



**Press Release
For Immediate Release**

August 2, 2011

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Rexnord LLC Reports First Quarter Results for Fiscal 2012

Call scheduled for Wednesday, August 3, 2011 at 10:00 a.m. Eastern Time

MILWAUKEE, WI - August 2, 2011

Consolidated Highlights:

- Net sales increased 17% from the prior year first quarter to \$476 million as core sales grew 14% in the quarter.
- Income from operations increased 22% from the prior year first quarter to \$63 million; income from operations as a percent of net sales increased 50 basis points year-over-year to 13.2% of net sales.
- Adjusted EBITDA was \$94 million or 19.7% of net sales.
- Cash balances were \$226 million at July 2, 2011. Total liquidity (cash plus available borrowings) at July 2, 2011 was \$449 million.
- On July 22, 2011, Rexnord entered into a definitive agreement to acquire 100% of the outstanding stock of VAG Holding GmbH ("VAG") for an estimated aggregate transaction value of €175 million.

"Our first quarter results demonstrate the effectiveness of the targeted core growth investments we've made to expand our business globally, enhance our product vitality and take market share while driving strong operational performance. Additionally, we are very pleased to announce our acquisition of VAG, a global leader in engineered valve solutions, which will significantly expand the global reach, product breadth and commercial & technical capabilities of our Water Management platform," commented Todd A. Adams, President and Chief Executive Officer.

First Quarter 2011 Segment Highlights

Process & Motion Control

Process & Motion Control ("PMC") net sales in the first quarter increased 25% from the prior year to \$331 million. Core PMC sales increased 20% in the quarter, driven by continued strong international growth, solid demand in North America and market share gains across many of our product lines.

PMC Adjusted EBITDA in the first quarter improved 30% to \$72 million or 21.7% of sales which is primarily the result of productivity gains and improved operating leverage on higher year-over-year sales volume partially offset by growth investments.

Water Management

Water Management net sales in the first quarter increased 2% from the prior year to \$145 million. Core Water Management sales also increased 2% in the quarter, driven by market share gains and growth in alternative markets, which more than offset the continued weakness in the commercial construction markets.

Water Management Adjusted EBITDA in the first quarter declined \$2 million or 8% to \$28 million or 19.2% of sales. The slight decline is primarily the result of profit variability of certain projects shipping from backlog as well as higher year-over-year material costs. We anticipate recently implemented price increases and an improving backlog margin to have a positive impact on Water Management over the course of the year.

EBITDA, Adjusted EBITDA and Free Cash Flow

Rexnord considers EBITDA and Adjusted EBITDA as key financial indicators of operating performance.

EBITDA represents earnings before interest, taxes, depreciation and amortization. EBITDA is presented because it is an important supplemental measure of performance and it is frequently used by analysts, investors and other interested parties in the evaluation of companies in our industry. EBITDA is also presented and compared by analysts and investors in evaluating the performance of issuers of “high yield” securities because it is a common measure of the ability to meet debt service obligations. Other companies in our industry may calculate EBITDA differently. EBITDA is not a measurement of financial performance under generally accepted accounting principles (“GAAP”) and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net income as indicators of operating performance or any other measures of performance derived in accordance with GAAP. Because EBITDA is calculated before recurring cash charges, including interest expense and taxes, and is not adjusted for capital expenditures or other recurring cash requirements of the business, it should not be considered as a measure of discretionary cash available to invest in the growth of the business. See the Condensed Consolidated Statements of Cash Flows included in the attached financial statements.

