

SECURITIES AND EXCHANGE COMMISSION
Washington, DC

FORM 8-K

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

Date of Report (Date of earliest event reported): March 31, 2006

RBS GLOBAL, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State of Incorporation)

333-102428

(Commission File Numbers)

01-0752045
(I.R.S. Employer Identification No.)

4701 Greenfield Avenue
Milwaukee, Wisconsin
(Address of principal executive offices)

REXNORD CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware
(State of Incorporation)

033-25967-01

04-3722228
(I.R.S. Employer Identification No.)

53214
(Zip Code)

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

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13c-4(c) under the Exchange Act (17 CFR 240.13c-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On March 31, 2006, Rexnord Corporation (the "Company"), a wholly owned subsidiary of RBS Global, Inc., approved amendments to its Executive Bonus Plan. The Amendments adjust the performance targets set forth in the Executive Bonus Plan and make certain other changes to the plan. The performance targets were adjusted as a result of the Company's acquisition of The Falk Corporation. The other changes were made to conform the Executive Bonus Plan to the Company's Management Incentive Compensation Plan, which is applicable to the Company's other management personnel. The Executive Bonus Plan is Exhibit A to the Employment Agreements of each of Mr. Robert A. Hitt, the Company's President and Chief Executive Officer, Mr. Thomas J. Jansen, its Executive Vice President Finance and Chief Financial Officer, and Mr. Michael N. Andrzejewski, its Vice President Business Development and Secretary.

A copy of the Executive Bonus Plan, as amended, is attached hereto as Exhibit 10.1.

On the same date the Company and Messrs. Hitt, Jansen and Andrzejewski entered into Amendment No. 1 to each officer's Employment Agreement to reflect that the Executive Bonus Plan, as amended, will be substituted as the current Exhibit A to the respective Employment Agreement in place of the prior Exhibit A. The amendments effect no other changes to any of the respective officer's Employment Agreement, except that the amendment to Mr. Hitt's Employment Agreement provides that the amount of payment or reimbursement payable to Mr. Hitt for temporary housing and commuting costs under his Employment Agreement shall be grossed up to include all applicable taxes required to be paid by Mr. Hitt for such payments or reimbursements.

Each Amendment No. 1 is attached hereto as Exhibits 10.2 - 10.4

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Executive Bonus Plan, as amended March 31, 2006
10.2	Amendment No. 1 to Employment Agreement of Mr. Robert A. Hitt
10.3	Amendment No. 1 to Employment Agreement of Mr. Thomas J. Jansen
10.4	Amendment No. 1 to Employment Agreement of Mr. Michael N. Andrzejewski

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, as amended, the Co-registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized this 31st day of March, 2006.

REXNORD CORPORATION

By: /s/ Thomas J. Jansen
Thomas J. Jansen
Vice President and Chief Financial Officer

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, as amended, the Co-registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized this 31st day of March, 2006.

RBS GLOBAL, INC.

By: /s/ Thomas J. Jansen
Thomas J. Jansen
Vice President and Chief Financial Officer

EXHIBIT INDEX
TO
FORM 8-K CURRENT REPORT
Date of Report: March 31, 2006

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of Executive Bonus Plan, as amended March 31, 2006
10.2	Amendment No. 1 to Employment Agreement of Mr. Robert A. Hitt
10.3	Amendment No. 1 to Employment Agreement of Mr. Thomas J. Jansen
10.4	Amendment No. 1 to Employment Agreement of Mr. Michael N. Andrzejewski

REXNORD CORPORATION EXECUTIVE BONUS PLAN
(as amended March 31, 2006)

General Description

Rexnord Corporation (the "Company") provides an incentive compensation bonus plan for key officers and directors (the "Executive Bonus Plan"). The purpose of the Executive Bonus Plan is to provide a variable component of pay that provides an incentive for the leadership of the company to achieve key business objectives.

Each bonus fiscal year will begin on April 1 and end on March 31. The first bonus fiscal year will begin on April 1, 2003 and end on March 31, 2004.

The form of bonus to be received by participating executives is called the Performance Bonus and is based on (i) the performance of the Company during the bonus fiscal year (the "Company Performance Bonus") and (ii) the performance of the executive in meeting individual goals (Annual Improvement Priorities or "CEO approved AIP's") as determined by the Compensation Committee, not to exceed five personal performance goals (the "Individual Performance Bonus").

