%*	*13.1%*	*15.2%*
Interest expense, net	$ (47.0)	$ (46.2)	$ (37.0)
Other income (expense), net	3.4	(6.7)	(3.2)
Earnings (loss) before income taxes	(0.5)	(6.8)	25.9
Provision (benefit) for income taxes	30.7	(8.5)	12.1
Income (loss) from continuing operations	$ (31.2)	$ 1.7	$ 13.8

Fiscal Year Ended September 30, 2006 Compared with Fiscal Year Ended September 30, 2005

Net Sales. Net sales in the fiscal year ended September 30, 2006 were $435.8 million, an increase of $82.7 million, or 23.4%, over net sales in the fiscal year ended September 30, 2005 of $353.1 million. The increase in net sales was due principally to greater market penetration, industry growth, price increases implemented to offset higher raw material costs and the introduction of new products.

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Cost of Products Sold. Cost of products sold in the fiscal year ended September 30, 2006 was $267.1 million, an increase of $56.5 million, or 26.8%, over cost of products sold in the fiscal year ended September 30, 2005 of $210.6 million. The increase in cost of products sold was due principally to higher sales and higher material costs.

Gross Profit. Gross profit in the fiscal year ended September 30, 2006 was $168.7 million, an increase of $26.2 million, or 18.4%, over gross profit in the fiscal year ended September 30, 2005 of $142.5 million. The increase in gross profit was driven largely by the higher net sales discussed above. As a percent of net sales, gross profit margins were 38.7% in the fiscal year ended September 30, 2006 and 40.4% in the fiscal year ended September 30, 2005. The slight decrease in gross profit was due principally to a significant increase in sales of PEX products, which have somewhat lower margins, and increased raw material costs.

Selling, General and Administrative Expenses. SG&A expenses were $102.4 million in the fiscal year ended September 30, 2006, an increase of $10.7 million, or 11.7%, over SG&A expenses in the fiscal year ended September 30, 2005 of $91.7 million. The increase in SG&A expenses was due principally to increased commissions resulting from higher sales. As a percentage of net sales, SG&A expenses decreased to 23.5% in the fiscal year ended September 30, 2006 from 26.0% in the ended fiscal year ended September 30, 2005.

Impairment, Restructuring and Other Charges. Impairment, restructuring and other charges were $0.2 million in the fiscal year ended September 30, 2006, a decrease of $4.5 million, or 95.7%, from impairment, restructuring and other changes in the fiscal year ended September 30, 2005 of $4.7 million. The decrease was due principally to charges recorded in the fiscal year ended September 30, 2005 to eliminate certain executive positions.

Interest Expense, Net. Interest expense, net was $37.0 million in the fiscal year ended September 30, 2006 compared to $46.2 million in the fiscal year ended September 30, 2005. The decrease was due principally to the payoff of an asset-based loan in late 2005 and higher interest income in fiscal 2006 due to higher cash balances and interest rates.

Other Expense, Net. Other expense, net was $3.2 million in the fiscal year ended September 30, 2006 and included costs associated with potential merger transactions. Other expense, net was $6.7 million in the fiscal year ended September 30, 2005 and included $3.2 million of debt retirement costs as well as costs associated with exploring various merger and acquisition alternatives.

Income Tax Expense. The $20.6 million increase in income taxes over prior fiscal year is primarily the result of additional taxable income and a benefit from fiscal year ended September 30, 2002 that was recorded in fiscal year ended September 30, 2005.

Income From Continuing Operations. Zurn s income from continuing operations for the fiscal year ended September 30, 2006 was $13.8 million compared to income from continuing operations of $1.7 million in the fiscal year ended September 30, 2005 due to the factors described above.

Fiscal Year Ended September 30, 2005 Compared with Fiscal Year Ended September 30, 2004

Net Sales. Net sales in the fiscal year ended September 30, 2005 were $353.1 million, an increase of $45.1 million, or 14.6%, over net sales in the fiscal year ended September 30, 2004 of $308.0 million. The increase in net sales was due principally to growth in primary markets, successful new product introductions and improved pricing.

Cost of Products Sold. Cost of products sold in the fiscal year ended September 30, 2005 were $210.6 million, an increase of $25.9 million, or 14.0%, over cost of products sold in the fiscal year ended September 30, 2004 of $184.7 million. The increase in cost of products sold was due principally to increased net sales.

Gross Profit. Gross profit in the fiscal year ended September 30, 2005 was $142.5 million, an increase of $19.2 million, or 15.6%, over gross profit in the fiscal year ended September 30, 2004 of $123.3 million. The

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increase in gross profit was driven largely by the higher net sales discussed above. As a percent of net sales, gross profit margins were 40.4% in the fiscal year ended September 30, 2005 and 40.0% in the fiscal year ended September 30, 2004.

Selling, General and Administrative Expenses. SG&A expenses were $91.7 million in the fiscal year ended September 30, 2005, an increase of $10.9 million, or 13.5%, over SG&A expenses in the fiscal year ended September 30, 2004 of $80.8 million. The increase in SG&A expenses was due principally to increased commissions resulting from higher sales. As a percentage of net sales, SG&A expenses decreased to 26.0% in the fiscal year ended September 30, 2005 from 26.2% in the ended fiscal year ended September 30, 2004.

Impairment, Restructuring and Other Charges. Impairment, restructuring and other charges were $4.7 million in the fiscal year ended September 30, 2005, an increase of $5.3 million from impairment, restructuring and other changes in the fiscal year ended September 30, 2004 of $(0.6) million. The increase was due principally to the consolidation and relocation of administrative functions and severance of certain positions.

Interest Expense, Net. Interest expense, net was $46.2 million in the fiscal year ended September 30, 2005 compared to $47.0 million in the fiscal year ended September 30, 2004. The decrease was due principally to slightly higher interest income related to the cash received from the sale of certain assets in late fiscal 2005.

Other Income (Expense), Net. Other income (expense), net was $(6.7) million in the fiscal year ended September 30, 2005 and included $3.2 million of debt retirement costs as well as costs associated with exploring various merger and acquisition alternatives. Other income (expense), net was $3.4 million in the fiscal year ended September 30, 2004 and included a gain on the settlement of a note.

Income Tax Expense. The decrease in income tax was the result of a $32.3 million FAS 109 adjustment in fiscal year ended September 30, 2004 and a benefit from fiscal year ended September 30, 2002 that was recorded in fiscal year ended September 30, 2005.

Income (Loss) From Continuing Operations. Zurn s income from continuing operations for the fiscal year ended September 30, 2005 was $1.7 million compared to loss from continuing operations of $31.2 million in the fiscal year ended September 30, 2004 due to the factors described above.

Liquidity and Capital Resources

Our primary sources of liquidity are available cash, cash flow from operations and borrowing availability under our $200.0 million revolving credit facility. As of September 30, 2006, we had $9.9 million of cash, $6.7 million of borrowings outstanding and approximately $143.3 million of additional borrowings available to us under our revolving credit facility (subject to $22.3 million of outstanding letters of credit). Our revolving credit facility is available to fund our working capital requirements, capital expenditures and other general corporate purposes.

As of September 30, 2006 we had $1,407.2 million of total indebtedness outstanding as follows (in millions):

	Total Debt	Short-Term Debt and Current Maturities of Long-Term Debt	Long-Term Portion
Term loans	$ 610.0	$ 6.1	$ 603.9
Borrowings under revolving credit facility	6.7		6.7
Original senior notes	485.0		485.0
Senior subordinated notes	300.0		300.0
10 1/8% senior subordinated notes due 2012	0.3		0.3
Other	5.2	2.6	2.6
	$ 1,407.2	$ 8.7	$ 1,398.5

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In connection with the Apollo acquisition, all borrowings under our previous credit agreement and substantially all of the $225.0 million of outstanding 10 1/8% senior subordinated notes were repaid or repurchased on July 21, 2006. The acquisition was financed in part with (i) the issuance of the original senior notes and the senior subordinated notes and (ii) $645.7 million of borrowings under senior secured credit facilities (consisting of a seven-year $610.0 million term loan facility and $35.7 million of borrowings under a six-year $150.0 million revolving credit facility).

Borrowings under our existing $610.0 million term loan B facility accrue interest, at our option, at the following rates per annum: (i) 2.50% plus the Eurodollar Rate, or (ii) 1.50% plus the Base Rate (which is defined as the higher of the Federal funds rate plus 0.5% or the Prime rate). The weighted averaged interest rate on our outstanding term loans at September 30, 2006 was 8.06%. Borrowings under our $150.0 million revolving credit facility accrue interest, at our option, at the following rates per annum: (i) 2.25% plus the Eurodollar Rate, or (ii) 1.25% plus the Base Rate (which is defined as the higher of the Federal funds rate plus 0.5% or the Prime rate). The weighted averaged interest rate on our $6.7 million of outstanding revolver borrowings at September 30, 2006 was 9.5%. An additional $22.3 million of the revolving credit facility was used in connection with outstanding letters of credit at September 30, 2006. In August 2006, we entered into an interest rate collar and an interest rate swap to hedge the variability in future cash flows associated with a portion of our variable-rate term loans.

Our senior secured credit facilities limit our maximum senior secured bank leverage ratio to 4.25 to 1.00 beginning with the fiscal quarter ended December 30, 2006. We expect to be in compliance with this financial covenant for the foreseeable future. We believe the Zurn acquisition will be approximately leverage neutral for the Company.

Our ability to make scheduled payments of principal on our indebtedness, or to pay interest on, or to refinance, our indebtedness, including our existing notes, or to fund planned capital expenditures, will depend on our ability to generate cash in the future. This is subject to general economic, competitive, legislative, regulatory and other factors that are beyond our control.

Operating and Investing Activities

Net cash provided by operating activities in fiscal 2006 was $91.9 million compared to $67.4 million for fiscal 2005 and $45.0 million for fiscal 2004. The increase in cash from operations of $24.5 million in fiscal 2006 as compared to fiscal 2005 was primarily due to a $24.0 million increase in income from operations. Increases in trade working capital (receivables, inventories and trade payables) to support our year-over-year sales growth used only $4.1 million of operating cash flows as we continue to focus on cash collections and effectively managing accounts payable. Net cash provided by operating activities in the six months ended September 30, 2006 was $9.5 million compared to $30.8 million in the six months ended October 2, 2005. Increased trade working capital (receivables, inventories and accounts payable) used $16.9 million more of cash year-over-year in support of the sales growth.