Adjusted EBITDA corresponds to “EBITDA” in the Company's credit agreement. Adjusted EBITDA is defined in the credit agreement governing our senior secured credit facilities as net income, adjusted for the items summarized in the table below entitled “Reconciliation of EBITDA and Adjusted EBITDA.” Our credit agreement requires us to maintain a maximum senior secured bank leverage ratio (defined in our credit agreement as the ratio of net senior secured bank debt to Adjusted EBITDA) of no more than 4.25 to 1.0, calculated on a pro forma basis for the trailing four quarters (as determined under our senior secured credit facilities). Adjusted EBITDA is not a presentation made in accordance with GAAP, and our use of the term Adjusted EBITDA varies from others in our industry. This measure should not be considered as an alternative to net income, income from operations or any other performance measures derived in accordance with GAAP. Adjusted EBITDA has important limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. For example, Adjusted EBITDA does not reflect: (a) our capital expenditures, future requirements for capital expenditures or contractual commitments; (b) changes in, or cash requirements for, our working capital needs; (c) the significant interest expenses, or the cash requirements necessary to service interest or principal payments, on our debt; (d) tax payments that represent a reduction in cash available to us; (e) any cash requirements for the assets being depreciated and amortized that may have to be replaced in the future; (f) management fees that may be paid to Apollo; or (g) the impact of earnings or charges resulting from matters that we and the lenders under our secured senior credit facilities may not consider indicative of our ongoing operations. In particular, our definition of Adjusted EBITDA allows us to add back certain non-cash, non-operating or non-recurring charges that are deducted in calculating net income, even though these are expenses that may recur, vary greatly and are difficult to predict and can represent the effect of long-term strategies as opposed to short-term results. In addition, certain of these expenses can represent the reduction of cash that could be used for other corporate purposes. Further, although not included in the calculation of Adjusted EBITDA below, the measure may at times allow us to add estimated cost savings and operating synergies related to operational changes ranging from acquisitions to dispositions to restructurings and/or exclude one-time transition expenditures that we anticipate we will need to incur to realize cost savings before such savings have occurred. For more information regarding the limitations of using measures such as EBITDA and Adjusted EBITDA as indicators of our operating performance, please see the risk factor entitled “The calculation of Adjusted EBITDA pursuant to our senior secured credit facilities represents our actual historical covenant compliance calculations and permits certain estimates and assumptions that may differ materially from actual results” in Exhibit 99.1 to our current report on Form 8-K furnished on October 10, 2008.

We define Free Cash Flow as cash flow from operations less capital expenditures.

About Rexnord

Headquartered in Milwaukee, Wisconsin, Rexnord is comprised of two strategic platforms, Process & Motion Control and Water Management, with approximately 6,300 employees worldwide. The Process & Motion Control platform designs, manufactures, markets and services specified, highly-engineered mechanical components used within complex systems. The Water Management platform designs, procures, manufactures and markets products that provide and enhance water quality,

safety, flow control and conservation. Additional information about the Company can be found at www.rexnord.com.

Conference Call Details

Rexnord will hold a conference call on Wednesday, August 3, 2011 at 10:00 a.m. Eastern Time to discuss its fiscal 2012 first quarter results and provide a general business update. Rexnord President and CEO, Todd Adams, and Vice President and CFO, Michael Shapiro, will co-host the call. The conference call can be accessed via telephone as follows:

Domestic toll-free #: 877-627-6590

International toll #: 719-325-4806

Access Code: 5474772

The web presentation can be accessed via the following web link:

Meeting URL: <https://www119.livemeeting.com/cc/vcc/join>

Meeting ID: w5474772

Entry Code: A547477

If you are unable to participate during the live teleconference, a replay of the conference call will be available from 1:00 p.m. Eastern Time, August 3, 2011 until 1:00 p.m. Eastern Time, August 17, 2011. To access the replay, please dial 888-203-1112 (domestic) or 719-457-0820 (international) with access code 5474772.

Cautionary Statement on Forward-Looking Statements

Information in this release may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this release are based upon information available to Rexnord LLC as of the date of the release, and Rexnord LLC assumes no obligation to update any such forward-looking statements. The statements in this release are not guarantees of future performance and actual results could differ materially from current expectations. Numerous factors could cause or contribute to such differences. Please refer to the Company's annual, quarterly and current reports filed on Forms 10-K, 10-Q and 8-K from time to time with the Securities and Exchange Commission for a further discussion of the factors and risks associated with the business.