PERFORMANCE MEASURES AND WEIGHTING

The Performance Bonus amount will be based on the measures below and weighted as follows:

- 40% based on total EBITDA
- 40% based on total Debt Repayment
- 20% based on CEO approved AIP's (Individual Performance Bonus)

MINIMUM PERFORMANCE ACHIEVEMENT

Company Performance Bonus

Minimum performance achievement must be met to trigger eligibility to receive a Company Performance Bonus payment under the plan. The [EXECUTIVE'S TITLE] of the Company will be eligible to receive a Company Performance Bonus for each bonus fiscal year in which both EBITDA and Debt Repayment equal or exceed 90% of both of their respective EBITDA and Debt Repayment targets as described below in the Section entitled "Achievement Targets" ("EBITDA Target" and "Debt Repayment Target"). If the Company meets these minimum performance triggers, then the amount of the Company Performance Bonus that the executive is eligible to receive will be determined based upon the level of achievement of the performance measures as described below under "Calculation of Performance Bonus – Company Performance Bonus."

Individual Performance Bonus

EBITDA and Debt Repayment must equal or exceed 70% of their respective Targets in order for the [EXECUTIVE'S TITLE] to be eligible to receive a Individual Performance Bonus. If the Company meets these minimum performance triggers, then the amount of the Individual Performance Bonus that

the executive is eligible to receive will be determined based upon the level of achievement of the CEO approved AIP performance measures as described below under "Calculation of Performance Bonus – Individual Performance Bonus."

CALCULATION OF PERFORMANCE BONUS

Company Performance Bonus

If the executive is eligible to receive a Company Performance bonus, then the amount of the bonus that the executive will be eligible to receive will be determined by the level of achievement of the EBITDA and Debt Repayment performance measures, each computed individually. The bonus amount is based on [Applicable Percentage]% of the [EXECUTIVE'S TITLE]'s base pay times the respective performance measure weighting (the "Base Bonus") and adjusted for performance greater than or less than the Target amounts. Accordingly, if the Company achieves 100% of the EBITDA Target for a given bonus fiscal year, the [EXECUTIVE'S TITLE]'s bonus amount will be [Applicable Percentage]% of the [EXECUTIVE'S TITLE]'s base pay during the bonus fiscal year times 40%. Similarly, if the Company achieves 100% of the Debt Repayment Target for a given bonus fiscal year, the [EXECUTIVE'S TITLE]'s bonus amount will be [Applicable Percentage]% of the [EXECUTIVE'S TITLE]'s base pay during the bonus fiscal year times 40%. If the Company achieves greater or less than 100% of the respective EBITDA and Debt Repayment Targets, the [EXECUTIVE'S TITLE]'s bonus amounts will increase or decrease as a percentage of the Base Bonus as set forth in the table below.

Percent of EBITDA and Debt Reduction Target Achievement	< 90% of Target	90% of Target	95% of Target	100% of Target	105% of Target	110% of Target	115% of Target	120% of Target	125% of Target	130% or > of Target
Percent of Base Bonus	0%	50%	75%	100%	125%	150%	200%	250%	300%	350% and >*

**For each additional 5% increase in the percent of Bonus Plan achievement target after an achievement of 115%, the executive will receive an increase of 50% of the percentage of the Base Bonus.*

Individual Performance Bonus

The Individual Performance Bonus to be received by the executive for each bonus fiscal year will be based on the performance of the executive with respect to the CEO approved AIP's as determined by the Compensation Committee in its sole discretion. The bonus amount is based on [Applicable Percentage]% of the [EXECUTIVE'S TITLE]'s base pay, times a weighting of 20%. Although a weighting of 20% is given to the Individual Performance Bonus in accordance with the 40/40/20 weighting specified above, the Compensation Committee may, at its discretion, award a payment based on a weighting percentage ranging from 0 to 40% to this measure.

ACHIEVEMENT TARGETS

For the 2004 fiscal year, the EBITDA target shall be \$137.6 million and the Debt Repayment Target shall be \$38 million. The EBITDA and Debt Repayment Targets for the 2005 through 2008 fiscal years shall be determined in good faith by the Compensation Committee at its sole discretion.

“EBITDA” for a given bonus fiscal year shall mean consolidated earnings before interest, taxes, depreciation and amortization. “Debt Repayment” for a given bonus fiscal year shall mean the positive excess, if any, of (a) debt outstanding at the beginning of the fiscal year, over (b) debt outstanding at the end of the fiscal year. In both cases, EBITDA and Debt Repayment shall be computed in a manner consistent with the Rexnord Management Incentive Plan including adjustments, if any, as determined by the Compensation Committee, in its sole discretion.

