IMERGENT INC
Form 10-Q
November 05, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

ü **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: **September 30, 2008**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from: _____________ to _____________

Commission File Number: **001-32277**

iMergent, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**87-0591719**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

1303 North Research Way, Orem, Utah 84097

(Address of Principal Executive Office) (Zip Code)

(801) 227-0004

(*Registrant s telephone number, including area code)*

754 East Technology Ave., Orem, Utah 84097

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the
Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ü Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer		Accelerated filer	ü
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ü No

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

The number of shares outstanding of the registrant s common stock as of October 31, 2008 was 11,449,380.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

1

Unaudited Condensed Consolidated Balance Sheets as of September 30, 2008 and June 30, 2008

1

Unaudited Condensed Consolidated Statements of Operations for the three months ended September 30, 2008 and 2007

2

Unaudited Condensed Consolidated Statement of Stockholders Equity for the three months ended September 30, 2008

3

Unaudited Condensed Consolidated Statements of Cash Flows for the three months ended September 30, 2008 and 2007

4

Notes to Unaudited Condensed Consolidated Financial Statements

5

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

14

Item 3. Quantitative and Qualitative Disclosures about Market Risk

22

Item 4. Controls and Procedures

23

PART II OTHER INFORMATION

Item 1. Legal Proceedings

24

Item 1A. Risk Factors

24

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

25

Item 3. Defaults Upon Senior Securities

25

Item 4. Submission of Matters to a Vote of Security Holders

25

Item 5. Other Information

25

Item 6. Exhibits

25

SIGNATURES

26

PART I - FINANCIAL INFORMATION

Item 1.

Financial Statements.

iMERGENT, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(Dollars in thousands, except per share data)

(unaudited)

		September 30, 2008		June 30, 2008
Assets				
Current Assets:				
Cash and cash equivalents	$	25,271	$	26,184
Trade receivables, net of allowance for doubtful accounts of $14,888 as of September 30, 2008 and $13,797 as of June 30, 2008		27,409		28,723
Income taxes receivable		1,329		793
Inventories		677		627
Deferred income tax assets		4,209		3,891
Prepaid expenses and other		6,667		3,849
Total Current Assets		65,562		64,067
Certificate of deposit		500		500
Available-for-sale securities		2,900		3,800
Long-term trade receivables, net of allowance for doubtful accounts of $4,872 as of September 30, 2008 and $4,786 as of June 30, 2008		12,389		9,845
Property and equipment, net		1,764		1,672
Deferred income tax assets		4,566		4,385
Intangible assets		1,724		1,831
Merchant account deposits and other		767		514
Total Assets	$	90,172	$	86,614
Liabilities and Stockholders' Equity				
Current Liabilities:				
Accounts payable	$	7,256	$	4,760

Accrued expenses and other		7,180		5,678
Income taxes payable				212
Deferred revenue, current portion		31,913		32,859
Total Current Liabilities		46,349		43,509
Deferred revenue, net of current portion		12,741		10,332
Income tax reserves and other		6,732		298
Total Liabilities		65,822		54,139
Commitments and contingencies				
Stockholders' Equity:				
Preferred stock, par value $0.001 per share - authorized 5,000,000 shares; none issued				
Common stock, par value $0.001 per share - authorized 100,000,000 shares; 11,449,380				
shares outstanding as of September 30, 2008 and 11,304,410 shares outstanding				
as of June 30, 2008		11		11
Additional paid-in capital		52,689		53,315
Accumulated deficit		(28,350)		(20,851)
Total Stockholders' Equity		24,350		32,475
Total Liabilities and Stockholders' Equity	$	90,172	$	86,614

The accompanying notes are an integral part of these condensed consolidated financial statements.

1

iMERGENT, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

(Dollars in thousands, except per share data)

(unaudited)

	Three Months Ended September 30,	
	2008	**2007**
Revenues:		
Product and other	$ 19,401	$ 24,907
Commission and other	7,865	7,555
Total revenues	27,266	32,462
Operating expenses:		
Cost of product and other revenues	8,367	12,414
Selling and marketing	17,066	18,210
General and administrative	4,512	4,769
Research and development	583	479
Total operating expenses	30,528	35,872
Loss from operations	(3,262)	(3,410)
Other income (expense):		
Interest income	1,861	2,335
Interest expense	(4)	-
Other income (expense), net	(213)	37
Total other income, net	1,644	2,372
Loss before income tax (provision) benefit	(1,618)	(1,038)
Income tax (provision) benefit	(5,881)	238
Net loss	$ (7,499)	$ (800)
Net loss per common share:		
Basic and diluted	$ (0.66)	$ (0.07)
Weighted-average common shares outstanding:		
Basic and diluted	11,338,917	12,065,099

Dividends per common share:	$	0.11	$	0.11

The accompanying notes are an integral part of these condensed consolidated financial statements.

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iMERGENT, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Stockholders' Equity
Three Months Ended September 30, 2008

(Dollars in thousands)

(unaudited)

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance, July 1, 2008	11,304,410	$ 11	$ 53,315	$ (20,851)	$ 32,475
Stock-based compensation expense			337		337
Common stock issued under stock award plans	144,970		296		296
Dividends paid			(1,259)		(1,259)
Net loss				(7,499)	(7,499)
Balance, September 30, 2008	11,449,380	$ 11	$ 52,689	$ (28,350)	$ 24,350

The accompanying notes are an integral part of these condensed consolidated financial statements.

iMERGENT, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(Dollars in thousands)

(unaudited)

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	20
OM OPERATING ACTIVITIES	
	$ (7
oncile net loss to net	
(used in) operating activities:	
mortization	
ensation expense	
nd liabilities:	
nd note receivable	(1
vable	
nd other	(2
deposits and other	
x assets	
accrued expenses and other liabilities	3
s and other long-term liabilities	6
	1
ble	
by (used in) operating activities	
OM INVESTING ACTIVITIES	
operty and equipment	
e of available-for-sale securities	

hree collective bargaining agreements with the United Auto Workers covering substantially all of the hourly employees at our cut, West Trenton, New Jersey and Bremen, Indiana plants. These agreements expire on January 31, 2013, June 30, 2009 and respectively.

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foreign patents and trademark registrations and U.S. copyright registrations, and have U.S. trademark and patent applications ntly have 77 issued or pending U.S. and foreign patents. We file patent applications and maintain patents to protect certain ions and improvements that are important to the development of our business, and we file trademark applications and maintain ions to protect product names that have achieved brand-name recognition among our customers. We also rely upon trade secrets, tinuing technological innovation to develop and maintain our competitive position. Many of our brands are well recognized by d are considered valuable assets of our business. We currently have 174 issued or pending U.S. and foreign trademark pplications. We do not believe, however, that any individual item of intellectual property is material to our business. See "Risk

. Essential to servicing the aerospace market is the ability to obtain product approvals. We have a substantial number of product rm of OEM approvals or Parts Manufacturer Approvals, or “PMAs,” from the FAA. We also have a substantial number of active in process. These approvals enable us to provide products used in virtually all domestic aircraft platforms presently in ation.

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

atters

federal, state and local environmental laws and regulations, including those governing discharges of pollutants into the air and handling and disposal of wastes and the health and safety of employees. We also may be liable under the Comprehensive sponse, Compensation, and Liability Act or similar state laws for the costs of investigation and clean-up of contamination at or formerly owned or operated by us, or at other facilities at which we have disposed of hazardous substances. In connection nation, we may also be liable for natural resource damages, government penalties and claims by third parties for personal injury age. Agencies responsible for enforcing these laws have authority to impose significant civil or criminal penalties for e believe we are currently in material compliance with all applicable requirements of environmental laws. We do not anticipate penditures for environmental compliance in fiscal 2009.

remediation of contamination is ongoing at some of our sites. In particular, state agencies have been overseeing groundwater es at our facility in Hartsville, South Carolina and a corrective action plan at our Clayton, Georgia facility. At Hartsville, we are els of contaminants in the groundwater caused by former operations. The state will permit us to cease monitoring activities after mpling periods demonstrate contaminants are below action levels. In connection with the purchase of our Fairfield, Connecticut e agreed to assume responsibility for completing clean-up efforts previously initiated by the prior owner. We submitted data to lieve demonstrates that no further remedial action is necessary although the state may require additional clean-up or monitoring. the purchase of our Clayton, Georgia facility, we agreed to assume certain responsibilities to implement a corrective action plan mediation of certain soil and groundwater contamination present at that facility. The corrective action plan is in the early stages. be no assurance, we do not expect expenses associated with these activities to be material.

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, quarterly and current reports, proxy statements, and other documents with the Securities and Exchange Commission (“SEC”) s Exchange Act of 1934. The public may read and copy any materials filed with the SEC at the SEC’s Public Reference Room at .W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the C-0330. Also, the SEC maintains an Internet website that contains reports, proxy and information statements, and other ing issuers that file electronically with the SEC. The public can obtain any documents that are filed by us at http://www.sec.gov.

nual Report on Form 10-K, as well as our quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to g reports, are made available free of charge on our Internet website (http://www.rbcbearings.com) as soon as reasonably ch reports are electronically filed with or furnished to the SEC. A copy of the above filings will also be provided free of charge st to us.