The increase in cash from operations of $22.4 million in fiscal 2005 as compared to fiscal 2004 was primarily because fiscal 2004 had higher cash outflows of $14.9 million resulting from the settlement of accruals and other liabilities established in connection with the Carlyle acquisition. Other reasons for the increase in fiscal 2005 operating cash flows include higher net income of $7.4 million and a larger reduction in inventories of $8.2 million. These improvements in operating cash flows were partially offset by a $9.6 million impact of higher trade receivables in fiscal 2005 due to sales growth, and lower year-over-year growth in trade payables of $8.2 million.

Cash used for investing activities in fiscal 2006 was $336.1 million, comprised of $301.3 million paid for the Falk acquisition and $37.1 million of capital expenditures, offset by $2.3 million of proceeds from the disposition of property, plant and equipment. Our capital expenditure requirements are comprised primarily of equipment, molds and tooling, and computer hardware and software. Net cash used for investing activities in fiscal 2005 was $19.3 million, comprised of $25.7 million of capital expenditures, offset by $6.4 million of proceeds from the disposition of property, plant and equipment. Net cash used for investing activities in fiscal 2004 was $30.7 million, comprised primarily of $22.1 million for capital expenditures and $10.4 million in final settlement of the purchase price for the Rexnord Group. Net cash used for investing activities was $1,036.0 million in the six months ended September 30, 2006 compared to $314.0 million in the first six months ended October 2, 2005. We used $1,011.6 million of cash to fund the Apollo acquisition and $5.6 million to fund our acquisition of Dalong in the six months ended September 30, 2006. The six months ended October 2, 2005 include a $301.3 million cash outflow related to the Falk acquisition. We also had higher capital expenditures and higher proceeds from dispositions of property, plant and equipment as compared to the first six months of the prior year.

Financing Activities

Cash provided by financing activities in fiscal 2006 includes $312 million of additional term loans issued in May 2005 under our credit agreement. The proceeds from those term loans, net of $7.6 million of financing fees paid, were used to fund the Falk acquisition. Our strong performance allowed us to repay $65.0 million of debt during fiscal 2006, including $63.0 million of principal of the term loans. We also received $1.2 million of cash proceeds from the issuance of common stock during fiscal 2006.

Cash used for financing activities in fiscal 2005 was $42.0 million and consisted of repayment of debt of $44.2 million, offset by proceeds from the exercise of stock options and other common stock activity of $2.2 million. Cash used for financing activities in fiscal 2004 was $31.2 million and consisted of repayment of debt of $30.1 million and payment of financing fees of $1.1 million.

Cash provided by financing activities in the six months ended September 30, 2006 includes $1,430.7 million of long-term debt (consisting of $610.0 million of term loans, $485.0 million of original senior notes, $300.0 million of original senior subordinated notes and $35.7 million of borrowings under our revolving credit facility) and a $438.0 million capital contribution from Apollo. We repaid $8.5 million of term loans and borrowed $16.9 million under our previous revolving credit facility in fiscal 2007 prior to the Apollo acquisition. We also repaid $786.3 million of long-term debt (including $757.1 million on July 21, 2006 and $29.2 million subsequent to July 21, 2006) and paid $55.4 million of financing fees and $23.1 million of bond tender premium during the six months ended September 30, 2006. During the six months ended October 30, 2005 we issued $312 million in term loans and paid $7.5 million of financing costs to fund the Falk acquisition. We also repaid $35.2 million of long term debt and received $1.0 million of cash proceeds from the issuance of common stock during the six months ended October 30, 2006.

Effect of the Zurn Transactions

After completion of the Zurn Transactions we continue to be a highly leveraged company, having incurred substantial additional debt in connection with the Zurn acquisition, which will result in a significant increase in our interest expense in future periods. On a pro forma basis, after giving effect to the Zurn Transactions as if they had occurred on September 30, 2006, we would have had $2,067.2 million in indebtedness (excluding a premium of $9.3 million received from the issuance of the additional 2014 notes. Payments required to service this indebtedness will substantially increase our liquidity requirements as compared to prior years.

As part of the Zurn Transactions, we (i) issued the additional 2014 notes and the 2016 notes, totaling $460 million in aggregate principal amount and (ii) entered into an incremental term loan B facility in the principal amount of $200 million. Borrowings under the incremental term loan B facility are due and payable in equal quarterly installments beginning in March of 2007. The remaining balance of the incremental term loan B facility is due and payable in full in 2013. Our existing revolving credit facility is available until 2012. The additional 2014 notes mature on August 1, 2014 and the 2016 notes mature on September 1, 2016. Our incremental term loan B facility, the additional 2014 notes and the 2016 notes are guaranteed by all of our existing and certain of our future domestic subsidiaries.

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Our ability to make scheduled payments of principal, to pay interest on, or to refinance our indebtedness, including the notes, or to fund planned capital expenditures will depend on our ability to generate cash in the future. This ability, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Based on our current level of operations, we believe that cash flow from operations and available cash, together with available borrowings under our senior secured credit facilities, will be adequate to meet our short-term liquidity needs.

We cannot assure you, however, that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our senior secured credit facilities in an amount sufficient to enable us to pay our indebtedness, including the notes or the 2016 notes or to fund our other liquidity needs. If we consummate an acquisition, our debt service requirements could increase. We may need to refinance all or a portion of our indebtedness, on or before maturity. In addition, upon the occurrence of certain events, such as a change of control, we could be required to repay or refinance our indebtedness. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. See Risk Factors We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness that may not be successful.

Contractual Obligations

As of September 30, 2006, we have no material long-term purchase obligations. Payments of interest associated with our current revolving credit facility obligations have been omitted from the tables below because they are predominantly based on varying market interest rates and varying debt balances.

As of September 30, 2006, after giving pro forma effect to the Zurn Transactions, our contractual obligations would have included the following:

		Payments due by period			
Pro Forma Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
			(in millions)		
Term loan B facility	$ 810.0	$ 8.1	$ 16.2	$ 16.2	$ 769.5
Borrowings under revolving credit facility	6.7				6.7
2014 notes	795.0				795.0
2016 notes	150.0				150.0
Senior subordinated notes(1)	300.3				300.3
Other long-term debt(2)	5.2	2.6	1.4	1.1	0.1
Interest on long-term debt obligations(3)	1,526.3	188.4	374.9	372.3	590.7
Operating lease obligations	35.9	7.6	12.6	6.8	8.9
Totals	$ 3,629.4	$ 206.7	$ 405.1	$ 396.4	$ 2,621.2

(1) Includes $300.0 million of the senior subordinated notes and $0.3 million of our 10 $^{1}/8$% Senior Subordinated Notes due 2012.
(2) Assumes that all of the existing Jacuzzi notes are repurchased pursuant to the tender offer.
(3) Based on long-term debt obligations outstanding as of September 30, 2006 after giving pro forma effect to the Zurn Transactions.

We also have long-term obligations related to our pension and postretirement benefit plans which are discussed in detail in Note 11 to the consolidated financial statements. The pension plans cover most of our employees and provide for monthly pension payments to eligible employees upon retirement. Other

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postretirement benefits consist of a retiree medical plan that covers a portion of employees in the United States that meet certain age and service requirements and other postretirement benefits for employees at certain foreign locations. See Risk Factors Our future required cash contributions to our pension plans may increase. As of September 30, 2006, we had no material long-term purchase obligations.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet transactions, arrangements or obligations (including contingent obligations), that would have a material effect on our financial results.

Quantitative and Qualitative Disclosures about Market Risk

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

Foreign Currency Exchange Rate Risk

Our exposure to foreign currency exchange rates relates primarily to our foreign operations. For our foreign operations, exchange rates impact the U.S. Dollar value of our reported earnings, our investments in the subsidiaries and the intercompany transactions with the subsidiaries. See Risk Factors Our international operations are subject to uncertainties, which could adversely affect our operating results.

Approximately 29% of our sales occur outside of the United States, with approximately 19% generated from our European operations that use the Euro as their functional currency. As a result, fluctuations in the value of foreign currencies against the U.S. Dollar, particularly the Euro, may have a material impact on our reported results. Revenues and expenses denominated in foreign currencies are translated into U.S. Dollars at the end of the fiscal period using the average exchange rates in effect during the period. Consequently, as the value of the U.S. Dollar changes relative to the currencies of our major markets, our reported results vary.

Fluctuations in currency exchange rates also impact the U.S. Dollar amount of our stockholders equity. The assets and liabilities of our non-U.S. subsidiaries are translated into U.S. Dollars at the exchange rates in effect at the end of the fiscal period. The U.S. Dollar strengthened relative to many foreign currencies as of September 30, 2006 compared to October 2, 2005.

As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. However, any of these factors could adversely affect our international operations and, consequently, our operating results.

Interest Rate Risk

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

Borrowings under our existing term loan B facility accrue interest, and borrowings under our incremental term loan B facility will accrue interest, at our option, at the following rates per annum: (i) 2.50% plus the Eurodollar Rate, or (ii) 1.50% plus the Base Rate (which is defined as the higher of the Federal funds rate plus 0.5% or the Prime rate). The weighted averaged interest rate on our outstanding term loans at September 30, 2006 was 8.06%. Borrowings under our $150.0 million term revolving credit facility accrue interest, at our option, at the following rates per annum: (i) 2.25% plus the Eurodollar Rate, or (ii) 1.25% plus the Base Rate (which is defined as the higher of the Federal funds rate plus 0.5% or the Prime rate). The weighted averaged interest rate on our $6.7 million of outstanding revolver borrowings million at September 30, 2006 was 9.5%. In

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August 2006, we entered into an interest rate collar and an interest rate swap to hedge the variability in future cash flows associated with a portion of our variable-rate term loans. The interest rate collar provides an interest rate floor of 4.0% plus the applicable margin and an interest rate cap of 6.065% plus the applicable margin on $262.0 million of our variable-rate term loans, while the interest rate swap converts $68.0 million of our variable-rate term loans to a fixed interest rate of 5.14% plus the applicable margin. Both the interest rate collar and the interest rate swap became effective on October 20, 2006 and have a maturity of three years. Our results of operations would likely be affected by changes in market interest rates on the un-hedged portion of these variable-rate obligations. An increase in the interest rate of 1.00% on our variable rate debt would increase our interest cost by approximately $4.2 million on an annual basis.

The notes and the 2016 notes are fixed rate long-term debt obligations. The potential loss in fair value on such fixed-rate debt obligations from a 10% increase in market interest rates would not be material to the overall fair value of the debt.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) released Statement of Financial Accounting Standards No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)* (SFAS 158). Under the new standard, companies must recognize a net liability or asset to report the funded status of their defined benefit pension and other postretirement benefit plans on their balance sheets. We will be required to adopt the recognition and disclosure provisions of SFAS 158 as of March 31, 2008. We are currently reviewing the requirements of SFAS 158 to determine the impact on our financial position or results of operations.

FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48) was issued in July 2006. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in accordance with FASB Statement No. 109, Accounting for Income Taxes. The interpretation prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken or expected to be taken in an income tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. We are required to adopt FIN 48 in fiscal 2008 and are currently reviewing the requirements of FIN 48 to determine the impact on our financial position or results of operations.

In December 2004, the FASB issued the revised SFAS No. 123, *Share Based Payment* (SFAS 123(R)). SFAS 123(R) requires compensation costs related to share-based payment transactions to be recognized in the financial statements. Generally, compensation cost is measured based on the grant-date fair value of the equity or liability instruments issued. In addition, liability awards are remeasured each reporting period. Compensation cost is recognized over the requisite service period, generally as the awards vest. As a nonpublic entity that previously used the minimum value method for pro forma disclosure purposes under SFAS 123, we adopted SFAS 123(R) using the prospective transition method of adoption on April 1, 2006. Accordingly, the provisions of SFAS 123(R) are applied prospectively to new awards and to awards modified, repurchased or cancelled after the adoption date.

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BUSINESS

Our Company

We believe we are a leading diversified, multi-platform industrial company strategically well positioned within the markets and industries we serve. With the completion of the Zurn acquisition, our business is comprised of two strategic platforms: (i) our existing PT platform and (ii) a new Water Management platform based on the acquired Zurn operations, which are currently the plumbing products business of Jacuzzi. We believe that we have the broadest portfolio of highly engineered, mission and project critical PT products in the industrial and aerospace end markets. Our PT products include gears, couplings, industrial bearings, flattop, aerospace bearings and seals, special components and industrial chain. With the Zurn acquisition, our Water Management platform is a leader in the multi-billion dollar, specification-driven, non-residential construction market for water management products and will add specification drainage, PEX, water control and commercial brass products to our highly engineered product portfolio.

We are led by an experienced, high-caliber management team that employs a proven operating system, RBS, modeled after the Danaher Business System, to drive performance at every level of the organization. Prior to the Zurn acquisition we operated 29 PT manufacturing and four PT repair facilities located around the world. The Zurn acquisition added 16 manufacturing and warehouse facilities to our global footprint. In the LTM Period, after giving pro forma effect to the Zurn Transactions, we generated net sales of $1,590.6 million and a net loss of $27.9 million.

We sell our PT products in a diverse group of attractive end-market industries, which include aerospace, agri-farm, air handling, cement and aggregates, chemicals, construction equipment, energy, food and beverages, forest and wood products, marine, material and package handling, mining, natural resource extraction and petrochemical. The Zurn acquisition and the creation of our Water Management platform further diversify our end-market mix by providing us with a presence in the commercial and institutional construction, civil and public water works markets. We believe these new markets are attractive due to their large aggregate size and fundamental long-term growth characteristics. We further believe that we are well positioned to maintain number one or two positions in these markets due to Zurn s track record of product innovation, the specification-driven nature of the water management industry and the rigorous third-party approvals and certifications necessary for the marketing and sale of many water management products.

Our PT and Water Management platforms have a number of fundamental similarities that contribute to our leadership positions across both platforms. Both have attractive business models based on the manufacture, marketing and sale of highly engineered, project critical products. Both participate in industries that provide a competitive advantage to companies with strong track records of innovating specification-driven or highly engineered products and experience in meeting third-party approval and certification requirements, like Rexnord and Zurn. Also, both platforms participate in growing end markets and have extensive product portfolios, strong distribution networks, premier brands and significant end-market and customer diversification.

We have relatively low capital expenditure and working capital requirements, which, along with our favorable cash tax rate, have allowed us to generate strong, stable free cash flows. Zurn has also historically generated high operating margins and required low amounts of capital expenditures. Accordingly, we believe the Zurn acquisition will be accretive to our operating margins and further improve our free cash flow profile.

Key Strategic Platforms

Power Transmission (PT)

We believe we have the broadest product portfolio in the PT industry. Our PT products are highly engineered and, we believe, are critical components in the machinery or plant in which they operate. These products include gears, couplings, industrial bearings, flattop, aerospace bearings and seals, special components and industrial chain. Through the Falk acquisition, we increased our market penetration and expanded our product portfolio in gears and couplings. We believe that we have the broadest portfolio of highly engineered, mission and project critical PT products in the industrial and aerospace end markets.

Over the past century, we have established long-term relationships with OEMs and end users serving a wide variety of industries. As a result of incorporating our components into their products, sales to OEMs and end users have created a significant installed base for our products, which are consumed in use and have a predictable replacement cycle. This replacement dynamic drives recurring aftermarket sales, which we estimate have historically accounted for approximately 60% of our North American PT sales. These aftermarket sales in turn create a recurring revenue stream from our extensive distribution network, consisting of over 400 distributors nationwide that operate through 1,900 branches.

We sell our PT products to an attractive group of diverse end-market industries, including aerospace, agri-farm, air handling, cement and aggregates, chemicals, construction equipment, energy, food and beverages, forest and wood products, marine, material and package handling, mining, natural resource extraction and petrochemical. Eighty-one percent (81%) of the revenues of our PT platform for the LTM Period were generated from strategic or niche products. We believe these markets are attractive due to their positive fundamental long-term growth characteristics, and we have been able to maintain leadership positions within these markets as a result of our extensive offering of quality products, positive brand perception, highly engineered product lines, extensive specification work, market experience and focus on customer satisfaction. In addition, we serve industry-leading customers across all of our markets. Our end-market and customer diversification, coupled with high aftermarket revenues, help reduce our exposure to any specific industry.

Most of our products are critical components in large scale manufacturing processes, where the cost of component failure and resulting downtime is high. We believe our reputation for superior quality products and our ability to meet lead times as short as one day are highly valued by our customers, as demonstrated by their strong preference to replace their worn Rexnord products with new Rexnord products. Our customers preference to replace like-for-like products, combined with our significant installed base, enables us to achieve premium pricing, generates a source of recurring revenue and provides us a competitive advantage. Our products are marketed globally under brands such as Rex®, Falk® and Link-Belt®, using both direct and indirect channels. We believe the majority of our products are purchased by customers as part of their regular maintenance budgets and do not represent significant capital expenditures.

Our key PT product offerings include:

Gears. We believe we are a leading manufacturer of gearsets and gearboxes, with the number one position in the North American market for parallel shaft, right angle reducers and inline drives. Gears reduce the output speed and increase the torque of an electronic motor or engine to the level required to drive a particular piece of equipment. Through our Prager division and the Renew® division, which was acquired in the Falk acquisition, we believe we are the number one provider of gear repair and onsite services. Our gears are used in bulk material handling, mixing and pumping. Our primary gear end markets include the chemical, forest and wood products, natural resource extraction, steel and pulp and paper industries.

Couplings. We believe we are the market leader in North America in lubricated and non-lubricated couplings. A coupling is the interface between two shafts, permitting power to be transferred from one shaft to the other. Our couplings product line is comprised of flexible disc couplings, elastomeric couplings, grid couplings, gear couplings, fluid couplings and coupling guards. We believe we are at the forefront of technological advancement in adapting our products to meet evolving customer needs. Our leadership in non-lubricated couplings has been complemented by Falk s leadership in lubricated couplings. As a result, we have the broadest line of couplings in the industry and sell our couplings to a wide range of end markets, including the cement and aggregates, chemical, energy, food and beverages, forest and wood products, petrochemical and steel industries. We estimate that 56% of our coupling sales were to the aftermarket in fiscal 2006.

Industrial Bearings. We believe we are the market leader in the mounted roller bearing market in North America. Bearings are rotating components that support, guide and reduce friction between fixed and moving machine parts. We offer a high SKU count of highly engineered, non-commodity, application specific roller bearings, ball bearings, cylindrical bearings, filament bearings and sleeves. Our bearings are offered with housings to suit specific industrial applications and incorporate numerous technological advantages over those of our competitors, including specialized seals that afford superior product integrity.

Flattop. We believe we are the leading manufacturer of flattop chain and components for conveyor systems used in the global beverage and container industry. We estimate we have the number one position in these industries with a global market share of approximately 42%. We have two primary flattop product lines TableTop® chain, which is used for in-line processing and filling applications, and MatTop® modular belting, which is linked together to create a surface used in mass container and bulk food conveying. Our proprietary flattop products are technologically advanced and critical to our customers modern, high-speed production and filling operations. We refresh our flattop products through ongoing research and development to enhance the speed and efficiency of the production lines in which they are used.

Aerospace Bearings and Seals. We supply aerospace bearings and seals, which are critical to the commercial aircraft, military aircraft and regional jet markets and include rolling element airframe control bearings, slotted entry and split ball bearings and aerospace seals. Our aerospace bearings and seals are sold under the Shafer® Bearing, PSI® Bearing and Cartriseal® brand names. Typically, our products are specified on all major commercial platforms for Boeing (737, 747, 777, 787) and Airbus (A-320, A-330, A-340, A-350, A-380, 400M), as well as regional jet aircraft platforms and military fixed and rotary wing aircraft. Aerospace products are typically highly regulated and must be incorporated into aircraft systems at the design stage. Once a product is incorporated into an aircraft design, it cannot be easily replaced without requalification and thus typically generates revenue for the life of the design.

Special Components. We sell special components under three niche brands: Stearns®, an electric motor brake manufacturer; Berg®, a diverse miniature mechanical components manufacturer; and Highfield®, a security device manufacturer for utilities. We believe that our Stearns business enjoys the number one position in the North American motor brake market with an approximately 70% market share.

Industrial Chain. We are a leading manufacturer of engineered chain, conveying equipment and roller chain. We are the largest supplier of engineered chain in a wide variety of manufacturing applications. Our engineered and roller chains are used primarily in the cement and aggregates, construction and agricultural equipment, forest and wood products, lift trucks, metals processing and oil fields industries. Approximately 61% of our industrial chain sales are to the aftermarket.

Water Management

We believe our Water Management platform is one of the leading suppliers of professional grade specification drainage, PEX piping, water control and commercial brass products, serving the commercial and institutional construction, civil and public water works markets. Zurn s products are project-critical, high value-add and typically are a low percentage of overall project cost. We believe the combination of these features creates a high level of end-user loyalty. We also believe Zurn has one of the leading market shares in the majority of its product lines. Zurn s end markets are principally specification-driven, and many of its product lines require stringent, third-party approvals prior to commercialization. In the LTM Period, we estimate that approximately 88% of Zurn s sales were derived from product lines that have a number one or number two market share position.