The EBITDA and Debt Repayment Targets are based upon certain revenue and expense assumptions about the future business of the Company (the “Base Targets”). Accordingly, in the event that the Compensation Committee determines, in its sole discretion, that an adjustment to target(s) is appropriate in order to maintain eligibility or prevent dilution or enlargement of the Performance Bonus intended to be made available under the Executive Bonus Plan, the Compensation Committee shall adjust the financial targets in good faith and in any manner as it may deem equitable. In the event of an acquisition or divestiture, the Base Targets would be adjusted by the Compensation Committee for the purposes of bonus calculations.

<u>Base Targets</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Base Debt Repayment Target	\$ 54	\$ 67	\$ 92
Base EBITDA Target	\$ 196.5	\$ 222.7	\$ 241.9

The Base Targets above were revised to reflect the Company’s acquisition of The Falk Corporation on May 16, 2005.

PAYMENT OF PERFORMANCE BONUS

The Performance Bonus is calculated once the bonus fiscal year ends, the Company receives its year-end financial audit, and performance reviews are completed. The Compensation Committee shall then determine eligibility and the amount of Performance Bonus the [EXECUTIVE’S TITLE] will receive under the terms of the Executive Bonus Plan.

If the [EXECUTIVE’S TITLE] leaves the Company prior to the end of the bonus fiscal year, he is not eligible for a bonus payment. The only exceptions are if the [EXECUTIVE’S TITLE] is terminated because he formally retires under the pension plan (or retires meeting the requirements of that plan), resigns with Good Reason or is terminated for other than Cause (as such terms are defined in the [EXECUTIVE’S TITLE]’s employment agreement). Under these circumstances, a pro-rated bonus will be paid at the time bonuses are paid to other executives.

**AMENDMENT NO. 1 TO
EMPLOYMENT AGREEMENT**

This Amendment No. 1 to the Employment Agreement (the "Amendment"), dated March 31, 2006 by and between Rexnord Corporation, a Delaware Corporation (together with any successor thereto, the "Company"), and Robert A. Hitt (the "Executive").

RECITALS:

WHEREAS, the Company and the Executive have previously entered into an Employment Agreement, dated November 25, 2002 (the "Agreement"), and the Rexnord Corporation Executive Bonus Plan in the form then in effect was attached to the Agreement as Exhibit A (the "Original Exhibit A"); and

WHEREAS, effective March 31, 2006 the Company amended its Executive Bonus Plan to include certain revised target amounts relating to the Executive's bonus; and

WHEREAS, the Company and the Executive wish to amend the Agreement pursuant to the terms herein set forth to reflect such amendments to the Executive Bonus Plan and effect certain other amendments to the Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties, intending to be legally bound, hereto agree as follows:

AGREEMENT

1. **The Rexnord Corporation Executive Bonus Plan, as amended by the Company on March 31, 2006 and set forth on the Exhibit A to this Amendment (the "Amended Exhibit A"), shall become Exhibit A to the Agreement in lieu of the Original Exhibit A and shall replace the Original Exhibit A in its entirety.**
2. **The following sentence shall be added to the end of Exhibit D to the Agreement: "With respect to the temporary housing and commuting costs set forth above, the amount of reimbursement or payment to the Executive shall be grossed up to include all applicable taxes required to be paid by the Executive."**
3. **All other terms of the Agreement shall remain unchanged.**

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first written above.

REXNORD CORPORATION

/s/ James T. Strahley

Name: James Strahley

Title: VP Human Resources

EXECUTIVE

/s/ Robert A. Hitt

Name: Robert A. Hitt

REXNORD CORPORATION EXECUTIVE BONUS PLAN**General Description**

Rexnord Corporation (the "Company") provides an incentive compensation bonus plan for key officers and directors (the "Executive Bonus Plan"). The purpose of the Executive Bonus Plan is to provide a variable component of pay that provides an incentive for the leadership of the company to achieve key business objectives.

Each bonus fiscal year will begin on April 1 and end on March 31. The first bonus fiscal year will begin on April 1, 2003 and end on March 31, 2004.

The form of bonus to be received by participating executives is called the Performance Bonus and is based on (i) the performance of the Company during the bonus fiscal year (the "Company Performance Bonus") and (ii) the performance of the executive in meeting individual goals (Annual Improvement Priorities or "CEO approved AIP's") as determined by the Compensation Committee, not to exceed five personal performance goals (the "Individual Performance Bonus").