FACTORS

ment As To Forward-Looking Information

s “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities 934. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state cluding any projections of earnings, cash flows, revenue or other financial items; any statements of the plans, strategies and gement for future operations; any statements concerning proposed new services or developments; any statements regarding onditions or performance; future growth rates in the markets we serve; increases in foreign sales; supply and cost of raw ements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include

estimate," "intend," "continue," "believe," "expect," "anticipate," the negative of such terms or other comparable terminology.

ve that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially ed or assumed in any of our forward-looking statements. Our future financial condition, results of operations and cash flows, as d-looking statements, are subject to change and to inherent risks and uncertainties, such as those disclosed in this Annual Report tors that could cause our actual results, performance and achievements or industry results to differ materially from estimates or ed in forward-looking statements include, among others, the following:

· Weaknesses and cyclicality in any of the industries in which our customers operate;
hanges in marketing, product pricing and sales strategies or developments of new products by us or our competitors;
in U.S. governmental spending or changes in governmental programs, particularly military equipment procurement programs;
· Our ability to obtain and retain product approvals;
osts of raw materials, particularly steel, and energy resources and our ability to pass through these costs on a timely basis;
· Our ability to acquire and integrate complementary businesses;
· Unexpected equipment failures, catastrophic events or capacity constraints;
· The costs of defending, or the results of, new litigation;
· Our ability to attract and retain our management team and other highly-skilled personnel;
· Increases in interest rates;
· Work stoppages and other labor problems for us and our customers or suppliers;
· Contractual limitations on our ability to expand our business;
· Regulatory developments in the U.S. and foreign countries;
· Developments or disputes concerning patents or other proprietary rights;
ated changes in our earnings, fluctuations in our operating results or the failure to meet the expectations of financial market stors;
· Changes in accounting standards, policies, guidance, interpretation or principles;
· Risks associated with operating internationally, including currency translation risks;
· The operating and stock performance of comparable companies;
· Investors' perceptions of us and our industry; and
· General economic, geopolitical, industry and market conditions.

that could cause actual results to differ materially from our forward-looking statements are set forth in this Annual Report on ing under Item 1. "Business," Item 1A. "Risk Factors," Item 7. "Management's Discussion and Analysis of Financial Condition and ons" and Item 8. "Financial Statements and Supplementary Data."

ny duty to update any forward-looking statements after the date of this report to conform such statements to actual results or to ectations. All forward-looking statements contained in this report and any subsequently filed reports are expressly qualified in ese cautionary statements.

ating results, cash flows or financial condition could be materially adversely affected by any of the following risks. The trading on stock could decline due to any of these risks, and you may lose all or part of your investment. You should carefully consider nvesting in shares of our common stock.

ted to Our Company

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

industry is highly competitive, and we compete with many U.S. and non-U.S. companies, some of which benefit from lower ver regulatory burdens than us. We compete primarily based on product qualifications, product line breadth, service and price. s are larger than us or subsidiaries of larger entities and may be better able to manage costs than us or may have greater financial have. Due to the competitiveness in the bearing industry we may not be able to increase prices for our products to cover osts, or we may face pressure to reduce prices, which could materially reduce our revenues, gross margin and profitability.

s, including changes in market penetration, increased price competition and the introduction of new products and technology by ompetitors could result in a material reduction in our revenues and profitability.

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r customer could result in a material reduction in our revenues and profitability.

ners generated 31% and 32% of our net sales during fiscal 2008 and fiscal 2007, respectively. Accordingly, the loss of one or omers or a substantial decrease in such customers' purchases from us could result in a material reduction in our revenues and

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

of the industries in which our customers operate, as well as the cyclical nature of our customers' businesses generally, educe our revenues and profitability.

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

of our customers have historically experienced periodic downturns, which often have had a negative effect on demand for our ple, the severe downturn in 2001 in the aerospace industry resulted in deferrals or cancellations in aircraft orders, which reduced ce of orders placed for products used to manufacture commercial aircraft, including our bearings and other individual parts and nufacture. Previous industry downturns have negatively affected, and future industry downturns may negatively affect, our net and net income.

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

% of our net sales were made directly, and we estimate that approximately an additional 15.4% of our net sales were made U.S. government to support military or other government projects. Our failure to obtain new government contracts, the vernment contracts or reductions in federal budget appropriations regarding our products could result in materially reduced n, the funding of defense programs also competes with non-defense spending of the U.S. government. Our business is sensitive nal and international priorities and the U.S. government budget. A shift in government defense spending to other programs in nvolved or a reduction in U.S. government defense spending generally could materially reduce our revenues, cash flows from fitability. If we, or our prime contractors for which we are a subcontractor, fail to win any particular bid, or we are unable to s as a result of a cancellation, expiration or completion of a contract, our revenues or cash flows could be reduced.

y and costs of raw materials and energy resources could materially reduce our revenues, cash flow from operations and

pendent on the availability and costs of energy resources and raw materials, particularly steel, generally in the form of stainless which are commodity steel products. The availability and prices of raw materials and energy sources may be subject to ge due to, among other things, new laws or regulations, suppliers' allocations to other purchasers, interruptions in production by in exchange rates and worldwide price levels. Although we currently maintain alternative sources for raw materials, our business

k of price fluctuations and periodic delays in the delivery of certain raw materials. Disruptions in the supply of raw materials and ould temporarily impair our ability to manufacture our products for our customers or require us to pay higher prices in order to aterials or energy resources from other sources, which could thereby affect our net sales and profitability.

urchase steel at market prices, which during the past three years have increased to historical highs as a result of a relatively low l a relatively high level of demand. As a result, we are currently being assessed surcharges on certain of our purchases of steel, circumstances, we have experienced difficulty in identifying steel for purchase. If we are unable to purchase steel for our nificant period of time, our operations would be disrupted, which could reduce or delay sales of our products, and, in turn, could reduction in our revenues, cash flow from operations and profitability. In addition, we may be unable to pass on the increased als to our customers, which could materially reduce our cash flow from operations and profitability.

rough a significant portion of our additional costs to our customers through steel surcharges or price increases. However, even if these steel surcharges or price increases to our customers, there may be a time lag of up to 3 months or more between the time a into effect and our ability to implement surcharges or price increases, particularly for orders already in our backlog. As a result percentage may decline, and we may not be able to implement other price increases for our products. We cannot provide will be able to continue to pass these additional costs on to our customers at all or on a timely basis or that our customers will sources of supply if there are significant or prolonged increases in the price of steel or other raw materials or energy resources.

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

ng the aerospace market is the ability to obtain product approvals. We have a substantial number of product approvals, which e products used in virtually all domestic aircraft platforms presently in production or operation. Product approvals are typically to designated OEMs who are Production Approval Holders of FAA approved aircraft. These Production Approval Holders ntrol oversight and generally limit the number of suppliers directly servicing the commercial aerospace aftermarket. Regulations A provide for an independent process (the PMA process), which enables suppliers who currently sell their products to the val Holders, to sell products to the aftermarket. Our foreign sales may be subject to similar approvals or U.S. export control ugh we have not lost any material product approvals in the past, we cannot assure you that we will not lose approvals for our re. The loss of product approvals could result in lost sales and materially reduce our revenues and profitability.

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

it Agreement contains a number of restrictive covenants that limit our ability, among other things, to:

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

yBank Credit Agreement contains other financial covenants requiring us to maintain a minimum fixed charge coverage ratio and everage ratios and to satisfy certain other financial conditions. Our KeyBank Credit Agreement prohibits us from incurring s of more than $30 million per year. These restrictions could limit our ability to obtain future financings, make needed capital stand a future downturn in our business or the economy in general or otherwise conduct necessary corporate activities.

008, we had $41.0 of million outstanding borrowings and letters of credit of $21.6 million under our $150.0 million KeyBank Under the KeyBank Credit Agreement, we had borrowing availability of $87.4 million as of March 29, 2008.

nd other labor problems could materially reduce our ability to operate our business.

)08, approximately 13% of our hourly employees were represented by labor unions in the U.S. While we believe our relations s are satisfactory, a lengthy strike or other work stoppage at any of our facilities, particularly at some of our larger facilities, duce our ability to operate our business. In addition, any attempt by our employees not currently represented by a union to join a in additional expenses, including with respect to wages, benefits and pension obligations. We currently have three collective ents, one agreement covering approximately 65 employees will expire in June 2009, one agreement covering approximately 34 oire in October 2009, and one agreement covering approximately 83 employees will expire in January 2013.

ne extension of these agreements may result in modifications to the terms of these agreements, and these modifications could creased costs relating to our labor force.

toppages at one or more of our customers or suppliers, including suppliers of transportation services, many of which have large ces, for labor or other reasons could also cause disruptions to our business that we cannot control, and these disruptions may ur revenues and profitability.

pital intensive and may consume cash in excess of cash flows from our operations.

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

ment failures, catastrophic events or capacity constraints may increase our costs and reduce our sales due to production utdowns.

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

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

le to continue to make the acquisitions necessary for us to realize our growth strategy.