Over the last 106 years, Zurn has established itself as a leading designer, manufacturer and distributor of highly engineered water management products for the multi-billion dollar commercial and institutional construction, civil and public water works markets and, to a lesser extent, the residential construction and

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remodeling markets. Zurn has an extensive network of approximately 400 independent sales representatives across 121 sales agencies in North America who work with local engineers, contractors, builders and architects to specify, or spec-in, Zurn s products for use in commercial and institutional construction projects. Once Zurn s products are specified, these products will generally be used in future project designs. These specifications, combined with Zurn s ability to innovate, engineer and deliver products and systems that save time and money for engineers, contractors, builders and architects, result in growing demand for Zurn products.

Zurn s products are marketed through its widely recognized brand names, including ZURN®, WILKINS®, AQUAFLUSH®, AQUASENSE®, AQUAVANTAGE®, ZURN ONE SYSTEMS®, ECOVANTAGE® and AQUASPEC®. Through the strength of these brands and the ability to leverage them effectively across multiple wholesale, specialty and retail distribution channels, Zurn has built and maintained leadership positions across a majority of the markets it serves.

Our key Water Management product offerings include:

Specification Drainage. Zurn manufactures specification drainage products under the ZURN® brand name. These products, which we believe to be industry leading, are used in potable and processed water, waste water and storm water control and have numerous commercial and industrial applications, including roof and floor drains, linear drainage systems and trench drains, traps and interceptors, clean outs and corrosive waste drainage systems and chemical drainage systems. Commercial and institutional construction are currently the major end markets for Zurn s specification drainage products. We believe that Zurn is the market leader in the specification drainage market, with a North American market share estimated by management to be approximately 44%. In addition, management estimates that Zurn s North American market shares with respect to linear drainage systems and chemical drainage systems are 42% and 15%, respectively. Zurn continues to expand the end market applications for these products into civil and transportation as well as irrigation markets with applications for linear drainage systems in highway, transportation terminal, bridge and airport construction.

PEX. Zurn manufactures PEX systems and products under the Zurn PEX brand name. We believe Zurn s PEX systems and products deliver industry leading innovation in plumbing and radiant heating applications. PEX piping is made from polyethylene, strengthened to withstand high temperatures and water pressure, and is used in place of traditional copper piping. Compared to copper, PEX offers lower installed cost, easy maintenance and repair, faster hot water delivery and significantly improved service life. We believe Zurn is a leader in PEX plumbing systems, with a North American market share estimated by management to be approximately 34%. We believe that the North American market for PEX will continue to grow as PEX continues to replace copper in plumbing applications. Although most of Zurn s PEX products are currently sold for use in plumbing systems, Zurn also designs and manufactures PEX radiant heating systems. Radiant heating systems enjoy widespread use in Europe as the primary method of heating buildings and is gaining popularity in North America.

Water Control. Zurn manufactures water control products, including backflow prevention, pressure reducing, fire safety, thermostatic mixing and pressure relief valves, as well as a wide variety of complimentary goods, under the Wilkins® brand name. Before they can be marketed and sold, many water control products must satisfy stringent independent certification and approval requirements administered by NSF and the Foundation for Cross-Connection Control and Hydraulic Research at USC. Wilkins is a leading brand name in the North American market for water control products because of the innovative design and value-add features of Wilkins products, and because they are highly engineered to exceed the standards set by NSF and USC. Wilkins products are primarily used in commercial and institutional construction, as well as in water works, irrigation and fire protection systems. Management estimates that Zurn s North American market shares with respect to pressure relief valves and backflow preventers are 43% and 28%, respectively. We believe there are substantial opportunities to expand sales of Wilkins products as municipalities continue to upgrade existing water control infrastructure and backflow prevention becomes a more common mandatory element of commercial and institutional construction.

Commercial Brass. Zurn supplies sensor operated flush valves under the AQUAFLUSH®, AQUASENSE® and AQUAVANTAGE® brand names, heavy duty commercial faucets under the AQUASPEC® brand name, pressure assist toilets under the ECOVANTAGE® brand name and specification tubular products. We believe Zurn is a market leading supplier of such products, as well as related fittings, tubular products and bathroom china. The Zurn commercial brass business ranks second in flush valve and sensor products with North American market shares estimated by management to be approximately 13% and 23%, respectively. In addition, management estimates that Zurn s North American market share with respect to specification tubular products is 18%. Many of Zurn s commercial brass products are specially engineered for water conservation. In addition, with the innovation of Zurn One Systems, which integrate commercial brass and fixtures into complete, easily customizable plumbing systems, Zurn has developed a valuable time- and cost-saving means of delivering commercial and institutional bathroom fixtures.

Our Industries

Through our two strategic platforms, we manufacture and distribute highly engineered, mission critical products to the PT and water management industries. These industries span a broad and diverse array of commercial and industrial end markets with fundamental long-term growth characteristics.

PT Industry

According to Industrial Market Information, Inc., the domestic PT industry accounts for approximately $84 billion in sales per year. Of this overall estimated PT industry, the relevant domestic market for our current product offerings is approximately $5 billion, which includes all product categories in all industries in which we currently compete. The PT industry is fragmented with most participants having limited product lines and serving specific geographic markets. While there are numerous competitors with limited product offerings, there are only a few national and international competitors of a size comparable to us, including the Emerson Power Transmission division of Emerson Electric and the Dodge Manufacturing division of Rockwell Automation (which Rockwell has agreed to sell to Baldor Electric). The industry s customer base is broadly diversified across many sectors of the economy. We believe that growth in the PT industry is closely tied to overall growth in industrial production, which we believe to have significant long-term growth fundamentals.

PT products are generally critical components in the machinery or plant in which they operate, yet they typically represent only a fraction of an end user s total production cost. However, because the costs associated with product failure to the end user can be substantial, we believe end users in most of the markets we serve focus on products with superior quality, reliability and availability, rather than considering price alone, when making a purchasing decision. We believe that the key to success in our industry is to develop a reputation for quality and reliability, as well as an extensive distribution network to maintain attractive margins on products and gain market share.

The PT industry is also characterized by the need for significant start-up capital expenditures, experience with sophisticated engineering requirements, the ability to produce a broad number of niche products with very little lead time and long-standing customer relationships. In addition, we believe there is an industry trend of customers increasingly consolidating their vendor bases, which we expect should allow suppliers with broader product offerings to capture additional market share. We believe entry into our markets by competitors with lower labor costs, including foreign competitors, will be limited due to the fact that we manufacture highly specialized niche products that are mission critical components in large scale manufacturing processes, where the cost of component failure and resulting downtime is high.

Water Management Industry

According to the U.S. Census Bureau, U.S. nonresidential construction expenditures were approximately $586.0 billion in 2006. We estimate that the relevant market within nonresidential construction for Zurn s current product offerings is approximately $4.0 billion. We believe the segment in which Zurn participates is relatively fragmented and that most competitors offer limited product lines. Although Zurn competes against numerous competitors with limited products or scale, one competitor, Watts Water Technologies, competes with Zurn across several lines on a nationwide basis. Zurn also competes against Sloan Valve Company in flush valves, Uponor (formerly Wirsbo) in PEX piping and Geberit in commercial faucets.

We believe the segment of the water management industry in which Zurn competes is closely tied to growth in commercial and industrial construction, which we believe to have significant long-term growth fundamentals. For the LTM Period, we estimate that 76% of Zurn s net sales were driven by the commercial and industrial construction markets. Historically, the commercial and institutional construction industry has been more stable and less vulnerable to down-cycles than the residential construction industry. Compared to residential construction cycles, downturns in commercial and institutional construction have been shorter and less severe, and upturns have lasted longer and had higher peaks.

Water management products tend to be project-critical and high value-add and typically are a low percentage of overall project cost. We believe the combination of these features creates a high level of end-user loyalty. Demand for these products is influenced by regulatory, building and plumbing code requirements. Many water management products must be tested and approved by NSF or USC before they may be sold. In addition, many of these products must meet detailed specifications set by water management engineers, contractors, builders and architects. As a result, these products are highly engineered to meet these precise specifications and stringent regulatory requirements.

The industry s specification-driven end markets require manufacturers to work closely with engineers, contractors, builders and architects, in local markets across the United States, to design specific applications on a project-by-project basis. Accordingly, flexibility in design and product innovation is critical in order to compete effectively. Also important are relationships with local engineers, contractors, builders and architects who specify or spec-in products for use in construction projects. Companies with a strong network of such relationships have a competitive advantage, in that once an engineer, contractor, builder or architect has specified a company s product with satisfactory results, he or she will generally continue to use that company s products in future projects.

Our Strengths

We believe our leading market positions in diversified end markets, our broad portfolio of highly-engineered value-added products and components, our new product development and innovation expertise, our significant installed base of specification-driven products and our extensive distribution network give us a competitive advantage.

Leading Market Positions. Our high-margin performance is driven by industry leading positions in the diverse end markets in which we compete. We estimate that greater than 80% of our net sales across both platforms in the LTM Period, after giving pro forma effect to the Zurn Transactions, were derived from products for which we believe we had the number one or two market share position. We believe we have achieved leadership positions in these markets because of our extensive offering of quality products, positive brand perception, highly engineered product lines, extensive specification work, market experience and focus on customer satisfaction. We believe we enhanced our position as a market leader through our acquisition of Falk, which is one of the most recognized brands in the PT industry, and expect to further enhance our position through the Zurn acquisition. The Falk acquisition established our gear and coupling product lines as market leaders with significant relative market shares and gave us increased exposure to end markets in which Falk had a sizeable market presence, such as cement and aggregates, mining and natural resource extraction. With the Zurn acquisition, we have become a leading multi-platform industrial company by adding a market leading water management business, which gives us a presence in the specification-driven commercial and institutional construction end markets. In the LTM Period, after giving pro forma effect to the Zurn acquisition, no end market accounted for more than 19% of our net sales.

Broad Portfolio of Highly Engineered, Mission and Project Critical Products. We believe we offer the broadest portfolio of highly engineered, mission and project critical PT products in the industrial and aerospace end markets. Our strong application engineering and new product development capabilities have contributed to our reputation as an innovator in each of our end markets, solidifying our leadership position across all of our PT product categories. Our PT products are highly engineered and are critical components in the machinery or plant in which they operate. Reliability is a key driver of plant productivity, and the cost of product failure to the customer is substantial in relation to the cost of our PT products. Further, our library of PT product applications, knowledge and expertise applied across our extensive portfolio of SKUs allows us to work closely with our customers to design and develop solutions tailored to their individual specifications. The addition of our Water Management platform through the Zurn acquisition broadens our already expansive product portfolio by adding one of the broadest ranges of water management products in the industry. Like our PT products, Zurn s products are project-critical and high value-add and typically account for a low percentage of overall project cost. Zurn s strong reputation for new product development and innovation complement our strengths in those areas as well.