PERFORMANCE MEASURES AND WEIGHTING

The Performance Bonus amount will be based on the measures below and weighted as follows:

- 40% based on total EBITDA
- 40% based on total Debt Repayment
- 20% based on CEO approved AIP's (Individual Performance Bonus)

MINIMUM PERFORMANCE ACHIEVEMENT**Company Performance Bonus**

Minimum performance achievement must be met to trigger eligibility to receive a Company Performance Bonus payment under the plan. The CEO of the Company will be eligible to receive a Company Performance Bonus for each bonus fiscal year in which both EBITDA and Debt Repayment equal or exceed 90% of both of their respective EBITDA and Debt Repayment targets as described below in the Section entitled "Achievement Targets" ("EBITDA Target" and "Debt Repayment Target"). If the Company meets these minimum performance triggers, then the amount of the Company Performance Bonus that the executive is eligible to receive will be determined based upon the level of achievement of the performance measures as described below under "Calculation of Performance Bonus – Company Performance Bonus."

Individual Performance Bonus

EBITDA and Debt Repayment must equal or exceed 70% of their respective Targets in order for the CEO to be eligible to receive a Individual Performance Bonus. If the Company meets these minimum performance triggers, then the amount of the Individual Performance Bonus that the executive is eligible to receive will be determined based upon the level of achievement of the CEO approved AIP performance measures as described below under "Calculation of Performance Bonus – Individual Performance Bonus."

CALCULATION OF PERFORMANCE BONUS

Company Performance Bonus

If the executive is eligible to receive a Company Performance bonus, then the amount of the bonus that the executive will be eligible to receive will be determined by the level of achievement of the EBITDA and Debt Repayment performance measures, each computed individually. The bonus amount is based on 60% of the CEO's base pay times the respective performance measure weighting (the "Base Bonus") and adjusted for performance greater than or less than the Target amounts. Accordingly, if the Company achieves 100% of the EBITDA Target for a given bonus fiscal year, the CEO's bonus amount will be 60% of the CEO's base pay during the bonus fiscal year times 40%. Similarly, if the Company achieves 100% of the Debt Repayment Target for a given bonus fiscal year, the CEO's bonus amount will be 60% of the CEO's base pay during the bonus fiscal year times 40%. If the Company achieves greater or less than 100% of the respective EBITDA and Debt Repayment Targets, the CEO's bonus amounts will increase or decrease as a percentage of the Base Bonus as set forth in the table below.

Percent of EBITDA and Debt Reduction Target Achievement	< 90% of Target	90% of Target	95% of Target	100% of Target	105% of Target	110% of Target	115% of Target	120% of Target	125% of Target	130% or > of Target
Percent of Base Bonus	0%	50%	75%	100%	125%	150%	200%	250%	300%	350% and >*

**For each additional 5% increase in the percent of Bonus Plan achievement target after an achievement of 115%, the executive will receive an increase of 50% of the percentage of the Base Bonus.*

Individual Performance Bonus

The Individual Performance Bonus to be received by the executive for each bonus fiscal year will be based on the performance of the executive with respect to the CEO approved AIP's as determined by the Compensation Committee in its sole discretion. The bonus amount is based on 60% of the CEO's base pay, times a weighting of 20%. Although a weighting of 20% is given to the Individual Performance Bonus in accordance with the 40/40/20 weighting specified above, the Compensation Committee may, at its discretion, award a payment based on a weighting percentage ranging from 0 to 40% to this measure.

ACHIEVEMENT TARGETS

For the 2004 fiscal year, the EBITDA target shall be \$137.6 million and the Debt Repayment Target shall be \$38 million. The EBITDA and Debt Repayment Targets for the 2005 through 2008 fiscal years shall be determined in good faith by the Compensation Committee at its sole discretion.

"EBITDA" for a given bonus fiscal year shall mean consolidated earnings before interest, taxes, depreciation and amortization. "Debt Repayment" for a given bonus fiscal year shall mean the positive excess, if any, of (a) debt outstanding at the beginning of the fiscal year, over (b) debt outstanding at the end of the fiscal year. In both cases, EBITDA and Debt Repayment shall be computed in a manner consistent with the Rexnord Management Incentive Plan including adjustments, if any, as determined by the Compensation Committee, in its sole discretion.

The EBITDA and Debt Repayment Targets are based upon certain revenue and expense assumptions about the future business of the Company (the "Base Targets"). Accordingly, in the event that the Compensation Committee determines, in its sole discretion, that an adjustment to target(s) is appropriate in order to maintain eligibility or prevent dilution or enlargement of the Performance Bonus intended to be made available under the Executive Bonus Plan, the Compensation Committee shall adjust the financial targets in good faith and in any manner as it may deem equitable. In the event of an acquisition or divestiture, the Base Targets would be adjusted by the Compensation Committee for the purposes of bonus calculations.