' businesses that complement or expand our operations has been and continues to be an important element of our business ently engage in evaluations of potential acquisitions and negotiations for possible acquisitions, some of which, if consummated, nt to us. We cannot assure you that we will be successful in identifying attractive acquisition candidates or completing orable terms in the future for a number of different reasons including the increased competition for targets, which may increase nd consolidation in our industries reducing the number of acquisition targets. Our inability to acquire businesses, or to operate

ce acquired, could have a material adverse effect on our business, financial position, cash flow and growth.

iculties of integrating acquired businesses could impede our future growth.

you that any future acquisition will enhance our financial performance. Our ability to effectively integrate any future acquisitions ong other things, the culture of the acquired business matching with our culture, the ability to retain and assimilate employees of ess, the ability to retain customers and integrate customer bases, the adequacy of our implementation plans, the ability of our ersee and operate effectively the combined operations and our ability to achieve desired operating efficiencies and sales goals. any acquired businesses might cause us to incur unforeseen costs, which would lower our future earnings and would prevent us xpected benefits of these acquisitions.

to integrate future acquired businesses with our operations successfully, we cannot assure you that we will realize all of the cost or revenue enhancements that we anticipate from such integration or that we will realize such benefits within the expected time of our acquisitions of other businesses, we may be subject to the risk of unforeseen business uncertainties or legal liabilities quired businesses for which the sellers may not indemnify us, or be financially able to indemnify us. Future acquisitions may tially dilutive issuances of securities.

ily on our senior management and other key personnel, the loss of whom could materially affect our financial prospects.

naged by a small number of key executive officers, including Dr. Michael J. Hartnett. Our future success will depend on, among bility to keep the services of these executives and to hire other highly qualified employees at all levels.

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

operations are subject to risks inherent in such activities.

ed operations in certain countries outside the U.S., including Mexico, France, Switzerland, China and England. Of our 25 ted outside the U.S., including 4 manufacturing facilities.

% of our net sales were derived from sales directly or indirectly outside the U.S. for fiscal 2008. We expect that this proportion is s we seek to increase our penetration of foreign markets, including through acquisitions, particularly within the aerospace and Our foreign operations are subject to the risks inherent in such activities such as: currency devaluations, logistical and allenges, costs of complying with a variety of foreign laws and regulations, greater difficulties in protecting and maintaining our l property, difficulty in staffing and managing geographically diverse operations, acts of terrorism or war or other acts that may tion which are difficult to quantify or predict and general economic conditions in these foreign markets. We are not aware of any regulatory changes, but our international operations may be negatively impacted by changes in government policies, such as nd regulations (or the interpretation thereof), restrictions on imports and exports, sources of supply, duties or tariffs, the asures to control inflation and changes in the rate or method of taxation. To date we have not experienced significant difficulties risks associated with our international operations, however, as the size of our international operations has continued to grow, we o become increasingly important to our business operations.

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

ns utilize the Swiss Franc as the functional currency, our French operations utilize the Euro as the functional currency and our utilize the British Pound Sterling as the functional currency. Foreign currency transaction gains and losses are included in currency transaction exposure arises primarily from the transfer of foreign currency from one subsidiary to another within the n currency denominated trade receivables. Unrealized currency translation gains and losses are recognized upon translation of aries' balance sheets to U.S. dollars. Because our financial statements are denominated in U.S. dollars, changes in currency

ween the U.S. dollar and other currencies have had, and will continue to have, an impact on our earnings. While we monitor
currently do not have exchange rate hedges in place to reduce the risk of an adverse currency exchange movement. Although
ons have not had a material impact on our financial performance in the past, such fluctuations may affect our financial
e future. The impact of future exchange rate fluctuations on our results of operations cannot be accurately predicted. See
Qualitative Disclosures about Market Risk—Foreign Currency Exchange Rates."

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red to make significant future contributions to our pension plan.

008, we maintained one noncontributory defined benefit pension plan. The plan was overfunded by $0.5 million in the aggregate 08 and underfunded by $1.1 million as of March 31, 2007, which are the amounts by which the accumulated benefit obligations eed, respectively, the sum of the fair market value of the plan's assets. We are required to make cash contributions to our pension necessary to comply with minimum funding requirements imposed by employee benefit laws and tax laws. The amount of any ributions is determined based on annual actuarial valuation of the plan as performed by the plan's actuaries. The amount of future depend upon asset returns, then-current discount rates and a number of other factors, and, as a result, the amount we may elect or tribute to our pension plan in the future may increase significantly. Additionally, there is a risk that if the Pension Benefit ion concludes that its risk with respect to our pension plan may increase unreasonably if the plan continues to operate, if we are e minimum funding requirement for the plan or if the plan becomes unable to pay benefits, then the Pension Benefit Guaranty terminate the plan and take control of its assets. In such event, we may be required to make an immediate payment to the uaranty Corporation of all or a substantial portion of the underfunding as calculated by the Pension Benefit Guaranty Corporation assumptions. The underfunding calculated by the Pension Benefit Guaranty Corporation could be substantially greater than the ave calculated because, for example, the Pension Benefit Guaranty Corporation may use a significantly lower discount rate. If t made, then the Pension Benefit Guaranty Corporation could place liens on a material portion of our assets and the assets of any ntrolled group. Such action could result in a material increase in our pension related expenses and a corresponding reduction in net income. For additional information concerning our pension plan and plan liabilities, see Note 13 to our consolidated financial fiscal year ended March 29, 2008.

terial losses for product liability and recall related claims.

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

gulations impose substantial costs and limitations on our operations, and environmental compliance may be more costly

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

roperty and other proprietary rights are valuable, and any inability to protect them could adversely affect our business rations; in addition, we may be subject to infringement claims by third parties.

pete effectively is dependent upon our ability to protect and preserve the intellectual property and other proprietary rights and icensed or otherwise used by us. We have numerous U.S. and foreign patents, trademark registrations and U.S. copyright ssued patents are expected to expire by their own terms at various dates and most such patents will not expire for at least 5 years. . and foreign trademark and patent applications pending. We cannot assure you that our pending trademark and patent sult in trademark registrations and issued patents, and our failure to secure rights under these applications may limit our ability llectual property rights that these applications were intended to cover. Although we have attempted to protect our intellectual proprietary rights both in the United States and in foreign countries through a combination of patent, trademark, copyright and ion and non-disclosure agreements, these steps may be insufficient to prevent unauthorized use of our intellectual property and ghts, particularly in foreign countries where the protection available for such intellectual property and other proprietary rights e cannot assure you that any of our intellectual property rights will not be infringed upon or that our trade secrets will not be otherwise become known to or independently developed by competitors. We may not have adequate remedies available for any or other unauthorized use. We cannot assure you that any infringement claims asserted by us will not result in our intellectual llenged or invalidated, that our intellectual property will be held to be of adequate scope to protect our business or that we will rrent and former employees, contractors or other parties from breaching confidentiality obligations and misappropriating trade n, we may become subject to claims against us which could require us to pay damages or limit our ability to use certain y and other proprietary rights found to be in violation of a third party's rights, and, in the event such litigation is successful, we se such intellectual property and other proprietary rights at all or on reasonable terms. Regardless of its outcome, any litigation, ed by us or third parties, could be protracted and costly and could result in increased litigation related expenses, the loss of ty rights or payment of money or other damages, which may result in lost sales and reduced cash flow and decrease our net ness—Intellectual Property."

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

008, we had an order backlog of $217.7 million, which we estimate will be fulfilled within the next 12 months. However, orders klog are subject to cancellation, delay or other modifications by our customers prior to fulfillment. For these reasons, we cannot ers included in our backlog will ultimately result in the actual receipt of revenues from such orders.

tain an effective system of internal controls, we may not be able to accurately report our financial results or prevent

controls are necessary for us to provide reliable financial reports and effectively prevent fraud. Any inability to provide reliable prevent fraud could harm our business. To date, we have not detected any material weakness or significant deficiencies in our ver financial reporting. However, we are continuing to evaluate and, where appropriate, enhance our policies, procedures and f we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time be subject to regulatory scrutiny, civil or criminal penalties or shareholder litigation. In addition, failure to maintain adequate uld result in financial statements that do not accurately reflect our financial condition. Inferior internal controls could also cause nfidence in our reported financial information, which could have a negative effect on the trading price of our stock.

ted to our Common Stock

charter documents may prevent or hinder efforts to acquire a controlling interest in us.

certificate of incorporation and bylaws may discourage, delay or prevent a merger, acquisition or other change in control that consider favorable, including transactions which might benefit our stockholders or in which our stockholders might otherwise n for their shares. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our

ncorporation authorizes the issuance of preferred stock with such designations, rights and preferences as may be determined by our board of directors without stockholder approval. Holders of the common stock may not have preemptive rights to rata portion of any capital stock which may be issued by us. In the event of issuance, such preferred stock could be utilized, mstances, as a method of discouraging, delaying or preventing a change in control of us or could impede our stockholders' ability ction they consider in their best interests. Although we have no present intention to issue any new shares of preferred stock, we ture.

SOLVED STAFF COMMENTS

RTIES

utive offices are located at One Tribology Center, Oxford, Connecticut 06478. We also use this facility for manufacturing.

n the following locations:

Rancho Dominguez, California	Bremen, Indiana
Santa Ana, California	Plymouth, Indiana
Fairfield, Connecticut	Bishopville, South Carolina
Torrington, Connecticut	Hartsville, South Carolina
Canton, Georgia	Walterboro, South Carolina
Clayton, Georgia	

effect with respect to the following facilities:

d Facility	Lease Expiration Date	Location of Leased Facility	Lease Expiration Date
fornia	April 30, 2013	Oklahoma City, Oklahoma	September 30, 2021
ia	August 31, 2008	Bishopville, South Carolina	January 31, 2016
California	July 1, 2009	Hartsville, South Carolina	September 30, 2014
ut	September 30, 2014	Delmont, Switzerland	December 31, 2009
cticut	December 22, 2008	Houston, Texas	June 30, 2012
ngland	May 20, 2012	Hoffman Estates, Illinois	March 31, 2009
	June 13, 2013	Shanghai, China	May 24, 2009
Jersey	February 2, 2012	Les Ulis, France	July 31, 2010

nall field offices located in various locations to support field sales operations.

r existing property, facilities and equipment are generally in good condition, are well maintained and adequate to carry on our . We also believe that our existing manufacturing facilities have sufficient capacity to meet increased customer demand. f our owned domestic properties and most of our other assets are subject to a lien securing our obligations under our KeyBank

PROCEEDINGS

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

t Court of Connecticut has issued an injunction against SKF USA Inc. in connection with the sale of Nice® radial ball bearings. gs, the Federal Court found that SKF USA Inc.'s use of its 2008 price list and other advertisements created confusion in the whether SKF USA Inc. was still an authorized distributor of NICE products. The Federal Court found that SKF USA Inc.'s "2008 ing a significant portion of RBC's product line," making its distribution by SKF USA Inc. "far more damaging to RBC and more

fusion."

t's injunction prohibits SKF USA Inc. from distributing the current versions of its 2008 price list and product interchange deral Court's injunction also prohibits SKF USA Inc. from suggesting to consumers that SKF USA Inc. is an authorized e® products. To comply with the injunction, SKF USA Inc.'s price lists, advertisements and similar documents must "clearly orized affiliation with the NICE brand and clearly disclaim any status as an authorized distributor of Nice® products." The ctive on Monday May 12, 2008 at 5pm (EDT).