Significant Installed Base and Specification-Driven Products. Over the past century, we have established relationships with OEMs and end users serving a wide variety of industries. As a result of incorporating our PT components into their products, our sales to OEMs and end users have created a significant installed base for our PT products, which generates significant aftermarket sales for us as our PT products are consumed in use. We estimate that aftermarket sales have historically accounted for approximately 60% of our North American PT sales. Zurn has a 106-year track record of designing and manufacturing products to the exacting specifications mandated by engineers, contractors, builders and architects. We believe that the ability to meet such third-party specifications is critical to competing in the water management industry, and that Zurn s deep experience in this regard and its outstanding reputation in the construction industry and its other end-markets drive strong demand for our water management products.

Extensive Distribution Network. Within our PT platform, we have cultivated relationships with over 400 distributors nationwide, who sell our PT products through over 1,900 branches across the United States. This distribution network is essential to our success in meeting lead times as short as one day. We believe our installed PT base, end-user preference and product line breadth make our product portfolio an attractive package to distributors in the PT industry. Zurn has 16 manufacturing and warehouse facilities and uses approximately 70 third-party warehouses at which it maintains inventory. This broad distribution network provides Zurn with a competitive advantage and drives demand for its products by allowing quick delivery of project critical water management products throughout the country to engineers, contractors, builders and architects facing short lead times. Once an engineer, contractor, builder or architect has specified a product with satisfactory results, he or she will generally continue to use such products in future projects, which further drives the demand for Zurn s products.

Strong, Stable Cash Flows. Our PT operating model has generated strong, stable cash flows. Our leading market positions, highly engineered products and management s successful application of RBS have also created strong margins. We have low maintenance capital expenditure requirements, low working capital requirements and a favorable effective cash tax rate as a result of a step-up in tax basis that occurred in conjunction with the Falk acquisition. Zurn also has historically generated high operating margins, driven by its market leading positions, highly engineered products and ability to use low-cost country sourcing to maintain highly flexible, low-cost manufacturing operations, and has required low amounts of capital expenditures. Accordingly, we believe the Zurn acquisition will be accretive to our operating margins and further improve our free cash flow profile.

The Rexnord Business System. RBS was established in 2002 by our CEO, Bob Hitt, and then augmented by George Sherman, our non-executive Chairman of the board, former CEO of the Danaher Corporation and architect of the Danaher Business System. RBS is at the heart of our performance-driven culture and drives both our strategic development and operational improvements. RBS is based on three basic tenets People, Plan and Process and focuses on the development of industry-leading talent, a rigorous strategic planning process and deployment of a lean process to achieve our strategic plan. RBS embodies a wide-ranging lean enterprise strategy based on eliminating waste from every business process with the goal of providing world class quality, delivery and service to customers while maximizing returns to our stockholders. RBS was implemented approximately four years ago and has resulted in significant improvements in inventory management, operating costs and sales per employee. Implementation of RBS is ongoing and is expected to continue to yield meaningful improvements in growth, quality, delivery and overall costs.

Experienced, High-Caliber Management Team. Our management team is headed by Bob Hitt, President, Chief Executive Officer and director, who joined Rexnord in 2000 after serving for six years in leadership positions at Invensys and its predecessor, Siebe plc. Mr. Hitt has led the successful implementation of RBS. Our management team also includes George C. Moore, Executive Vice President and Chief Financial Officer, who previously served as Chief Financial Officer of Maytag Corporation and Group Vice President of Finance for Danaher Corporation. In addition, over the last four years, we have significantly strengthened our management team through the replacement of 12 people who report directly to the CEO. These managers bring expertise from industry-leading companies such as Boeing, IDEX, Whirlpool, Honeywell and Danaher. Our Water Management platform will continue to be led by an experienced team of industry professionals, headed by Alex Marini, who brings 37 years of experience, and complemented by a group of experienced senior executives.

Our Business Strategy

Our strategy is to enhance our position as a leading global manufacturer and supplier of products across our diverse markets by exerting our market leadership and continuing to provide our customers with innovative design and premium quality products. We plan to use the following strategies, along with continued application of RBS, to enhance our position in the market and drive superior financial performance:

Drive Profitable Growth. We will continue to seek profitable growth opportunities in both existing and new markets. In our existing markets we will continue to rationalize our PT product portfolio with the goals of optimizing our product mix, extending product lines and strengthening profit margins. Through the Falk acquisition, we have expanded our presence in the gear repair business, which we believe is an opportunity for growth and margin expansion due to its favorable returns. In addition, we will seek to expand the markets in which we operate both in the United States and internationally. We are capitalizing on our relationships with top tier OEMs and end users to provide them with quality PT products as they expand their operations in high-growth areas overseas. The Zurn acquisition created a new strategic Water Management platform for our company. We will seek to continue Zurn s track record of profitable growth by engineering, manufacturing and marketing innovative Water Management products and systems that will save time and money for engineers, contractors, builders and architects.

Leverage Distribution Channel. By marketing our PT products to both OEMs and directly to end users, we have created an expressed end-user preference for such products. We believe this customer preference is important in differentiating our PT products from our competitors products and preserves our ability to influence distributors to recommend Rexnord PT products to OEMs and end users. In addition, because it is more cost effective for distributors to deal with multi-line suppliers, we believe our influence in distribution is and will continue to be enhanced by the fact that our product portfolio is one of the most extensive in the industry. We believe the combination of these factors, in addition to joint marketing and other collaborative efforts, position us to gain additional share with these distributors. Also, we will seek to continue Zurn s strategy of distinguishing itself from its competitors through the extensive reach of its warehouse network, which assists engineers, contractors, builders and architects to meet short lead times and thus drives demand for our Water Management products.

Apply the Rexnord Business System. We will seek to continue the significant successes achieved to date in the areas of productivity, operating margin expansion and inventory management. We will seek further operational efficiencies by continuing to aggressively implement RBS throughout our business. By systematically applying the core tenets of People, Plan and Process, we believe we will further enhance our market positions and overall operational performance through shorter lead times, competitive price offerings and

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innovative products. We will apply RBS throughout all of our operations in an effort to take costs out of our business, reduce inventory, increase operational efficiency and improve margins. We believe with Zurn as part of our company, we will be able to drive operational performance in our Water Management platform through the application of RBS.

Product Line Focus. We develop, implement and execute our business by focusing on our product lines and aligning them with our overall corporate growth objectives. We believe that this focus at the product line level creates a competitive advantage by allowing us to better understand the competitive landscape in each of our product categories, thus allowing us to capitalize on product, customer and end-market opportunities with high potential for success. Where applicable, we also leverage corporate-level resources, including field sales, customer service, logistics and technology, allowing our product lines to take advantage of cost synergies and shared marketplace intelligence. We believe our focus and structure, in addition to being a major advantage in competing with industrial companies with more limited product offerings, provide us with enhanced market visibility and focus and position us to capture additional market share.

The Falk Acquisition

On May 16, 2005, we acquired Falk from Hamilton Sundstrand, a division of United Technologies Corporation, for $301.3 million ($306.2 million purchase price including related expenses, net of cash acquired of $4.9 million) and the assumption of certain liabilities. Falk is a manufacturer of gears and lubricated couplings with calendar year 2004 sales of $203.1 million, and is also a recognized leader in the gear and coupling markets with exceptional brand equity, as evidenced by its number one rating in gearboxes and couplings in Plant Services Magazine s Reader s Choice Award in 2004. The Falk acquisition significantly enhanced our position as a leading manufacturer of highly engineered PT products. By combining our leadership positions in flattop chain, industrial bearings, non-lubricated couplings and industrial chain with Falk s complementary leadership positions in gears and lubricated couplings, as well as a growing gear repair business, the Falk acquisition resulted in a comprehensive, market-leading product portfolio that we believe to be one of the broadest in the PT industry. Falk is included in our results of operations from May 17, 2005.

Our Controlling Stockholder

Apollo Fund VI, L.P., together with its co-investment vehicle, AAA Investments, L.P., is our principal equity sponsor and is an affiliate of Apollo Management, L.P. and Apollo Investment VI, L.P. Apollo Management, L.P. was founded in 1990 and is among the most active and successful private investment firms in the world in terms of both number of investment transactions completed and aggregate dollars invested. Since its inception, Apollo Management, L.P. has managed the investment of an aggregate of approximately $20 billion in capital, including more than $14 billion invested in leveraged buyouts, in a wide variety of industries, both in the United States and internationally. Companies owned or controlled by Apollo Management, L.P. or in which Apollo Management, L.P. or its affiliates have a significant equity investment include, among others, Affinion, AMC Entertainment, Berry Plastics, CEVA Logistics, Covalence Specialty Materials, Goodman Global, Hexion Specialty Chemicals, Intelsat, Metals USA, Momentive and Verso Paper.

PT Products

A description of the various types of components we sell follows below:

Gears

Gearsets and gearboxes are used to reduce the output speed and increase the torque of an electric motor or engine to the level required to drive a particular piece of equipment. Gears are sold to a variety of end markets, including the cement and aggregates, chemicals, food and beverages, forest and wood products and natural resource extraction industries. We produce a wide range of heavy duty, medium and light duty gear drives used for bulk material handling, mixing, pumping applications and general gearing. We also operate a gear service and repair business. Gears have an average replacement cycle of 5 to 20 years. We estimate that our aftermarket sales

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of gears comprise half of our overall gear sales. Our gear products are manufactured in our facilities in Wisconsin, Louisiana, Pennsylvania, Texas, Virginia, Australia, Canada, China and Germany.

Our gear products are sold under the Falk, Rex®, Link-Belt®, Stephan and Prager brand names. We categorize our gear products and services as follows.

Heavy duty gear drives. Heavy duty gear drives are generally sold in either parallel shaft or right angle configurations with torque ratings up to 20 million pounds per inch. Heavy duty gear drives are typically used to power bulk material handling and conveying systems in the cement and aggregates, coal and mining industries, as well as crushing, mixing, hoisting and marine applications.

Medium and light duty gear drives. Medium and light duty gear drives perform the same function as heavy duty gear drives, but with a maximum torque rating of 600,000 pounds per inch, and are typically used in light material handling, mixing and pumping. Products include speed reducers, motor reducers, shaft mounts and mixer drives. We also buy and resell through our distribution network a range of private label products including worm drives, ultra-mite gearboxes and backstops.

General gearing. General gearing includes ring gears and forged pinions used in the hard rock mining, cement and power generation industries for large crushing and milling applications such as ball mills, SAG mills and cement kilns. Other products include outside heavy section castings (i.e., automotive die blocks) and large contract manufacturing.