<u>Base Targets</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<i>Base Debt Repayment Target</i>	\$ 54	\$ 67	\$ 92
<i>Base EBITDA Target</i>	\$ 196.5	\$ 222.7	\$ 241.9

The Base Targets above were revised to reflect the Company's acquisition of The Falk Corporation on May 16, 2005.

PAYMENT OF PERFORMANCE BONUS

The Performance Bonus is calculated once the bonus fiscal year ends, the Company receives its year-end financial audit, and performance reviews are completed. The Compensation Committee shall then determine eligibility and the amount of Performance Bonus the CEO will receive under the terms of the Executive Bonus Plan.

If the CEO leaves the Company prior to the end of the bonus fiscal year, he is not eligible for a bonus payment. The only exceptions are if the CEO is terminated because he formally retires under the pension plan (or retires meeting the requirements of that plan), resigns with Good Reason or is terminated for other than Cause (as such terms are defined in the CEO's employment agreement). Under these circumstances, a pro-rated bonus will be paid at the time bonuses are paid to other executives.

**AMENDMENT NO. 1 TO
EMPLOYMENT AGREEMENT**

This Amendment No. 1 to the Employment Agreement (the "Amendment"), dated March 31, 2006 by and between Rexnord Corporation, a Delaware Corporation (together with any successor thereto, the "Company"), and Thomas J. Jansen (the "Executive").

R E C I T A L S:

WHEREAS, the Company and the Executive have previously entered into an Employment Agreement, dated November 25, 2002 (the "Agreement"), and the Rexnord Corporation Executive Bonus Plan in the form then in effect was attached to the Agreement as Exhibit A (the "Original Exhibit A"); and

WHEREAS, effective March 31, 2006 the Company amended its Executive Bonus Plan to include certain revised target amounts relating to the Executive's bonus; and

WHEREAS, the Company and the Executive wish to amend the Agreement pursuant to the terms herein set forth to reflect such amendments to the Executive Bonus Plan.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties, intending to be legally bound, hereto agree as follows:

A G R E E M E N T

1. The Rexnord Corporation Executive Bonus Plan, as amended by the Company on March 31, 2006 and set forth on the Exhibit A to this Amendment (the "Amended Exhibit A"), shall become Exhibit A to the Agreement in lieu of the Original Exhibit A and shall replace the Original Exhibit A in its entirety.

2. All other terms of the Agreement shall remain unchanged.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first written above.

[Signature Pages Follow]

REXNORD CORPORATION

/s/ James T. Strahley

Name: James Strahley

Title: VP Human Resources

EXECUTIVE

/s/ Thomas J. Jansen

Name: Thomas J. Jansen

REXNORD CORPORATION EXECUTIVE BONUS PLAN**General Description**

Rexnord Corporation (the "Company") provides an incentive compensation bonus plan for key officers and directors (the "Executive Bonus Plan"). The purpose of the Executive Bonus Plan is to provide a variable component of pay that provides an incentive for the leadership of the company to achieve key business objectives.

Each bonus fiscal year will begin on April 1 and end on March 31. The first bonus fiscal year will begin on April 1, 2003 and end on March 31, 2004.

The form of bonus to be received by participating executives is called the Performance Bonus and is based on (i) the performance of the Company during the bonus fiscal year (the "Company Performance Bonus") and (ii) the performance of the executive in meeting individual goals (Annual Improvement Priorities or "CEO approved AIP's") as determined by the Compensation Committee, not to exceed five personal performance goals (the "Individual Performance Bonus").

PERFORMANCE MEASURES AND WEIGHTING

The Performance Bonus amount will be based on the measures below and weighted as follows:

- 40% based on total EBITDA
- 40% based on total Debt Repayment
- 20% based on CEO approved AIP's (Individual Performance Bonus)

MINIMUM PERFORMANCE ACHIEVEMENT**Company Performance Bonus**

Minimum performance achievement must be met to trigger eligibility to receive a Company Performance Bonus payment under the plan. The CFO of the Company will be eligible to receive a Company Performance Bonus for each bonus fiscal year in which both EBITDA and Debt Repayment equal or exceed 90% of both of their respective EBITDA and Debt Repayment targets as described below in the Section entitled "Achievement Targets" ("EBITDA Target" and "Debt Repayment Target"). If the Company meets these minimum performance triggers, then the amount of the Company Performance Bonus that the executive is eligible to receive will be determined based upon the level of achievement of the performance measures as described below under "Calculation of Performance Bonus – Company Performance Bonus."