SION OF MATTERS TO A VOTE OF SECURITY HOLDERS

bmitted to a vote of security holders during the fourth quarter of the fiscal year ended March 29, 2008.

FICERS OF THE REGISTRANT

icers are elected by the Board of Directors normally for a term of one year and until the election of their successors. The of the company as of May 20, 2008 are as follows:

	Age		Current Position and Previous Positions During Last Five Years
nett	62	1992	Chairman, President and Chief Executive Officer
n	48	2003	Vice President Finance
		2003	Vice President and Chief Financial Officer and Secretary
		2006	Vice President and Chief Financial Officer and Assistant Secretary
il (a)	64	1995	General Manager
		2007	General Manager
	50	2000	General Manager
		2003	General Manager
		2008	Vice President and General Manager
s	52	1996	Vice President and General Manager
s	56	2006	Corporate General Counsel and Secretary
	56	2003	Manager of Accounting
		2005	Director of Accounting
		2006	Corporate Controller

(a) Mr. Beausoleil retired from the company on March 31, 2008.

T FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES URITIES

Common Stock

is quoted on the Nasdaq National Market under the symbol "ROLL." As of May 20, 2008, there were 54 holders of record of

le shows the high and low sales prices of our common stock as reported by the Nasdaq National Market during the periods

	Fiscal 2008		Fiscal 2007	
	High	Low	High	Low
	$ 42.90	$ 33.70	$ 27.19	$ 19.33
	42.67	31.77	25.57	19.63
	43.98	33.46	30.12	23.78
	43.87	27.48	34.88	25.81

le price of our common stock on the Nasdaq National Market on May 20, 2008 was $39.19 per share.

lared or paid any cash dividends on our common stock and do not expect to pay cash dividends for the foreseeable future. Our
retain all of our earnings to finance future growth. In addition, covenants in our credit facilities restrict our ability to pay
ture declaration of dividends will be determined by our board of directors, based upon our earnings, capital requirements,
debt covenants, tax consequences and other factors deemed relevant by our board of directors.

of Equity Securities

our board of directors authorized us to repurchase up to $10.0 million of our common stock from time to time on the open
ock trades, or in privately negotiated transactions depending on market conditions, alternative uses of capital and other factors.
commenced, suspended or discontinued at any time without prior notice. The new program, which does not have an expiration
5 million program that expired on March 31, 2007.

ases for the three months ended March 29, 2008 are as follows:

Period	Total number of shares purchased	Average price paid per share	Number of shares purchased as part of the publicly announced program	Approximate dollar value of shares still available to be purchased under the program (000's)
/2008	—	$ —	—	$ 9,250
/2008	9,798	31.20	9,798	8,944
/2008	45,569	32.60	45,569	$ 7,458
	55,367	$ 32.36	55,367	

uarter of fiscal 2008, we did not issue any common stock that was not registered under the Securities Act.

tion Plans

ling equity compensation plans required to be disclosed pursuant to this Item is included elsewhere in Note 16, Item 8 of this
Form 10-K.

ph

h shows the total return to our stockholders compared to a peer group and the Nasdaq Composite over the period from August
f our initial public offering) to March 29, 2008. Each line on the graph assumes that $100 was invested in our common stock on
r in the respective indices at the closing price on August 10, 2005. The graph then presents the value of these investments,
nent of dividends, through the close of trading on March 29, 2008.

	August 10, 2005		April 1, 2006		March 31, 2007		March 29, 2008
rporated	$	100.00	$	134.25	$	218.93	$	237.00
Index		100.00		109.00		114.16		106.85
		100.00		124.18		179.46		176.90

nsists of Kaydon Corporation, Moog Inc., NN Inc., Precision Industries Castparts Corp., Timken Company and Triumph Group pinion, most closely represent the peer group for our business segments.

otal return shown on the stock performance graph indicates historical results only and is not necessarily indicative of future

TED FINANCIAL DATA

e sets forth our selected consolidated historical financial and other data as of the dates and for the periods indicated. The selected f and for the years ended March 29, 2008, March 31, 2007, April 1, 2006, April 2, 2005, and April 3, 2004 have been derived consolidated financial statements audited by Ernst & Young LLP, independent registered public accounting firm. Historical ssarily indicative of the results expected in the future. You should read the data presented below together with, and qualified by agement's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements in this Form 10-K.

	Fiscal Year Ended				
	March 29, 2008	March 31, 2007	April 1, 2006	April 2, 2005	April 3, 2004
	(in thousands, except share and per share amounts)				
rations Data:					
	$ 330,600	$ 306,062	$ 274,509	$ 243,016	$ 187,331
	217,022	205,953	191,561	174,602	135,433
	113,578	100,109	82,948	68,414	51,898
d administrative(2)	48,904	42,256	41,945	32,749	28,107
	1,824	5,934	2,424	3,526	1,662
	62,850	51,919	38,579	32,139	22,129
et	3,407	5,780	15,657	19,669	20,380
guishment of debt(3)	27	3,576	3,771	6,950	—
g expense (income)	(463)	(1,504)	78	(355)	16
ome taxes	59,879	44,067	19,073	5,875	1,733
fit from) income taxes	19,685	15,588	6,634	(1,385)	1,070
	40,194	28,479	12,439	7,260	663
idends	—	—	(893)	(2,280)	(2,144)
of preferred stock in ngs	—	—	(630)	(1,142)	—
vailable to common	$ 40,194	$ 28,479	$ 10,916	$ 3,838	$ (1,481)
er common share:(4)					
	$ 1.87	$ 1.38	$ 0.84	$ 0.62	$ (0.24)
	$ 1.84	$ 1.33	$ 0.76	$ 0.35	$ (0.24)
common shares:(4)					
	21,457,846	20,579,498	12,931,185	6,202,615	6,188,903
	21,802,711	21,335,307	14,452,264	10,854,584	6,188,903
ata:					
es	$ 17,758	$ 16,174	$ 10,341	$ 9,526	$ 4,951

	As of				
	March 29, 2008	March 31, 2007	April 1, 2006	April 2, 2005	April 3, 2004
	(in thousands)				
ta:					
	$ 9,859	$ 5, 184	$ 16,126	$ 2,635	$ 3,250
	176,269	138,970	146,612	120,656	105,550
	337,112	273,713	275,923	250,169	234,746
	57,750	59,405	165,747	220,079	215,224
equity (deficit)	223,910	168,171	73,340	(7,759)	(16,285)

330.6 million in fiscal 2008 compared to $306.1 million in fiscal 2007, an increase of $24.5 million. Net sales in the compared d net sales of $5.4 million for Phoenix (acquired in May 2007), $2.7 million for CBS (acquired in July 2007), $0.3 million for n March 2008) and $0.3 million for BEMD (acquired in March 2008).

6.1 million in fiscal 2007 compared to $274.5 million in fiscal 2006, an increase of $31.6 million. Net sales in the compared t sales of $8.4 million in fiscal 2007 for All Power, which was acquired in September 2006.

74.5 million in fiscal 2006 compared to $243.0 million in fiscal 2005, an increase of $31.5 million. Net sales in the compared
et sales of $1.7 million in fiscal 2006 for SWP, which was acquired in September 2005.

-3.0 million in fiscal 2005 compared to $187.3 million in fiscal 2004, an increase of $55.7 million. Net sales in the compared
et sales of $19.3 million in fiscal 2005 and $6.1 million in fiscal 2004 for RBC-API, which was acquired in December 2003.

al and administrative expense for the fiscal year ended April 1, 2006 included non-recurring compensation expense of

xtinguishment of debt in fiscal 2007 was $3.6 million for the non-cash write-off of deferred financing costs associated with the
n of the senior credit facility.