Gear service and Repair. Falk Renew and Prager are our gearbox service and repair companies, servicing the largest installed base of geared products in the Americas. The service repair business is operated from facilities in Louisiana, Pennsylvania, Texas, Wisconsin, Canada, Australia, Brazil and Mexico.

Market. We are the leading producer of gears in North America, and we sell our gear products to a variety of customers within numerous end markets. Market competition in the gear industry is based primarily on quality, lead times, reputation for quality and cost. We estimate the global gear market to be approximately $4.5 billion. The market is both competitive and fragmented, with no dominant competitor. In addition, industry participants are often regionally focused and produce a limited range of niche products.

Couplings

Couplings are primarily used in high-speed, high torque applications and are the interface between two shafts that permit power to be transmitted from one shaft to the other. Our couplings are sold to a variety of end markets, including the petrochemical and refining, wood processing, chemical, power generation and natural resources industries. We estimate that our aftermarket sales of couplings comprise half of our overall coupling sales. Our couplings are manufactured in our facilities in Alabama, Nebraska, Texas, Wisconsin, France and Germany.

Couplings are comprised of the grid, flexible disc, elastomeric and gear product lines and are sold under the Steelflex®, Thomas®, Freedom, Omega®, Rex® Viva®, Wrapflex®, Lifelign® and Addax® brand names.

Grid. Grid couplings are lubricated couplings that offer simpler initial installation than gear couplings and the ability to replace in place. Our grid couplings are sold under the Steelflex® brand.

Flexible disc. Flexible disc couplings are non-lubricated, metal flexing couplings that are used for the transmission of torque and the accommodation of shaft misalignment. Our flexible disc couplings are sold under the Thomas®, Freedom and ModulFlex® brands.

Elastomeric. Elastomeric couplings are flexible couplings ideal for use in industrial applications such as pumps, compressors, blowers, mixers and many other drive applications and are marketed under the Rex Omega®, Rex® Viva® and Wrapflex® brands.

Gear. Gear couplings are lubricated couplings that are typically more torque dense than other coupling types. Our gear couplings are sold under the Lifelign® brand.

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Market. The global couplings market is estimated at approximately $1 billion in annual sales and generally follows the investment cycles of the industries it supplies. We sell our couplings to a variety of customers in several end markets, including the petrochemical and refining, wood processing, chemical, power generation and natural resources industries. Global demand for couplings is split approximately equally among North America, Europe and the rest of the world. The couplings market is split between dry couplings and wet couplings and is fragmented, with numerous manufacturers.

Industrial Bearings

Industrial bearings are components that support, guide and reduce the friction of motion between fixed and moving machine parts. These products are primarily sold for use in the forest and wood products, construction equipment, and agricultural equipment industries. Industrial bearings are sold either mounted or unmounted. We primarily produce mounted bearings, which are offered in a variety of specialized housings to suit specific industrial applications, and generally command higher margins than unmounted bearings. Bearings have an average replacement cycle of 3 to 5 years. We estimate that our aftermarket sales of industrial bearings products comprise more than half of our overall industrial bearings sales. We manufacture our industrial bearings products in our facilities in Indiana, Tennessee, Michigan and Illinois. Our primary industrial bearings products include:

- ***Roller bearings.*** Roller bearings offer higher performance levels and can carry heavier loads than standard ball bearings. Our spherical roller bearings are technically advanced because they are self-aligning and thus do not require bearing adjustment during mounting.

- ***Ball bearings.*** Ball bearings are antifriction devices made up of hardened inner and outer rings between which hardened steel balls roll. We manufacture standard duty ball bearings used primarily in agri-farm, food processing and construction applications as well as heavy-duty ball bearings, which are desirable in applications such as high-speed air handling applications.

- ***Cylindrical bearings.*** Cylindrical bearings contain cylindrical rollers that are crowned or end-relieved to reduce stress concentrations, which results in low friction and allows for high-speed applications. These bearings wear slowly, minimizing sudden breakdowns, and are known for their strength and durability.

- ***Filament and Sleeves.*** Filament bearings, sold under the Duralon® brand name, are self-lubricating bearings that feature a woven Teflon® fabric liner and can withstand demanding loads and speeds. Sleeve bearings, sold under the Link-Belt® brand name, are durable as they are made of metal alloys and are typically compact in nature.

Market. We are one of the leading producers of mounted bearings in North America. We sell our industrial bearings products to a variety of customers within numerous end markets. Market competition in the bearings industry is based primarily on cost, quality, on-time delivery and market access.

Flattop

Our flattop chain is a highly engineered conveyor chain that provides a smooth continuous conveying surface that is critical to high-speed operations such as those used to transport cans and bottles in beverage-filling operations, and is primarily sold to the food and beverage, consumer products and parts processing industries. Flattop chain products generally need to be replaced every 4 to 5 years on average. We manufacture our flattop chain products in our manufacturing facilities in Wisconsin, Italy and the Netherlands. Our primary flattop chain products include:

- ***TableTop® chain.*** We believe we are the leading manufacturer of unit link flattop chain, which we market as our TableTop® chain. Although unit link flattop chain was originally available only in metal, today we ship more plastic chain than metal as metal unit link flattop chain has been gradually replaced with plastic chain. We believe that we maintain the industry s largest product portfolio of both plastic and metal unit link flattop chain.

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MatTop® chain. MatTop® chain is our brand of modular chain that is made completely of plastic. Modular chain has an inherent advantage over competing products such as rubber belt and roller conveyors due to its more precise functioning, lower maintenance requirements and corrosion resistance. Modular chain applications have gradually expanded to include beverage and unit handling, and we have positioned ourselves as one of the top suppliers of modular chain to the food and beverages and other unit handling industries.

Conveyor components. We manufacture a full range of conveyor components that are sold in conjunction with our TableTop® and MatTop® chain products. These products, which include levelers and guide rails, enable us to offer a complete package of conveying and conveyor components.

Market. We market our flattop chain products directly to end users and market and sell these products to both OEMs and distributors. The flattop chain market has experienced and continues to undergo a shift towards plastic. We believe this trend towards plastic will continue in the flattop chain market as more food and beverages companies begin to replace their older conveyor lines and as container production continues to move away from the use of returnable glass bottles that have traditionally been conveyed on stainless steel chain. This trend has not yet significantly affected the European flattop chain market, however, as European manufacturers and processors have a propensity to use metal chains that conform to standardized designs. In addition, we believe there will be other additional growth opportunities as rubber belt and roller conveyor are replaced by newer technologies.

Aerospace Bearings and Seals

We supply our aerospace bearings and seals to the commercial aircraft, military aircraft and regional jet end markets for use in door systems, engine controls, engine mounts, flight control systems, landing gear and rotor pitch control. The majority of our sales are to engine and airframe OEMs that specify our PT products for their aircraft platforms. Our aerospace bearings and seals products consist of rolling element airframe bearings sold under the Shafer® brand, slotted-entry and split-ball sliding bearings sold under the PSI® brand name and aerospace seals that are sold under the Cartriseal® brand name, which are primarily sold for use in both aerospace and industrial applications. Our aerospace bearings and seals products are manufactured in our facilities in Illinois and California and are supported by a direct sales organization, aerospace agents and distributors.

Rolling element airframe bearings (Shafer® bearing). We believe we are a leading supplier of rolling element airframe bearings. We also provide technical service, product development and testing and have achieved a strong position in the high performance oscillating bearing market. Shafer® roller bearings provide low friction, high load carrying capabilities and internal self-alignment and are used in landing gear, flight control systems and door systems.

Slotted-entry and split-ball sliding bearings (PSI® bearing). We believe we are a leading supplier of slotted-entry and split-ball sliding bearings. Slotted-entry bearings are utilized because of their reduced weight, smaller size and design flexibility and are used primarily in landing gears, flight control systems and engine mounts. Split-ball sliding bearings are used for their unidirectional axial load capabilities, additional total bearing area, high capacity and greater stiffness and are found in secondary control systems, such as slats and flaps, as well as applications such as landing gear retract actuators and fixed-end flight control actuators. We also manufacture split-race bearings, used in landing gears where high load and stiffness are required, which provide equal axial load capabilities in either direction, allowing more total bearing area, capacity and ease of installation and replacement.

Aerospace seals (Cartriseal®). We manufacture aerospace seals, turbine gearbox and accessory equipment seals and small turbine mainshaft seals and refrigeration compressor seals. We also manufacture contacting face seals and non-contacting, or lift off, face seals, circumferential seals and specialty seals used in gas turbine engines, gearboxes, auxiliary power units, accessory equipment, refrigeration compressors, industrial turbines and compressors.

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Market. The aerospace components industry is highly fragmented and consists of many small, specialized companies and a limited number of larger, well-capitalized companies. We compete in product-specific markets that we estimate have historically been under $100 million in revenues. These relatively small markets are subject to stringent regulatory approvals, quality requirements and certification processes.

We sell our aerospace products to OEMs, distributors and the U.S. government. The majority of our sales across these three business units are to engine and airframe OEMs.

Special Components

Our special components products are comprised of three primary product lines: electric motor brakes, miniature PT components and security devices for utility companies. These products are manufactured by our three stand-alone niche businesses: Stearns, W.M. Berg and Highfield.

- ***Stearns.*** Stearns is a manufacturer of electric motor brakes, switches and clutches. These products are used in a wide variety of applications where safety or protection of people or equipment is required.

- ***W.M. Berg.*** W.M. Berg offers a complete line of miniature precision rotary and linear motion control devices in addition to a highly diverse product line consisting of gears, idlers, bearings, sprockets, cams, belts and couplings.

- ***Highfield.*** Highfield manufactures a broad range of utility company barrel lock and key systems, security hardware, specialty tools, metal-formed sealing devices and safety valves. Its business is divided into four separate product groups, including security, oil valves, impellers and gas safety valves.

Market. Stearns products are used in a diverse range of applications, including steel mills, oil field equipment, pulp processing equipment, large textile machines, rubber mills, metal forming machinery and dock and pier handling equipment. W.M. Berg sells its products to a variety of markets, including semiconductor, telecommunications, medical equipment, robotics, instrumentation, office equipment, production tooling, digital imaging and printing, aerospace and automated vending. Highfield s products are sold to a variety of markets, including electric, gas, water, telecommunications, utilities and plumbing and heating.

Stearns has a network of over 900 distributor branches servicing customers in numerous industries, including material handling, cranes, servomotors and actuators, conveyors and single-phase motor manufacturers. Approximately 80% of W.M. Berg s sales are made to OEMs with the remaining sales generally going through distributors. For fiscal 2006, the majority of Highfield s sales were made to wholesalers, utilities and installers.

We compete against a wide variety of niche manufacturers in each of our respective markets. The competition is generally local or regional in nature.