RBS Global, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(in Millions)
(Unaudited)

	First Quarter Ended	
	July 2, 2011	July 3, 2010
Net sales	\$ 476.2	\$ 407.3
Cost of sales	309.3	265.5
Gross profit	166.9	141.8
Selling, general and administrative expenses	91.4	78.2
Amortization of intangible assets	12.5	12.0
Income from operations	63.0	51.6
Non-operating expense:		
Interest expense, net	(43.3)	(45.3)
Loss on the extinguishment of debt	—	(100.8)
Other expense, net	(0.2)	(18.5)
Income (loss) before income taxes	19.5	(113.0)
Benefit for income taxes	(4.7)	(37.2)
Net income (loss)	<u>\$ 24.2</u>	<u>\$ (75.8)</u>

RBS Global, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in Millions, except share amounts)
(Unaudited)

	July 2, 2011	March 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 226.2	\$ 390.3
Receivables, net	293.8	270.1
Inventories, net	290.8	283.8
Other current assets	38.0	36.5
Total current assets	848.8	980.7
Property, plant and equipment, net	353.2	358.4
Intangible assets, net	639.8	644.7
Goodwill	1,023.8	1,016.2
Insurance for asbestos claims	65.0	65.0
Pension assets	5.1	4.6
Other assets	28.3	31.5
Total assets	<u>\$ 2,964.0</u>	<u>\$ 3,101.1</u>
Liabilities and stockholders' (deficit) equity		
Current liabilities:		
Current portion of long-term debt	\$ 9.7	\$ 11.0
Trade payables	166.6	181.7
Compensation and benefits	50.1	67.9
Current portion of pension and postretirement benefit obligations	6.2	6.1
Interest payable	37.0	51.3
Other current liabilities	89.8	85.4
Total current liabilities	359.4	403.4
Long-term debt	2,209.2	2,209.9
Pension and postretirement benefit obligations	112.0	113.2
Deferred income taxes	207.3	224.1
Reserve for asbestos claims	65.0	65.0
Other liabilities	46.0	47.1
Total liabilities	2,998.9	3,062.7
Stockholders' (deficit) equity:		
Common stock, \$0.01 par value; 3,000 shares authorized and 1,000 shares issued and outstanding	0.1	0.1
Additional paid-in capital	438.3	537.1
Retained deficit	(490.7)	(514.9)
Accumulated other comprehensive income	17.4	16.1
Total stockholders' (deficit) equity	(34.9)	38.4
Total liabilities and stockholders' (deficit) equity	<u>\$ 2,964.0</u>	<u>\$ 3,101.1</u>

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

Three Months Ended

	July 2, 2011	July 3, 2010
Operating activities		
Net income (loss)	\$ 24.2	\$ (75.8)
Adjustments to reconcile net income (loss) to cash (used for) provided by operating activities:		
Depreciation	14.7	14.3
Amortization of intangible assets	12.5	12.0
Amortization of deferred financing costs	1.9	2.1
Loss on dispositions of property, plant and equipment	0.1	0.3
Equity in earnings of unconsolidated affiliates	—	(0.4)
Other non-cash (credits) charges	(9.6)	17.3
Loss on debt extinguishment	—	100.8
Stock-based compensation expense	1.2	1.3
Changes in operating assets and liabilities:		
Receivables	(33.2)	(5.6)
Inventories	(3.2)	(8.1)
Other assets	(1.0)	(0.3)
Accounts payable	(17.5)	(1.3)
Accruals and other	(26.1)	(35.5)
Cash (used for) provided by operating activities	(36.0)	21.1
Investing activities		
Expenditures for property, plant and equipment	(8.1)	(4.4)
Acquisitions, net of cash	(18.2)	—
Proceeds from sale of unconsolidated affiliate	—	0.9
Cash used for investing activities	(26.3)	(3.5)
Financing activities		
Proceeds from borrowings of long-term debt	—	1,145.0
Repayments of long-term debt	(0.7)	(1,068.1)
Proceeds from borrowings of short-term debt	0.3	1.6
Repayments of short-term debt	(1.5)	—
Payment of deferred financing fees	(1.3)	(14.6)
Payment of tender premium	—	(63.5)
Dividend payment to parent company	(100.0)	—
Cash (used for) provided by financing activities	(103.2)	0.4
Effect of exchange rate changes on cash and cash equivalents	1.4	(2.6)
(Decrease) increase in cash and cash equivalents	(164.1)	15.4
Cash and cash equivalents at beginning of period	390.3	263.2
Cash and cash equivalents at end of period	\$ 226.2	\$ 278.6