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nguishment of debt of $3.8 million in fiscal 2006 included $1.6 million for non-cash write-off of deferred financing fees and l discount associated with retired debt, $1.3 million of redemption premium associated with the retirement of all of our 13% res in September 2005, $0.5 million of prepayment fees related to the repayment of all of the outstanding balance under our oan in August 2005 and $0.4 million in interest expense for the 30-day call period related to the early extinguishment of our 13% es.

nguishment of debt of $7.0 million in fiscal 2005 included $4.3 million for non-cash write-off of deferred financing fees red debt, $1.8 million of redemption premium and $0.9 million of accrued interest for the 30-day call period related to the early $110.0 million of 9 ^{5}¤$_{8}$% senior subordinated notes in July 2004.

e fiscal year ended March 31, 2007 reflect the consummation of our secondary public offering in April 2006, which included: (1) f 8,989,550 shares of our common stock (5,995,529 sold by certain of our stockholders) at the offering price of $20.50 per share yment of $57.8 million of our Term Loan.

iscal year ended April 1, 2006 reflect the consummation of our initial public offering in August 2005, which included: (1) the 4,516 shares at the offering price of $14.50 per share, (2) the repayment of all of our $38.6 million in aggregate principal amount ordinated discount debentures due 2009, (3) the repayment of all outstanding indebtedness under our $45.0 million second lien addition of $40.0 million to our Term Loan and (5) the redemption of all of our then outstanding Class C and Class D preferred gate redemption price of $38.6 million.

r periods prior to August 15, 2005 include shares of both Class A common stock and Class B common stock, all of which were ingle class of common stock on a one-for-one basis in connection with our initial public offering as of such date.

EMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

vn international manufacturer of highly engineered precision plain, roller and ball bearings. Our precision solutions are integral and operation of most machines and mechanical systems, reduce wear to moving parts, facilitate proper power transmission and d energy loss caused by friction. While we manufacture products in all major bearing categories, we focus primarily on the earing market where we believe our value added manufacturing and engineering capabilities enable us to differentiate ourselves ors and enhance profitability. We estimate that approximately two-thirds of our net sales during fiscal 2008 were generated by we hold the number one or two market position. We have been providing bearing solutions to our customers since 1919. Over under the leadership of our current management team, we have significantly broadened our end markets, products, customer base ch. We currently operate 25 facilities of which 22 are manufacturing facilities in four countries.

gs generally follows the market for products in which bearings are incorporated and the economy as a whole. Purchasers of dustrial equipment and machinery manufacturers, producers of commercial and military aerospace equipment such as missiles agricultural machinery manufacturers, construction, mining and specialized equipment manufacturers and automotive and manufacturers. The markets for our products are cyclical, and general market conditions could negatively impact our operating ndeavored to mitigate the cyclicality of our product markets by entering into sole-source relationships and long-term purchase ersification across multiple market segments within the aerospace and defense and diversified industrial segments, by increasing rket and by focusing on developing highly customized solutions.

, the world economy continued to grow and expand, and we experienced favorable conditions across our two major markets: al and aerospace and defense. In particular, the diversified industrial market has been driven by requirements in non-residential g and the oil and gas sectors. These conditions have resulted in demand for bearings for both OEM and replacement markets. In et a strong recovery continued, and we believe it is at the mid-stages of an extended cycle. Expansion of the commercial aircraft to increased passenger demand and the need of the carriers to upgrade the worldwide fleet, drove increased build schedules at

s. The defense sector continued to replace and develop its weapons and cargo platforms. This sector demonstrated increased placement bearings for combat systems strained by extensive use in harsh environments over the past four years.

% of our costs are attributable to raw materials, a majority of which are related to steel and related products. During the past rices have increased to historically high levels, responding to unprecedented levels of world demand. To date, we have generally hrough these costs to our customers through price increases and the assessment of surcharges, although there can be a time lag of nore.

cialized bearing markets is based on engineering design, brand, lead times and reliability of product and service. These markets price sensitive as the markets for standard bearings.

ated expertise in acquiring and integrating bearing and precision-engineered component manufacturers that have complementary ution channels and provide significant potential for margin enhancement. We have consistently increased the profitability of s through a process of methods and systems improvement coupled with the introduction of complementary and proprietary new tober 1992 we have completed 18 acquisitions which have significantly broadened our end markets, products, customer base and

ue

ted primarily from sales of bearings to the diversified industrial market and the aerospace and defense markets. Sales are often ole-source relationships, long-term agreements and purchase orders with our customers. We recognize revenues principally from at the point of passage of title, which is at the time of shipment.

fied industrial market accounted for 47% of our net sales for the fiscal year ended March 29, 2008. Sales to the aerospace and counted for 53% of our net sales for the same period. We anticipate that sales to the aerospace and defense markets will increase our net sales.

of replacement parts for existing equipment platforms represented approximately 58% of our net sales for fiscal 2008. We p our OEM relationships which have established us as a leading supplier on many important aerospace and defense platforms. ral years, we have experienced increased demand from the replacement parts market, particularly within the aerospace and ne of our business strategies has been to increase the proportion of sales derived from this sector. We believe these activities y of our revenue base, strengthen our brand identity and provide multiple paths for revenue growth.

% of our net sales were derived from sales directly or indirectly outside the U.S. for fiscal 2008, compared to 24% for fiscal hat this proportion will increase as we seek to increase our penetration of foreign markets, particularly within the aerospace and ur top ten customers, generated 31% and 32% of our net sales in fiscal 2008 and 2007, respectively. Out of the 31% of net sales op ten customers during the fiscal year ended March 29, 2008, 20% of net sales was generated by our top four customers. No s responsible for generating more than 8% of our net sales for the same period.

udes employee compensation and benefits, materials, outside processing, depreciation of manufacturing machinery and s and manufacturing overhead.

ur years, our gross margin was impacted by rising raw material prices, in particular, steel and related products. In response, we aged to pass on the majority of these price increases of raw materials to our customers through steel surcharges assessed on, or our bearing products. However, we have from time to time experienced a time lag of up to 3 months or more in our ability to surcharges to our customers, which has negatively impacted our gross margin. We will continue to pass on raw material price titive conditions allow.

significantly impacted by recent increases in energy prices because energy costs, the most significant component of which is heat treating operations, represent approximately 3% of our overall costs.

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

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nd Administrative Expenses

nd administrative, or SG&A, expenses relate primarily to the compensation and associated costs of selling, general and sonnel, professional fees, insurance, facility costs and information technology. We expect SG&A expenses will increase in ve increase our sales efforts and incur increased costs related to the anticipated growth of our business.

7, our RBC Aircraft Products, Inc. subsidiary relocated from a leased to an owned facility within Torrington, Connecticut. elated to the relocation of this manufacturing facility resulted in a charge of approximately $0.5 million in fiscal 2008.

our Tyson Bearing Company, Inc. subsidiary and the United Steelworkers of America (AFL-CIO) Local 7461-01 entered into a nt in connection with our decision to close operations at our Glasgow, Kentucky facility. Under the shutdown agreement, the ke no action against us in connection with such shutdown. The agreement also addressed closure and other transition issues , workers compensation insurance, adjustment assistance and other matters. The production that was conducted at the Tyson moved to other RBC locations. This consolidation resulted in a charge of approximately $5.1 million in fiscal 2007. 2 million of this charge related to the disposal of fixed assets.

our RBC Nice Bearings, Inc. subsidiary and the United Steelworkers of America (AFL-CIO) Local 6816-12 entered into a nt in connection with our decision to close operations at our Kulpsville, Pennsylvania facility. Under the shutdown agreement, o take no action against us in connection with such shutdown. The agreement also addressed closure and other transition issues s, workers compensation insurance, adjustment assistance and other matters. The production that was conducted at the Nice oved to other RBC locations. Shutdown costs included $0.6 million of severance and $0.4 million for fixed asset impairments ed in fiscal 2006.

ions

e sets forth the various components of our consolidated statements of operations, expressed as a percentage of net sales, for the hat are used in connection with the discussion herein:

	Fiscal Year Ended		
	March 29, 2008	March 31, 2007	April 1, 2006
ement of Operations Data:			
sales	100.0%	100.0%	100.0%
ss margin	34.4	32.7	30.2
ng, general and administrative	14.8	13.8	15.3
er, net	0.6	1.9	0.9
rating income	19.0	17.0	14.0
rest expense, net	1.0	1.9	5.7
s on early extinguishment of debt	—	1.2	1.4
er non-operating expense (income)	(0.1)	(0.5)	—
me before income taxes	18.1	14.4	6.9
vision for income taxes	6.0	5.1	2.4
income	12.1%	9.3%	4.5%

ion

rtable product segments: Plain Bearings, Roller Bearings, Ball Bearings and Other. Other consists primarily of precision ball

e tool collets. The following table shows our net sales and operating income with respect to each of our reporting segments plus
ıst three fiscal years:

	Fiscal Year Ended		
	March 29, 2008	March 31, 2007	April 1, 2006
	(in thousands)		
External Sales			
n	$ 154,535	$ 143,907	$ 115,091
er	97,019	92,123	96,466
	56,677	50,466	46,378
er	22,369	19,566	16,574
l	$ 330,600	$ 306,062	$ 274,509
rating Income			
n	$ 40,982	$ 41,163	$ 30,955
er	28,818	18,766	23,340
	14,284	12,523	9,692
er	2,669	2,200	1,478
porate	(23,903)	(22,733)	(26,886)
l	$ 62,850	$ 51,919	$ 38,579

nation

e summarizes our net sales, by shipping location, for the periods shown:

	Fiscal Year Ended		
	March 29, 2008	March 31, 2007	April 1, 2006
	(in thousands)		
graphic Revenues			
nestic	$ 280,510	$ 265,644	$ 243,576
eign	50,090	40,418	30,933
l	$ 330,600	$ 306,062	$ 274,509

rmation concerning our business segments, see Item 8, Note 21.