Industrial Chain

Our industrial chain products are manufactured in our facilities in Wisconsin, Germany, China and Brazil. These products are used in various applications in numerous industries, including food and food processing, beverage and container, construction and agricultural equipment, hydrocarbon processing and cement and metals processing. Our primary industrial chain products include:

- ***Engineered chain.*** Our engineered chain products, which are sold under the Link-Belt® and Rex® brand names, are designed and manufactured to meet the demands of customers specific applications. These products are used in many applications including cement elevators, construction equipment and conveyors, and they are supplied to the cement and aggregates, energy, food and beverages and forest and wood products industries.

Roller chain. In the United States, roller chain is a product that is generally produced according to an American National Standards Institute specification. As a result, roller chain has largely become a standardized or commoditized product, with very little differentiation between product manufactured in North America and low-cost imports from China and India. Largely because of this, we no longer manufacture roller chain. However, because of our strong brand, we are still able to capture a premium on outsourced chain. Our roller chain product line, which is marketed under the Rex® and Link-Belt® brand names, is supplied to a variety of industries primarily for conveyor and lifting applications.

Market. We market and sell our industrial chain products directly to OEMs and distributors. The roller chain market is principally comprised of commodity products, manufactured to accommodate industry standards and specifications that are available from numerous sources. We believe we have a leading position in the North American market for engineered chain.

Water Management Products

A description of the various types of products we sell to the water management industry follows below:

Specification Drainage

Specification drainage products are used to control storm water, process water and potable water in various commercial, industrial, civil and irrigation applications. This product line includes point drains (such as roof drains and floor drains), linear drainage systems, interceptors, hydrants, fixture carrier systems, chemical drainage systems and light commercial drainage products. All of these products are engineered at our facilities in Erie, Pennsylvania and Falconer, New York, manufactured at various Zurn and third-party facilities in North America, Asia and Europe and inspected and quality-checked at Zurn locations throughout North America. Management estimates that 95% of our specification drainage products are project specification-driven.

Our specification drainage products include:

Point Drains. Roof and floor drains, sold under the ZURN® brand name, are installed in various applications to control storm water or process water. These drains range in size from 2 to 12 in thousands of different configurations, including many specialty drains, and are designed for specific applications in roof and floor construction in commercial office buildings, schools, manufacturing facilities, restaurants, parking garages, stadiums and any other facility where control of water is required. All of our point drain products have various options that allow the engineer to configure and specify the right drain for his or her specific application. Included in this product line are many labor-saving devices that make the installation of the drains much faster and easier for the contractor.

Linear Drainage Systems. Linear drainage systems are sold under the Flo-Thru® brand and are designed to control large amounts of water in outdoor applications such as shipping ports, airports, commercial buildings and highways. Our linear drains are manufactured from various materials including stainless steel, fiberglass and high density polyethylene and range from 2 to 10 feet in length and from 4 to 26 in width. Our Hi-Cap high capacity drains are 80 long with throat dimensions from 12 to 23 wide. Hi-Cap drains are used primarily in roadside drainage applications. We also manufacture specialty linear drainage products designed for applications such as fountains, football fields and running tracks.

Interceptors. We offer a complete line of grease, solids and oil interceptors, which are designed to prevent harmful or undesirable substances from entering wastewater control systems. Grease interceptors are used primarily in restraints to keep grease from entering wastewater systems and creating damaging clogs. Solid interceptors are used in various applications to remove any type of solid from the waste stream, including hair, lint and sand. Oil interceptors are used in applications such as filling stations, where oil could otherwise potentially mix with storm water or waste water.

Hydrants. We manufacture a complete line of hydrants, which provide potable water sources in various locations throughout commercial and industrial facilities. Our hydrants are designed to be installed on the exterior of facilities and will prevent freezing of water lines in cold climates. Various configurations

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of the hydrants, including wall hydrants, ground hydrants, post hydrants and yard hydrants, are manufactured with hose connections of various sizes, depending on the desired water flow rate.

Fixture Carrier Systems. Zurn fixture carrier systems are the mechanisms by which toilets, urinals and lavatory are retained to the wall. These products are manufactured from steel and cast iron for standard duty, heavy duty, extra heavy duty and bariatric applications, with load ratings ranging from 300 to 1,000 pounds.

Chemical Drainage Systems. Zurn s chemical drainage systems include the pipe and fittings required to handle corrosive waste streams from pharmaceutical, food processing and laboratory facilities. These products are manufactured from polypropylene and PVDF (polyvinylidene fluoride) and in sizes from 1 1/2 to 4 in diameter, with special fabrications of up to 10 in diameter.

Light Commercial. Zurn s light commercial product line offers a complete selection of PVC (poly vinyl chloride), ABS (acrylonitrile-butadiene-styrene), brass and cast iron drainage products to wholesalers serving the light commercial and residential end user. Our light commercial offerings include many non-specification variations of our other specification drainage products described above.

PEX

Our PEX products include complete lines of pipe, fittings, valves and installation tools for both potable water and radiant heating systems. These systems are engineered in our facilities in Commerce, Texas, Elkhart, Indiana and Erie, Pennsylvania, to meet stringent NSF requirements. The pipe is produced, utilizing our patented process, in facilities in Commerce, Texas, Elkhart, Indiana and Harbor Creek, Pennsylvania, with the valves and fittings being manufactured at various Zurn and third-party facilities in North America, Asia and Europe. Management estimates that 60% of our PEX products are project specification-driven.

Our PEX products include:

PEX Plumbing Systems. Our PEX plumbing line includes brass and polymer insert and crimp fittings, a proprietary line of crimp rings, valves and manifolds and PEX tube in sizes from 1/4 to 1 1/4 in diameter. These plumbing systems are used by residential and commercial builders in place of traditional copper piping systems.

PEX Radiant Heating Systems. Our PEX radiant heating line includes the manifolds, control valves, fittings and PEX tube necessary to install a radiant heating system. Radiant heating systems, in which PEX tube is installed in the floor to transfer heat from circulated hot water into a building, are used in place of traditional forced air heating systems.

Water Control

Our water control products are sold under the Wilkins brand name and encompass a wide variety of valves, including backflow preventers, fire system valves, pressure reducing valves and thermostatic mixing valves. All of these product lines are engineered at our facility in Paso Robles, California and are manufactured at various Zurn and third-party facilities in North America, Asia and Europe, including our facility in Paso Robles, California. Water control products are designed to meet the stringent requirements of independent test labs, such as USC, and are sold into the commercial and industrial construction end markets as well as the fire protection, waterworks and irrigation end markets. Management estimates that 95% of our water control products are project specification-driven.

Our water control products include:

Backflow Preventers. We offer a complete line of backflow prevention valves, which are designed to protect potable water systems from cross-connection with contaminated liquids, gases or other unsafe substances by stopping the unwanted reverse flow of water. Our backflow preventers accommodate a

range of pipe sizes from 1/4 to 12 and cover a wide variety of specific applications in the plumbing, irrigation, municipal, fire protection, and industrial end-markets. All backflow preventers are highly engineered and specified to exceed rigorous industry approvals and standards.

Fire System Valves. Zurn provides control valves for commercial fire hose and fire sprinkler systems under the Pressure-Tru and Wilkins brand names. These products are designed to regulate the pressure of water in fire prevention systems in high-rise buildings, as well as opening and closing flow in pipe sizes standard to the industry.

Relief Valves. Wilkins relief valves are designed to lower water pressure to safe and manageable levels for commercial, residential, industrial and irrigation applications in a wide variety of pipe sizes. These valves also promote water conservation. Inlet pressures as high as 400 psi are accommodated with both direct acting and pilot operated valves.

Thermostatic Mixing Valves. Zurn s Aqua-Guard valves thermostatically balance the hot and cold water mix in commercial and residential hot water and hydronic heating systems. The valves provide protection against hot water scalding, help prevent the growth of bacteria in hot water systems and promote energy conservation.

Commercial Brass

Zurn s commercial brass products include sensor operated flush valves marketed under the AQUAFLUSH®, AQUASENSE® and AQUAVANTAGE® brand names, heavy duty commercial faucets marketed under the AQUASPEC® brand name and pressure assist toilets marketed under the ECOVANTAGE® brand name. These products are commonly used in office buildings, schools, hospitals, airports, sports facilities, convention centers, shopping malls, restaurants and industrial production buildings. The line also includes the Zurn One Systems, which integrate commercial brass and fixtures into complete, easily customizable plumbing systems, and thus provide a valuable time- and cost-saving means of delivering commercial and institutional bathroom fixtures. All of these products are engineered at our facilities in Sanford, North Carolina, Falconer, New York and Erie, Pennsylvania and are manufactured at various Zurn and third-party facilities in North America, Asia and Europe. Management estimates that 95% of our commercial brass products are specification-driven.

Customers

Our PT components are either incorporated into products sold by OEMs or sold to end users through industrial distributors as aftermarket products. With over 1,900 distributor locations worldwide, our distributors provide us with one of the most extensive distribution networks in the industry. One of our industrial distributors accounted for 9.5%, 9.0% and 11.8% of net sales during the years ended March 31, 2004, 2005 and 2006, respectively.

Rather than serving as passive conduits for delivery of product, our industrial distributors participate in the overall competitive dynamic in the PT industry. Industrial distributors play a role in determining which of our PT products are stocked at their distributor centers and branch locations and, consequently, are most readily accessible to aftermarket buyers, and the price at which these products are sold.

We market our PT products both to OEMs and directly to end users to cultivate an end-user preference for our PT products. We believe this customer preference is important in differentiating our PT products from our competitors products and preserves our ability to influence distributors to recommend Rexnord products to OEMs and end users. In some instances, we have established a relationship with the end user such that we, the end user, and the end user s preferred distributor enter into a trilateral agreement whereby the distributor will purchase our PT products and stock them for the end user. We believe our extensive product portfolio positions us to benefit from trends towards the rationalization of suppliers by industrial distributors.

Our PT products are moving, wearing components that are consumed in use and require regular replacement. This gives rise to an on-going aftermarket opportunity.

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Zurn distributes its branded products through independent sales representatives; wholesalers such as Ferguson, Hughes, and Hajoca; home centers such as The Home Depot and Lowe s; and industry-specific distributors in the food service, industrial, janitorial and sanitation industries. Independent sales representatives work with wholesalers to assess and meet the needs of building contractors. They also combine knowledge of Zurn s products, installation and delivery with knowledge of the local markets to provide contractors with value added service. Zurn uses several hundred independent sales representatives nationwide, along with a network of approximately 70 third-party warehouses, to provide its customers with 24-hour service and quick response times.