Individual Performance Bonus

EBITDA and Debt Repayment must equal or exceed 70% of their respective Targets in order for the CFO to be eligible to receive a Individual Performance Bonus. If the Company meets these minimum performance triggers, then the amount of the Individual Performance Bonus that the executive is eligible to receive will be determined based upon the level of achievement of the CEO approved AIP performance measures as described below under "Calculation of Performance Bonus – Individual Performance Bonus."

CALCULATION OF PERFORMANCE BONUS

Company Performance Bonus

If the executive is eligible to receive a Company Performance bonus, then the amount of the bonus that the executive will be eligible to receive will be determined by the level of achievement of the EBITDA and Debt Repayment performance measures, each computed individually. The bonus amount is based on 45% of the CFO's base pay times the respective performance measure weighting (the "Base Bonus") and adjusted for performance greater than or less than the Target amounts. Accordingly, if the Company achieves 100% of the EBITDA Target for a given bonus fiscal year, the CFO's bonus amount will be 45% of the CFO's base pay during the bonus fiscal year times 40%. Similarly, if the Company achieves 100% of the Debt Repayment Target for a given bonus fiscal year, the CFO's bonus amount will be 45% of the CFO's base pay during the bonus fiscal year times 40%. If the Company achieves greater or less than 100% of the respective EBITDA and Debt Repayment Targets, the CFO's bonus amounts will increase or decrease as a percentage of the Base Bonus as set forth in the table below.

Percent of EBITDA and Debt Reduction Target Achievement	< 90% of Target	90% of Target	95% of Target	100% of Target	105% of Target	110% of Target	115% of Target	120% of Target	125% of Target	130% or > of Target
Percent of Base Bonus	0%	50%	75%	100%	125%	150%	200%	250%	300%	350% and >*

**For each additional 5% increase in the percent of Bonus Plan achievement target after an achievement of 115%, the executive will receive an increase of 50% of the percentage of the Base Bonus.*

Individual Performance Bonus

The Individual Performance Bonus to be received by the executive for each bonus fiscal year will be based on the performance of the executive with respect to the CEO approved AIP's as determined by the Compensation Committee in its sole discretion. The bonus amount is based on 45% of the CFO's base pay, times a weighting of 20%. Although a weighting of 20% is given to the Individual Performance Bonus in accordance with the 40/40/20 weighting specified above, the Compensation Committee may, at its discretion, award a payment based on a weighting percentage ranging from 0 to 40% to this measure.

ACHIEVEMENT TARGETS

For the 2004 fiscal year, the EBITDA target shall be \$137.6 million and the Debt Repayment Target shall be \$38 million. The EBITDA and Debt Repayment Targets for the 2005 through 2008 fiscal years shall be determined in good faith by the Compensation Committee at its sole discretion.

“EBITDA” for a given bonus fiscal year shall mean consolidated earnings before interest, taxes, depreciation and amortization. “Debt Repayment” for a given bonus fiscal year shall mean the positive excess, if any, of (a) debt outstanding at the beginning of the fiscal year, over (b) debt outstanding at the end of the fiscal year. In both cases, EBITDA and Debt Repayment shall be computed in a manner consistent with the Rexnord Management Incentive Plan including adjustments, if any, as determined by the Compensation Committee, in its sole discretion.

The EBITDA and Debt Repayment Targets are based upon certain revenue and expense assumptions about the future business of the Company (the “Base Targets”). Accordingly, in the event that the Compensation Committee determines, in its sole discretion, that an adjustment to target(s) is appropriate in order to maintain eligibility or prevent dilution or enlargement of the Performance Bonus intended to be made available under the Executive Bonus Plan, the Compensation Committee shall adjust the financial targets in good faith and in any manner as it may deem equitable. In the event of an acquisition or divestiture, the Base Targets would be adjusted by the Compensation Committee for the purposes of bonus calculations.

<u>Base Targets</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<i>Base Debt Repayment Target</i>	\$ 54	\$ 67	\$ 92
<i>Base EBITDA Target</i>	\$ 196.5	\$ 222.7	\$ 241.9

The Base Targets above were revised to reflect the Company’s acquisition of The Falk Corporation on May 16, 2005.

PAYMENT OF PERFORMANCE BONUS

The Performance Bonus is calculated once the bonus fiscal year ends, the Company receives its year-end financial audit, and performance reviews are completed. The Compensation Committee shall then determine eligibility and the amount of Performance Bonus the CFO will receive under the terms of the Executive Bonus Plan.