ared to Fiscal 2007

s for fiscal 2008 were $330.6 million, an increase of $24.5 million, or 8.0%, compared to $306.1 million for the same period in g fiscal 2008, we experienced net sales growth in all our four segments, driven by demand across end markets as well as o supply new products to existing and new customers. Overall, net sales to aerospace and defense customers grew 14.5% in red to the same period last year, driven mainly by commercial and military aerospace aftermarket, OEM demand and a full year n was acquired in fiscal 2007. Net sales to diversified industrial customers grew 1.7% in fiscal 2008 compared to the same period in this change, our core markets of construction, mining, semiconductor capital equipment and distribution were up 8.8% offset r-over-year volume in our Class 8 truck market. The addition of CBS and Phoenix during fiscal 2008 contributed $8.0 million rowth.

segment achieved net sales of $154.5 million in fiscal 2008, an increase of $10.6 million, or 7.4%, compared to $143.9 million d in the prior year. The commercial and military aerospace market grew $15.2 million due to an increase in airframe and shipments to aircraft manufacturers and continued demand for aftermarket product. The inclusion of AID accounted for $0.3 ease. This was offset by a $4.6 million decline in net sales to our diversified industrial customers. This decline was mainly due to uring capacity in response to growing aerospace demand and lower industrial OEM demand.

s segment achieved net sales of $97.0 million in fiscal 2008, an increase of $4.9 million, or 5.3%, compared to $92.1 million for n the prior year. Net sales to the aerospace and defense market increased by $2.9 million, while the inclusion of Phoenix million of diversified industrial market sales, offset by a decrease of $3.3 million in diversified industrial market sales primarily ed slowdown in our Class 8 truck market.

segment achieved net sales of $56.7 million in fiscal 2008, an increase of $6.2 million, or 12.3%, compared to $50.5 million for the prior year. Of this increase, $2.5 million was driven principally by increased aerospace and defense-related demand. Sales to he industrial market increased $3.7 million compared to the same period in the prior year. The inclusion of CBS accounted for net diversified industrial sales increase.

t, which is focused mainly on the sale of precision ball screws and machine tool collets, achieved net sales of $22.4 million in rease of $2.8 million, or 14.3%, compared to $19.6 million for the same period last year. This increase was primarily due to nachine tool collets in Europe. Included in this increase was $0.3 million for the recent acquisition of BEMD.

oss margin was $113.6 million, or 34.4% of net sales, in fiscal 2008, versus $100.1 million, or 32.7% of net sales, for the in fiscal 2007. The increase in our gross margin as a percentage of net sales was primarily the result of an overall increase in in mix toward higher margin products combined with the corresponding effects of efficiency improvements.

and Administrative. SG&A expenses increased by $6.6 million, or 15.6%, to $48.9 million in fiscal 2008 compared to he same period in fiscal 2007. The increase was primarily due to an increase of $5.4 million for personnel necessary to support higher stock compensation expense of $0.5 million, and $0.7 million associated with acquisitions. As a percentage of net sales, in fiscal 2008 compared to 13.8% for the same period in fiscal 2007.

net in fiscal 2008 was $1.8 million compared to $5.9 million for the same period in fiscal 2007. In fiscal 2008, other, net lion of amortization of intangibles, $0.5 million of moving expenses related to the relocation of our aircraft products lity and a loss on disposal of fixed assets of $0.4 million, offset by other miscellaneous income of $0.4 million. In fiscal 2007, plant consolidation expenses for both the Tyson and Nice facilities of $3.2 million, a loss on disposal of fixed assets of $2.7 imarily to the Tyson plant consolidation, a gain on the sale of the Nice facility of $0.8 million, amortization of intangibles of).2 million of bad debt expense.

Operating income was $62.9 million, or 19.0% of net sales, in fiscal 2008 compared to $51.9 million, or 17.0% of net sales, in ting income for the Plain Bearings segment was $41.0 million in fiscal 2008, or 26.5% of net sales, compared to $41.2 million l last year, or 28.6% of net sales. The Roller Bearings segment achieved an operating income in fiscal 2008 of $28.8 million, or compared to $18.8 million, or 20.4% of net sales, in fiscal 2007. The Ball Bearings segment achieved an operating income of 5.2% of net sales, in fiscal 2008, compared to $12.5 million, or 24.8% of net sales, for the same period in fiscal 2007. The Other an operating income of $2.7 million, or 11.9% of net sales, in fiscal 2008, compared to $2.2 million or 11.2% of net sales, for the cal 2007. The increase in operating income in the Roller, Ball and Other segments was driven primarily by an increase in net n mix toward higher margin products. The decrease in operating income in the Plain segment was primarily driven by the s to industrial customers.

et. Interest expense, net decreased by $2.4 million to $3.4 million in fiscal 2008, compared to $5.8 million in fiscal 2007, driven

nguishment of Debt. For fiscal 2007, loss on early extinguishment of debt was $3.6 million for non-cash write-off of deferred

ing Expense (Income). In fiscal 2008, we received approximately $0.3 million in payments under the U.S. Continued Dumping Act (CDSOA) for 2007. This compared to $1.2 million in payments received in fiscal 2007 for 2006. The CDSOA distributes paid by overseas companies to domestic firms hurt by unfair trade.

ome Taxes. Income before taxes was $59.9 million in fiscal 2008 compared to income before taxes of $44.1 million in fiscal

ome tax expense in fiscal 2008 was $19.7 million compared to $15.6 million in fiscal 2007. The effective income tax rate in

.9% compared to 35.4% in fiscal 2007. The decrease in the effective income tax rate was primarily due to a manufacturing 2008 and benefits related to research and development credits, partially offset by a lower international rate differential.

come was $40.2 million in fiscal 2008 compared to net income of $28.5 million in fiscal 2007.

red to Fiscal 2006

s for fiscal 2007 were $306.1 million, an increase of $31.6 million, or 11.5%, compared to $274.5 million for the same period in g fiscal 2007, we experienced net sales growth in three of our four segments, driven by demand across end markets as well as o supply new products to existing and new customers. Overall, net sales to aerospace and defense customers grew 25.8% in red to the same period last year, driven mainly by commercial and military aerospace aftermarket, OEM demand and the ly acquired All Power. Net sales to diversified industrial customers grew 0.3% in fiscal 2007 compared to the same period last his change, our core markets of construction, mining, semiconductor capital equipment and distribution were up 6.8% offset by ver-year volume in our Class 8 truck market.

segment achieved net sales of $143.9 million in fiscal 2007, an increase of $28.8 million, or 25.0%, compared to $115.1 million l in the prior year. The commercial and military aerospace market accounted for $28.2 million of the increase due to an increase rospace bearing shipments to aircraft manufacturers and continued demand for aftermarket product. Net sales to diversified s accounted for $0.6 million of the increase driven by general industrial applications.

gs segment achieved net sales of $92.1 million in fiscal 2007, a decrease of $4.4 million, or 4.5%, compared to $96.5 million for the prior year. $8.1 million of this decrease was attributable to sales to customers in the industrial market, mainly a result of the lass 8 truck market. The aerospace and defense market accounted for the offsetting $3.7 million increase, driven primarily by es and maintenance requirements for commercial and military aircraft.

segment achieved net sales of $50.5 million in fiscal 2007, an increase of $4.1 million, or 8.8%, compared to $46.4 million for the prior year. The increase was driven principally by increased demand from airframe, electro-optical, and satellite and plications and increased penetration of the airframe market.

t, which is focused mainly on the sale of precision ball screws and machine tool collets, achieved net sales of $19.6 million in rease of $3.0 million, or 18.1%, compared to $16.6 million for the same period last year. This increase was primarily due to machine tool collets to the industrial market in Europe and precision ball screws to aerospace and industrial applications.

oss margin was $100.1 million, or 32.7% of net sales, in fiscal 2007, versus $82.9 million, or 30.2% of net sales, for the in fiscal 2006. The increase in our gross margin as a percentage of net sales was primarily the result of an overall increase in ces, increased manufacturing efficiency, and overall product mix.

d Administrative. SG&A expenses increased by $0.4 million, or 0.7%, to $42.3 million in fiscal 2007 compared to $41.9 million d in fiscal 2006. The increase was primarily due to higher stock compensation expense of $0.4 million, higher professional .3 million and an increase of $3.9 million for personnel necessary to support increased volume, offset by $5.2 million in pensation expense in fiscal 2006. As a percentage of net sales, SG&A was 13.8% in fiscal 2007 compared to 15.3% for the same 6.

net in fiscal 2007 was $5.9 million compared to $2.4 million for the same period in fiscal 2006. In fiscal 2007, other, net solidation expenses for both the Tyson and Nice facilities of $3.2 million, a loss on disposal of fixed assets of $2.7 million o the Tyson plant consolidation, a gain on the sale of the Nice facility of $0.8 million, amortization of intangibles of $0.7 million bad debt expense. In fiscal 2006, other, net included amortization of intangibles of $0.7 million, severance costs of $0.6 million asset disposals of $0.4 million for the RBC Nice Bearings, Inc. plant consolidation, $0.2 million of non-recurring management f bad debt expense, and $0.2 million of other expenses.