In addition to Zurn s domestic manufacturing facilities, it has maintained a global network of independent sources that manufacture high quality, lower cost component parts for its commercial and institutional products. These sources fabricate parts to Zurn s specifications using Zurn s proprietary designs, which enables Zurn to focus on product engineering, assembly, testing and quality control. By closely monitoring these sources and through extensive product testing, Zurn is able to maintain product quality and be a low-cost producer of commercial and institutional products.

Product Development

Throughout our history, we have demonstrated a commitment to developing technologically advanced products within the PT industry, resulting in 150 active U.S. patents and 545 foreign patents as of March 31, 2006. In addition, we thoroughly test our PT products to ensure their quality, understand their wear characteristics and improve their performance. These practices have enabled us, together with our customers, to develop reliable and functional PT solutions.

The majority of our new product development begins with discussions and feedback from our customers. We have a team of approximately 200 engineers and technical employees who are organized by product line. Each of our product lines has technical staff responsible for product development and application support. If the product engineers require additional support or specialty expertise, they can call upon additional engineers and resources from Rexnord Technical Services. Rexnord Technical Services is a group comprised of approximately 30 specialists that offers testing capability and support during the development process to all of our product lines. Our existing pipeline and continued investment in new product development are expected to drive revenue growth as we address key customer needs.

Product innovation is crucial in the commercial and institutional plumbing products markets since new products must continually be developed to meet specifications and regulatory demands. Zurn s plumbing products are known in the industry for such innovation. For example, in fiscal 2006, Zurn introduced various labor-saving products especially designed to reduce installation times for plumbing contractors and several water-conserving bathroom accessories that utilize sensor technology. Zurn also continues to develop new PEX products to enhance the conversion of copper pipe to PEX pipe for residential water supplies as well as the conversion of forced-air heating to radiant heating.

Operations

Rexnord Business System

The goal of RBS is to deliver the highest level of customer satisfaction through the elimination of unnecessary costs or waste from every business process. This operational excellence initiative has been and will continue to be implemented at all operating levels in order to reduce lead times and improve cash flow. RBS is based on three basic tenets: People, Plan and Process, and focuses on the development of industry-leading talent, a rigorous strategic planning process and deployment of a lean process necessary to achieve the strategic plan. Implementation of RBS is focused on accelerating growth, improving quality and delivery and reducing costs. RBS encompasses a lean enterprise strategy, the goals of which include improvement of inventory management, customer delivery, plant utilization and a lower cost structure.

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Suppliers and Raw Materials

The principal materials used in our manufacturing processes are commodities that are available from numerous sources. The key metal materials used in our manufacturing processes include: sheet, plate and bar steel, castings, forgings and a variety of components. The key non-metal materials used include high-performance engineered plastic. We believe there is a readily available supply of materials in sufficient quantity from a variety of sources. We have not experienced any significant shortage of our key materials and have not historically engaged in hedging transactions for commodity supplies.

We generally purchase our materials on the open market. However, in certain situations we have found it advantageous to enter into contracts for certain large commodity purchases. Although currently we are not a party to any unconditional purchase obligations, including take-or-pay contracts or through-put contracts, in the past, these contracts generally have had one- to five-year terms and have contained competitive and benchmarking clauses to ensure competitive pricing.

Zurn purchases a broad range of materials and components throughout the world in connection with its manufacturing activities. Major raw materials and components include bar steel, brass, castings, copper, forgings, high-performance engineered plastic, plate steel, resin, sheet plastic and zinc. Zurn s policy is to maintain alternate sources of supply for its important materials and components wherever possible. Zurn has been able to successfully apply this policy, and consequently is not dependent on a single source for any raw material or component. The materials and components required for its manufacturing operations have been readily available, and we do not foresee any significant shortages.

Trademarks and Patents

We rely on a combination of patents, trademarks, copyright and trade secret protection, employee and third party non-disclosure agreements, license arrangements and domain name registrations to protect our intellectual property. No single patent, trademark, trade name or license is material to our business as a whole.

Some of our trademarks include: Rex®, Falk®, MB®, Duralon®, Thomas®, Omega®, Rex® Viva®, Addax®, Shafer® Bearing, PSI® Bearing, Cartriseal®, Planetgear, Drive One®, SteelFlex® and A-Plus®.

Zurn has in excess of 200 U.S. and foreign patents, patent applications and registered trademarks that relate to the products it manufactures and sells. We believe that certain trademarks, including ZURN® and WILKINS®, are of material importance to Zurn s product lines. None of the material trademarks are of limited duration, and we believe Zurn s intellectual property is adequately protected in customary fashion under applicable law. Although protection of Zurn s patents and related technologies is an important component of its business strategy, none of the individual patents is material to it as a whole. We do not hold the rights to the Jacuzzi brand name, which rights were transferred as part of the Bath sale.

Backlog

Our backlog of unshipped PT orders was \$159.7 million and \$307.4 million at March 31, 2005 and 2006, respectively and \$287.7 million and \$376.4 million at October 2, 2005 and September 30, 2006, respectively. Zurn s backlog orders were \$55.4 million and \$56.5 million for the years ended September 30, 2005 and 2006, respectively.

Geographic Areas

For financial information about geographic areas, see Note 15 of the Notes to Consolidated Financial Statements.

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Seasonality

We do not experience significant seasonality of demand, although sales generally are slightly higher during our fourth fiscal quarter as our customers spend against recently approved capital budgets and perform maintenance and repairs in advance of spring and summer activity. Our end markets also do not experience significant seasonality of demand.

Demand for Zurn s products is primarily driven by new home starts, remodeling and non-residential construction activity. Accordingly, many external factors affect its business including weather and the impact of the broader economy on Zurn s end markets. Weather is an important variable as it significantly impacts construction. Spring and summer months in the United States and Europe represent the main construction season for new housing starts and remodeling, as well as increased construction in the commercial and institutional markets. As a result, sales increase significantly in the third and fourth fiscal quarters as compared to the first two quarters of the fiscal year. The autumn and winter months generally impede construction and installation activity.

Employees

As of September 30, 2006, we had approximately 6,045 employees, of whom approximately 4,133 were employed in the United States. Approximately 10% of our North American employees are represented by labor unions. The five U.S. collective bargaining agreements to which we are a party will expire in February 2007, July 2007 (in the case of two such agreements), April 2008 and October 2010, respectively. Additionally, approximately 18% of our workforce is employed in Europe, where trade union membership is common. We believe we have a satisfactory relationship with our employees, including those represented by labor unions.

Zurn employed approximately 937 persons at September 30, 2006, substantially all of whom were employed in the United States. Unions represented approximately 12% of Zurn employees. Zurn currently has collective bargaining agreements with two union locals in North America. None of the collective bargaining contracts covering North American locations are due to expire during fiscal 2007. Zurn believes that its relations with its employees and unions are satisfactory.

Properties

Our PT business maintains 29 manufacturing and four repair facilities, 22 of which are located in North America, six in Europe, one in Australia, one in South America and three in Asia. With the exception of one plant located in Downers Grove, Illinois, each of our facilities is dedicated to the manufacture of a single product line. All of our facilities listed below are suitable for their respective operations and provide sufficient capacity to meet reasonably foreseeable production requirements. A first priority security interest will be granted in certain of our owned domestic facilities in order to secure our obligations under our new senior secured credit facilities.

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We own and lease our PT facilities throughout the United States and in several foreign countries. Listed below are the locations of our principal PT manufacturing and repair facilities:

Facility Location	Product	Size (square feet)	Owned Leased
North America			
Auburn, AL	Coupling	130,000	Leased
Benton Harbor, MI	Industrial Bearings	30,000	Leased
Bridgeport, CT	Special Components	31,000	Owned
Clinton, TN	Industrial Bearings	180,000	Owned
Cudahy, WI	Special Components	100,000	Leased
Deer Park, TX	Gear Repair	31,000	Leased
Downers Grove, IL	Industrial Bearings and Aerospace	248,000	Owned
Grafton, WI	Flattop	95,000	Owned
Horsham, PA	Gear	80,000	Leased
Indianapolis, IN	Industrial Bearings	527,000	Owned
Lincoln, NE	Coupling	54,000	Leased
East Rockaway, NY	Special Components	20,000	Owned
East Rockaway, NY	Special Components	20,000	Leased
Milwaukee, WI	Gear	1,100,000	Owned
New Berlin, WI	Gear Repair	44,000	Leased
New Berlin, WI	Coupling	54,000	Owned
New Orleans, LA	Gear Repair	75,000	Leased
Simi Valley, CA	Aerospace	37,000	Leased
Stuarts Draft, VA	Gear	93,000	Owned
Toronto, Canada	Gear Repair	30,000	Leased
West Milwaukee, WI	Industrial Chain	370,000	Owned
Wheeling, IL	Aerospace	83,000	Owned
Europe			
Betzdorf, Germany	Industrial Chain	179,000	Owned
Corregio, Italy	Flattop	79,000	Owned
Dortmund, Germany	Coupling	36,000	Owned
Gravenzande, Netherlands	Flattop	117,000	Leased
Hamelin, Germany	Gear	374,000	Leased
Raon L etape, France	Coupling	217,000	Owned
South America			
Sao Leopoldo, Brazil	Industrial Chain	77,000	Owned
Australia			
Newcastle, Australia	Gear	43,000	Owned
Asia			
Changzhou, China	Gear	206,000	Owned
Shanghai, China	Gear	40,000	Leased
Shanghai, China	Industrial Chain	161,000	Leased

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Our Water Management facilities are principally located in the U.S. and Canada, as set forth below:

Facility Location	Use	Size (square fee)	Owned Leased
Canada			
Mississauga, Ontario	Manufacturing/Warehouse	27,878	Leased
United States			
Abilene, Texas	Warehouse	176,650	Owned
Bensalem, Pennsylvania	Warehouse/Office	40,000	Leased
Commerce, Texas	Manufacturing/Distribution	175,000	Owned
Dallas, Texas	Warehouse/Office	55,020	Leased
Elkhart, Indiana	Manufacturing/Distribution	110,000	Owned
Erie, Pennsylvania	Manufacturing/Office/Distribution	310,562	Leased
Falconer, New York	Manufacturing/Warehouse/Distribution	151,520	Leased
Gardena, California	Office/Warehouse/Distribution	73,987	Owned
Harborcreek, Pennsylvania	Warehouse/Office	100,000	Leased
Hayward, California	Warehouse/Office	23,640	Leased
Norcross, Georgia	Warehouse/Office	96,000	Leased
Northwood, Ohio	Warehouse	17,920	Leased
Paso Robles, California	Manufacturing/Office	158,000	Owned
Sacramento, California	Warehouse	16,000	Leased
Sanford, North Carolina	Assembly/Office	78,000	Owned

In addition, Zurn leases