RBS Global, Inc. and Subsidiaries
Reconciliation of EBITDA and Adjusted EBITDA
First quarter
(in millions)
(Unaudited)

	<u>Quarter Ended</u>	
	<u>July 2, 2011</u>	<u>July 3, 2010</u>
Net income (loss)	\$ 24.2	\$ (75.8)
Interest expense, net	43.3	45.3
Income tax provision	(4.7)	(37.2)
Depreciation and amortization	27.2	26.3
EBITDA	\$ 90.0	\$ (41.4)
Adjustments to EBITDA (1)		
Loss on extinguishment of debt	—	100.8
Impact of inventory fair value adjustment	0.8	—
Stock option expense	1.2	1.3
LIFO expense	1.4	1.0
Other expense, net	0.2	18.5
Subtotal of adjustments to EBITDA	3.6	121.6
Adjusted EBITDA	\$ 93.6	\$ 80.2

Notes to Reconciliation of EBITDA and Adjusted EBITDA

(1) Adjustments to EBITDA

We define Adjusted EBITDA as net income (loss) plus interest, income taxes, depreciation and amortization, adjustments for restructuring, stock-based compensation expense, last-in first-out ("LIFO") inventory adjustments, other expense, and nonrecurring items, in each case as permitted under our credit agreement. Other expense, net for the quarter ended July 2, 2011, consists of management fee expense of \$0.7 million, foreign currency transaction gains of \$0.6 million and other miscellaneous losses of \$0.1 million. Other expense, net for the quarter ended July 3, 2010, consists of management fee expense of \$0.8 million, foreign currency transaction losses of \$17.6 million and other miscellaneous losses of \$0.1 million.

RBS Global, Inc. and Subsidiaries
Supplemental Data
(in millions)
(Unaudited)

	Fiscal 2012				
	Q1	Q2	Q3	Q4	Total
Net sales					
Process & Motion Control	\$ 331.2				\$ 331.2
Water Management	145.0				145.0
Corporate	—				—
Total	\$ 476.2				\$ 476.2

Adjusted EBITDA					
Process & Motion Control	\$ 72.0				\$ 72.0
Water Management	27.8				27.8
Corporate	(6.2)				(6.2)
Total	\$ 93.6				\$ 93.6

Adjusted EBITDA %					
Process & Motion Control	21.7%				21.7%
Water Management	19.2%				19.2%
Total (including Corporate)	19.7%				19.7%

	Fiscal 2011				
	Q1	Q2	Q3	Q4	Total
Net sales					
Process & Motion Control	\$ 265.5	\$ 282.1	\$ 299.6	\$ 327.9	\$ 1,175.1
Water Management	141.8	130.2	120.2	132.3	524.5
Corporate	—	—	—	—	—
Total	\$ 407.3	\$ 412.3	\$ 419.8	\$ 460.2	\$ 1,699.6

Adjusted EBITDA					
Process & Motion Control	\$ 55.6	\$ 63.1	\$ 67.4	\$ 76.8	\$ 262.9
Water Management	30.2	25.6	20.8	23.5	100.1
Corporate	(5.6)	(5.7)	(5.9)	(10.1)	(27.3)
Total	\$ 80.2	\$ 83.0	\$ 82.3	\$ 90.2	\$ 335.7

Adjusted EBITDA %					
Process & Motion Control	20.9%	22.4%	22.5%	23.4%	22.4%
Water Management	21.3%	19.7%	17.3%	17.8%	19.1%
Total (including Corporate)	19.7%	20.1%	19.6%	19.6%	19.8%