Operating income was $51.9 million, or 17.0% of net sales, in fiscal 2007 compared to $38.6 million, or 14.0% of net sales, in ting income for the Plain Bearings segment was $41.2 million in fiscal 2007, or 28.6% of net sales, compared to $31.0 million

l last year, or 26.9% of net sales. The Roller Bearings segment achieved an operating income in fiscal 2007 of $18.8 million, or
compared to $23.3 million, or 24.2% of net sales, in fiscal 2006. The Ball Bearings segment achieved an operating income of
4.8% of net sales, in fiscal 2007, compared to $9.7 million, or 20.9% of net sales, for the same period in fiscal 2006. The Other
an operating income of $2.2 million, or 11.2% of net sales, in fiscal 2007, compared to $1.5 million or 8.9% of net sales, for the
al 2006. The increase in operating income in the Plain, Ball and Other segments was driven primarily by an increase in net sales.
erating income in the Roller segment was primarily driven by the decrease in net sales to industrial distributor customers.

net. Interest expense, net decreased by $9.9 million to $5.8 million in fiscal 2007, compared to $15.7 million in fiscal 2006, action.

nguishment of Debt. For fiscal 2007, loss on early extinguishment of debt was $3.6 million for non-cash write-off of deferred r fiscal 2006, loss on early extinguishment of debt of $3.8 million included $1.6 million for non-cash write-off of deferred unamortized bond discount associated with retired debt, $1.3 million of redemption premium associated with the redemption of nt debentures in September 2005, $0.5 million prepayment fees related to the prepayment of all the outstanding balance under m loan in August 2005 and $0.4 million in interest expense for the 30-day call period related to the early extinguishment of our

ing Expense (Income). In fiscal 2007, we received approximately $1.2 million in payments under the U.S. Continued Dumping Act (CDSOA). The CDSOA distributes antidumping duties paid by overseas companies to domestic firms hurt by unfair trade.

ome Taxes. Income before taxes was $44.1 million in fiscal 2007 compared to income before taxes of $19.1 million in fiscal

ome tax expense in fiscal 2007 was $15.6 million compared to $6.6 million in fiscal 2006. The effective income tax rate in fiscal ompared to 34.8% in fiscal 2006. The increase in the effective income tax rate from year to year is primarily due to the recording vance on certain state net operating losses due to plant shutdowns as well as the elimination of the ETI benefit, partially offset by tax expense due to the elimination of most state franchise taxes.

come was $28.5 million in fiscal 2007 compared to net income of $12.4 million in fiscal 2006.

pital Resources

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

RBCA entered into a credit agreement (the “KeyBank Credit Agreement”) and related security and guaranty agreements with Bank National Association, as Administrative Agent, and J.P. Morgan Chase Bank, N.A. as Co-Lead Arrangers and Joint Lead e KeyBank Credit Agreement provides RBCA, as borrower, with a $150.0 million five-year senior secured revolving credit be increased by up to $75.0 million, in increments of $25.0 million, under certain circumstances and subject to certain conditions pt from one or more lenders of the additional commitment).

ng under the KeyBank Credit Agreement generally bear interest at the prime rate, or LIBOR plus a specified margin, depending owing being made. The applicable margin is based on our consolidated ratio of net debt to adjusted EBITDA from time to time. gin is 0.0% for prime rate loans and 0.625% for LIBOR rate loans. Amounts outstanding under the KeyBank Credit Agreement e on the expiration date of the credit agreement (June 24, 2011). We can elect to prepay some or all of the outstanding balance without penalty.

dit Agreement requires us to comply with various covenants, including among other things, financial covenants to maintain a d net debt to adjusted EBITDA not to exceed 3.25 to 1, and a consolidated fixed charge coverage ratio not to exceed 1.5 to 1. As we were in compliance with all such covenants.

dit Agreement allows us to, among other things, make distributions to shareholders, repurchase our stock, incur other debt or dispose of assets provided that we comply with certain requirements and limitations of the credit agreement. Our obligations k Credit Agreement are secured by a pledge of substantially all of our and RBCA's assets and a guaranty by us of RBCA's

we borrowed approximately $79.0 million under the KeyBank Credit Agreement and used such funds to (i) pay fees and ed with the KeyBank Credit Agreement and (ii) repay the approximately $78.0 million balance outstanding under a credit at that time. We recorded a non-cash pre-tax charge of approximately $3.6 million in fiscal 2007 to write off deferred debt ciated with the early termination of the Amended Credit Agreement. Deferred financing fees of $0.9 million associated with the greement were also recorded in fiscal 2007.

, 2007, we entered into an amendment of the KeyBank Credit Agreement. Pursuant to the terms of the amendment, the ayable under the KeyBank Credit Agreement were decreased from a range of 10 to 27.5 basis points, based on our leverage ratio the KeyBank Credit Agreement) to a range of 7.5 to 20 basis points. Further, the margin payable under the KeyBank Credit lving loans that are base rate loans, based on our leverage ratio, was decreased from a range of 0 to 75 basis points to a range of . The margin payable under the KeyBank Credit Agreement for revolving loans that are fixed rate loans, based on our leverage nder the agreement) was decreased from a range of 62.5 to 165 basis points to a range of 37.5 to 115 basis points. Also, the us to limit capital expenditures (excluding acquisitions) in any fiscal year to an amount not to exceed $20,000 was amended to an amount not to exceed $30,000. As of March 29, 2008, $41.0 million was outstanding under the KeyBank Credit Agreement. 1.6 million of the KeyBank Credit Agreement is being utilized to provide letters of credit to secure our obligations relating to Development Revenue Bonds (the "IRB's") and insurance programs. As of March 29, 2008, we had the ability to borrow up to an llion under the KeyBank Credit Agreement.

003, Schaublin entered into a bank credit facility (the "Swiss Credit Facility") with Credit Suisse providing for 10.0 million pproximately $10.0 million, of term loan (the "Swiss Term Loan") and up to 2.0 million Swiss francs, or approximately $2.0 ng credit loans and letters of credit (the "Swiss Revolving Credit Facility"). We pledged 99.4% of the present and future share n S.A. (1,366 shares) against this facility. On November 8, 2004, Schaublin amended the Swiss Credit Facility to increase the redit Facility to 4.0 million Swiss francs, or approximately $4.0 million. Borrowings under the Swiss Revolving Credit Facility loating rate of LIBOR plus 2.25%. As of March 29, 2008, the term loan was paid off in full and there were no borrowings the Swiss Credit Facility. The credit agreement for the Swiss Credit Facility contains affirmative and negative covenants ublin financial position and results of operations and other terms customary to such financings. As of March 29, 2008, we were all such covenants.

, pursuant to a purchase agreement with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, KeyBanc d Robert W. Baird & Co., we, along with certain of our stockholders, sold 8,989,550 shares of our common stock (5,995,529 our stockholders). The offering yielded us aggregate net proceeds of approximately $57.0 million after payment of the unt, commissions and offering expenses. The full amount of the net proceeds were used to prepay outstanding balances under a ng at that time.

5, pursuant to a purchase agreement with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, KeyBanc nd Jefferies & Company, Inc., we, along with certain of our stockholders, sold 10,531,200 shares of our common stock certain of our stockholders). The offering yielded us aggregate net proceeds of $92.1 million after payment of the underwriting ing expenses. After redemption of our Class C and Class D preferred stock for $34.6 million, our net proceeds were $57.5 ely prior to the consummation of the initial public offering, all outstanding shares of Class B preferred stock were converted in heir terms into 1,846,396 shares of Class A common stock, 306,298 shares of Class C preferred stock and 240,000 shares of tock. All shares of Class C and Class D preferred stock were redeemed with cash or common stock and all shares of Class A and stock were reclassified as common stock on a one-for-one basis. In connection with the initial public offering, we filed an tated Certificate of Incorporation (the "Amendment"). The Amendment increased our authorized capital stock to 70,000,000 000 of which is common stock, $0.01 par value per share, and (ii) 10,000,000 of which is preferred stock, $0.01 par value per

t future working capital, capital expenditures and debt service requirements will depend on our future financial performance, ted by a range of economic, competitive and business factors, particularly interest rates, cyclical changes in our end markets and d our ability to pass through price increases on a timely basis, many of which are outside of our control. In addition, future have a significant impact on our liquidity position and our need for additional funds.

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

ared to Fiscal 2007

nded March 29, 2008, we generated cash of $27.1 million from operating activities compared to $55.7 million for the fiscal year 2007. The decrease of $28.6 million was mainly a result of an increase of $11.7 million in net income, a change in operating es of $22.1 million and the net of non-cash charges of $18.2 million. The change in working capital investment was primarily ncrease in inventory due to builds related to fiscal 2009 orders, an increase in accounts receivable related to higher sales, an l expenses and other current assets, an increase in non-current assets offset by an increase in accounts payable, an increase in nd other current liabilities and an increase in other non-current liabilities.

sting activities for fiscal 2008 included $17.7 million relating to capital expenditures compared to $16.2 million for fiscal 2007. also included $13.9 million relating to the acquisitions of the Phoenix, CBS, AID and BEMD businesses.

ncing activities provided $8.6 million. We received $4.0 million from the exercise of stock options and an income tax benefit of l to the exercise of non-qualified stock options. This was offset by the repurchase of common stock of $2.5 million, a decrease in t facility of $1.0 million, the payoff of an IRB for $1.2 million and capital lease payments of $0.2 million.

ared to Fiscal 2006

nded March 31, 2007, we generated cash of $55.7 million from operating activities compared to $24.6 million for the fiscal year 6. The increase of $31.1 million was mainly a result of an increase of $16.0 million in net income, a change in operating assets).2 million and the net of non-cash charges of $5.9 million. The change in working capital investment was primarily attributable ventory due to improved turns and a decrease in accounts payable offset by an increase in accounts receivable related to an increase in non-current assets.

sting activities for fiscal 2007 included $16.2 million relating to capital expenditures compared to $10.3 million for fiscal 2006. s also included $8.8 million relating to the acquisition of the All Power Manufacturing business offset by proceeds of $3.6 narily to the sale of the RBC Nice Bearings facility.