If the CFO leaves the Company prior to the end of the bonus fiscal year, he is not eligible for a bonus payment. The only exceptions are if the CFO is terminated because he formally retires under the pension plan (or retires meeting the requirements of that plan), resigns with Good Reason or is terminated for other than Cause (as such terms are defined in the CFO’s employment agreement). Under these circumstances, a pro-rated bonus will be paid at the time bonuses are paid to other executives.

**AMENDMENT NO. 1 TO
EMPLOYMENT AGREEMENT**

This Amendment No. 1 to the Employment Agreement (the "Amendment"), dated March 31, 2006 by and between Rexnord Corporation, a Delaware Corporation (together with any successor thereto, the "Company"), and Michael N. Andrzejewski (the "Executive").

R E C I T A L S:

WHEREAS, the Company and the Executive have previously entered into an Employment Agreement, dated November 25, 2002 (the "Agreement"), and the Rexnord Corporation Executive Bonus Plan in the form then in effect was attached to the Agreement as Exhibit A (the "Original Exhibit A"); and

WHEREAS, effective March 31, 2006 the Company amended its Executive Bonus Plan to include certain revised target amounts relating to the Executive's bonus; and

WHEREAS, the Company and the Executive wish to amend the Agreement pursuant to the terms herein set forth to reflect such amendments to the Executive Bonus Plan.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties, intending to be legally bound, hereto agree as follows:

A G R E E M E N T

- 1. The Rexnord Corporation Executive Bonus Plan, as amended by the Company on March 31, 2006 and set forth on the Exhibit A to this Amendment (the "Amended Exhibit A"), shall become Exhibit A to the Agreement in lieu of the Original Exhibit A and shall replace the Original Exhibit A in its entirety.**
- 2. All other terms of the Agreement shall remain unchanged.**

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first written above.

[Signature Pages Follow]

REXNORD CORPORATION

/s/ James T. Strahley

Name: James Strahley

Title: VP Human Resources

EXECUTIVE

/s/ Michael N. Andrzejewski

Name: Michael N. Andrzejewski

REXNORD CORPORATION EXECUTIVE BONUS PLAN

General Description

Rexnord Corporation (the "Company") provides an incentive compensation bonus plan for key officers and directors (the "Executive Bonus Plan"). The purpose of the Executive Bonus Plan is to provide a variable component of pay that provides an incentive for the leadership of the company to achieve key business objectives.

Each bonus fiscal year will begin on April 1 and end on March 31. The first bonus fiscal year will begin on April 1, 2003 and end on March 31, 2004.

The form of bonus to be received by participating executives is called the Performance Bonus and is based on (i) the performance of the Company during the bonus fiscal year (the "Company Performance Bonus") and (ii) the performance of the executive in meeting individual goals (Annual Improvement Priorities or "CEO approved AIP's") as determined by the Compensation Committee, not to exceed five personal performance goals (the "Individual Performance Bonus").

PERFORMANCE MEASURES AND WEIGHTING

The Performance Bonus amount will be based on the measures below and weighted as follows:

- 40% based on total EBITDA
- 40% based on total Debt Repayment
- 20% based on CEO approved AIP's (Individual Performance Bonus)

MINIMUM PERFORMANCE ACHIEVEMENT**Company Performance Bonus**

Minimum performance achievement must be met to trigger eligibility to receive a Company Performance Bonus payment under the plan. The Vice President of Business Development of the Company ("VP") will be eligible to receive a Company Performance Bonus for each bonus fiscal year in which both EBITDA and Debt Repayment equal or exceed 90% of both of their respective EBITDA and Debt Repayment targets as described below in the Section entitled "Achievement Targets" ("EBITDA Target" and "Debt Repayment Target"). If the Company meets these minimum performance triggers, then the amount of the Company Performance Bonus that the executive is eligible to receive will be determined based upon the level of achievement of the performance measures as described below under "Calculation of Performance Bonus – Company Performance Bonus."

Individual Performance Bonus

EBITDA and Debt Repayment must equal or exceed 70% of their respective Targets in order for the VP to be eligible to receive a Individual Performance Bonus. If the Company meets these minimum performance triggers, then the amount of the Individual Performance Bonus that the executive is eligible to receive will be determined based upon the level of achievement of the CEO approved AIP performance measures as described below under "Calculation of Performance Bonus – Individual Performance Bonus."

CALCULATION OF PERFORMANCE BONUS

Company Performance Bonus

If the executive is eligible to receive a Company Performance bonus, then the amount of the bonus that the executive will be eligible to receive will be determined by the level of achievement of the EBITDA and Debt Repayment performance measures, each computed individually. The bonus amount is based on 35% of the VP's base pay times the respective performance measure weighting (the "Base Bonus") and adjusted for performance greater than or less than the Target amounts. Accordingly, if the Company achieves 100% of the EBITDA Target for a given bonus fiscal year, the VP's bonus amount will be 35% of the VP's base pay during the bonus fiscal year times 40%. Similarly, if the Company achieves 100% of the Debt Repayment Target for a given bonus fiscal year, the VP's bonus amount will be 35% of the VP's base pay during the bonus fiscal year times 40%. If the Company achieves greater or less than 100% of the respective EBITDA and Debt Repayment Targets, the VP's bonus amounts will increase or decrease as a percentage of the Base Bonus as set forth in the table below.

<u>Percent of EBITDA and Debt Reduction Target Achievement</u>	<u>< 90% of Target</u>	<u>90% of Target</u>	<u>95% of Target</u>	<u>100% of Target</u>	<u>105 of Target</u>	<u>110 of Target</u>	<u>115 of Target</u>	<u>120 of Target</u>	<u>125 of Target</u>	<u>130% or > of Target</u>
Percent of Base Bonus	0%	50%	75%	100%	125%	150%	200%	250%	300%	350% and >*

**For each additional 5% increase in the percent of Bonus Plan achievement target after an achievement of 115%, the executive will receive an increase of 50% of the percentage of the Base Bonus.*

Individual Performance Bonus

The Individual Performance Bonus to be received by the executive for each bonus fiscal year will be based on the performance of the executive with respect to the CEO approved AIP's as determined by the Compensation Committee in its sole discretion. The bonus amount is based on 35% of the VP's base pay, times a weighting of 20%. Although a weighting of 20% is given to the Individual Performance Bonus in accordance with the 40/40/20 weighting specified above, the Compensation Committee may, at its discretion, award a payment based on a weighting percentage ranging from 0 to 40% to this measure.

ACHIEVEMENT TARGETS

For the 2004 fiscal year, the EBITDA target shall be \$137.6 million and the Debt Repayment Target shall be \$38 million. The EBITDA and Debt Repayment Targets for the 2005 through 2008 fiscal years shall be determined in good faith by the Compensation Committee at its sole discretion.

“EBITDA” for a given bonus fiscal year shall mean consolidated earnings before interest, taxes, depreciation and amortization. “Debt Repayment” for a given bonus fiscal year shall mean the positive excess, if any, of (a) debt outstanding at the beginning of the fiscal year, over (b) debt outstanding at the end of the fiscal year. In both cases, EBITDA and Debt Repayment shall be computed in a manner consistent with the Rexnord Management Incentive Plan including adjustments, if any, as determined by the Compensation Committee, in its sole discretion.

The EBITDA and Debt Repayment Targets are based upon certain revenue and expense assumptions about the future business of the Company (the “Base Targets”). Accordingly, in the event that the Compensation Committee determines, in its sole discretion, that an adjustment to target(s) is appropriate in order to maintain eligibility or prevent dilution or enlargement of the Performance Bonus intended to be made available under the Executive Bonus Plan, the Compensation Committee shall adjust the financial targets in good faith and in any manner as it may deem equitable. In the event of an acquisition or divestiture, the Base Targets would be adjusted by the Compensation Committee for the purposes of bonus calculations.

<u>Base Targets</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<i>Base Debt Repayment Target</i>	\$ 54	\$ 67	\$ 92
<i>Base EBITDA Target</i>	\$ 196.5	\$ 222.7	\$ 241.9

The Base Targets above were revised to reflect the Company’s acquisition of The Falk Corporation on May 16, 2005.

PAYMENT OF PERFORMANCE BONUS

The Performance Bonus is calculated once the bonus fiscal year ends, the Company receives its year-end financial audit, and performance reviews are completed. The Compensation Committee shall then determine eligibility and the amount of Performance Bonus the VP will receive under the terms of the Executive Bonus Plan.

If the VP leaves the Company prior to the end of the bonus fiscal year, he is not eligible for a bonus payment. The only exceptions are if the VP is terminated because he formally retires under the pension plan (or retires meeting the requirements of that plan), resigns with Good Reason or is terminated for other than Cause (as such terms are defined in the VP’s employment agreement). Under these circumstances, a pro-rated bonus will be paid at the time bonuses are paid to other executives.