ncing activities used $45.5 million. We received net proceeds of $57.8 million from our secondary offering (see Item 8, Note 1) in addition to $10.0 million in cash from operations, to pay down the term loan under the Amended Credit Agreement. The mately $78.0 million was refinanced and further reduced to $42.0 million by using approximately $36.0 million in cash from tion, we received $3.1 million from the exercise of stock options, received an income tax benefit of $3.4 million related to the alified stock options, repurchased 37,356 shares of stock for $1.1 million, used $0.3 million of funds for capital lease obligations on of financing fees in connection with our KeyBank Credit Agreement.

res

itures in fiscal 2008 were $17.7 million. We expect to make capital expenditures of approximately $15.0 to $20.0 million during nection with our existing business and the expansion into the large bearing market segment. We have funded our fiscal 2008 es, and expect to fund fiscal 2009 capital expenditures, principally through existing cash, internally generated funds and our KeyBank Credit Agreement. We may also make substantial additional capital expenditures in connection with acquisitions.

ommitments

bligations presented in the table below represent our estimates of future payments under fixed contractual obligations and nges in our business needs, cancellation provisions and interest rates, as well as actions by third parties and other factors, may tes to change. Because these estimates are necessarily subjective, our actual payments in future periods are likely to vary from the table. The following table summarizes certain of our contractual obligations and principal and interest payments under our d leases as of March 29, 2008:

		Payments Due By Period (in thousands)			
gations	**Total**	**Less than 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**More than 5 Years**
	$ 57,750	$ 750	$ 1,850	$ 42,320	$ 12,830
ations	609	211	370	28	—
	19,842	4,132	6,821	4,114	4,775
te debt[2]	4,548	1,334	2,575	639	—
rate debt[3]	6,644	1,067	2,082	1,160	2,335
tirement benefits	17,368	1,547	3,248	3,347	9,226
ash obligations	$ 106,761	$ 9,041	$ 16,946	$ 51,608	$ 29,166

1.0 million five-year senior secured revolving credit facility under our KeyBank Credit Agreement, $1.3 million note payable otaling $15.5 million.

ents are calculated based on a LIBOR rate of 3.64% (per the interest rate swap agreement) plus the current bank margin per our bank agreement.

ayments are calculated based on beginning of period debt balances that reflect contractual debt amortization over the term of the nts and assume a constant LIBOR rate of 3.125% plus bank margin per our KeyBank Credit Agreement. To the extent that actual nge, our interest rate obligations will change accordingly.

of Operations

	Quarter Ended (Unaudited) (in thousands, except per share data)							
	Mar. 29, 2008	**Dec. 29, 2007**	**Sept. 29, 2007**	**Jun. 30, 2007**	**Mar. 31, 2007**	**Dec. 30, 2006**	**Sept. 30, 2006**	**Jul. 1, 2006**
	$ 92,138	$ 80,407	$ 78,232	$ 79,823	$ 81,039	$ 76,544	$ 73,248	$ 75,231
	32,342	27,554	26,237	27,445	28,554	24,543	23,503	23,509
	17,963	15,111	13,995	15,781	11,478	14,333	12,610	13,498
	$ 12,039	$ 9,581	$ 8,749	$ 9,825	$ 6,718	$ 9,359	$ 7,378	$ 5,024
nmon share:								
	$ 0.56	$ 0.45	$ 0.41	$ 0.46	$ 0.32	$ 0.45	$ 0.36	$ 0.25
	$ 0.55	$ 0.44	$ 0.40	$ 0.45	$ 0.31	$ 0.44	$ 0.35	$ 0.24

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

common share is computed independently for each of the quarters presented. Therefore, the sum of the quarterly earnings per ecessarily equal the total for the year.

g Pronouncements

pted Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an FAS No. 109," ("FIN 48"), as of the beginning of its 2008 fiscal year. This interpretation clarifies the accounting for uncertainty in 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a or expected to be taken on a tax return. Under FIN 48, the Company first assesses whether it is more likely than not that an tion will be sustained upon examination based on its technical merits. If the tax position is more likely than not to be sustained, tion the taxing authority has all relevant information, it is recognized. The recognized tax position is measured as the largest ter than 50% likely of being realized upon ultimate settlement. Previously recognized tax positions that no longer meet the more gnition threshold are derecognized in the period in which that threshold is no longer met. Accordingly, the unit of account under vidual tax position and not a higher level such as the aggregate of the various positions that are encompassed by the total tax result of the adoption of FIN 48, the Company recognized a $0.2 million increase in its income tax liabilities and a reduction to eginning balance of retained earnings of $0.2 million (see Note 15).

, the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 157, "Fair Value Measurements," ("SFAS 157"). This ve as of the beginning of fiscal 2009. SFAS 157 provides a common fair value hierarchy for companies to follow in determining ments in the preparation of financial statements and expands disclosure requirements relating to how fair value measurements FAS 157 clarifies the principal that fair value should be based on the assumptions that the marketplace would use when pricing y, rather than company specific data. The Company does not expect SFAS 157 to have a material impact on its results of ncial position.

the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 159, "The Fair Value Option for Financial Assets and ng an amendment of FASB Statement No. 115," ("SFAS 159"). This Statement permits entities to choose to measure many financial ertain other items at fair value that are not currently required to be measured at fair value. SFAS 159 is effective as of the 2009. The Company does not expect SFAS 159 to have a material impact on its results of operations and financial position.

the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 141(R), "Business Combinations," ("SFAS 141(R)") and ncial Accounting Standard ("SFAS") No. 160, "Accounting and Reporting of Noncontrolling Interests in Consolidated Financial endment of ARB No. 51," ("SFAS 160"). These new standards will significantly change the financial accounting and reporting of on transactions and noncontrolling (or minority) interests in consolidated financial statements.

urrent practice, the most significant changes to business combination accounting pursuant to SFAS 141(R) include requirements

certain exceptions, 100 percent of the fair values of assets acquired, liabilities assumed, and noncontrolling interests in ss than a 100 percent controlling interest when the acquisition constitutes a change in control of the acquired entity.
Measure acquirer shares issued in consideration for a business combination at fair value on the acquisition date.
gent consideration arrangements at their acquisition-date fair values, with subsequent changes in fair value generally reflected in

With certain exceptions, recognize preacquisition loss and gain contingencies at their acquisition-date fair values.
· Capitalize in-process research and development (IPR&D) assets acquired.
· Expense, as incurred, acquisition-related transaction costs.
Capitalize acquisition-related restructuring costs only if the criteria in SFAS 146 are met as of the acquisition date.
ges that result from a business combination transaction in an acquirer's existing income tax valuation allowances and tax als as adjustments to income tax expense.

AS 160 is based on the economic entity concept of consolidated financial statements. Under the economic entity concept, all interest holders in an entity have an equity interest in the consolidated entity, even if the residual interest is relative to only a ty (i.e., a residual interest in a subsidiary). Therefore, SFAS 160 requires that a noncontrolling interest in a consolidated ayed in the consolidated statement of financial position as a separate component of equity because the noncontrolling interests of equity of the consolidated entity. SFAS 141(R) is required to be adopted concurrently with SFAS 160 and is effective for ion transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or , 2008, which for the Company is fiscal 2010. Early adoption is prohibited. The Company is currently assessing the impact that SFAS 160 will have on its results of operations and financial position.

e FASB issued Statement of Financial Accounting Standard ("SFAS") No. 161, "Disclosures about Derivative Instruments and , an amendment of FASB Statement No. 133 ("SFAS 161"). SFAS 161 applies to all derivative instruments and related hedged or under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). SFAS 161 provide greater transparency about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and ccounted for under SFAS 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect l position, results of operations, and cash flow. To meet those objectives, SFAS 161 requires (1) qualitative disclosures about g derivatives by primary underlying risk exposure (e.g., interest rate, credit or foreign exchange rate) and by purpose or strategy cash flow hedge, net investment hedge, and non-hedges), (2) information about the volume of derivative activity in a flexible

r believes is the most relevant and practicable, (3) tabular disclosures about balance sheet location and gross fair value amounts
uments, income statement and other comprehensive income (OCI) location and amounts of gains and losses on derivative
pe of contract (e.g., interest rate contracts, credit contracts or foreign exchange contracts), and (4) disclosures about
contingent features in derivative agreements. SFAS 161 is effective for financial statements issued for fiscal years or interim
after November 15, 2008, which for the Company is fiscal 2010. Early application is encouraged, as are comparative disclosures
but neither are required. The Company is currently assessing the impact that SFAS 161 will have on its results of operations and

ng Policies

l analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have ccordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make ments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and n-going basis, we evaluate our estimates, including those related to product returns, bad debts, inventories, recoverability of ncome taxes, financing operations, pensions and other postretirement benefits and contingencies and litigation. We base our cal experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual rom these estimates under different assumptions or conditions.

llowing critical accounting policies affect our more significant judgments and estimates used in the preparation of our cial statements.

on. We recognize revenue in accordance with SEC Staff Accounting Bulletin 101 "Revenue Recognition in Financial Statements f Accounting Bulletin 104."

nue upon the passage of title on the sale of manufactured goods, which generally is at time of shipment.

le. We are required to estimate the collectibility of our accounts receivable, which requires a considerable amount of judgment timate realization of these receivables, including the current credit-worthiness of each customer. Changes in required reserves ture as conditions in the marketplace change.

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

ll (representing the excess of the amount paid to acquire a company over the estimated fair value of the net assets acquired) and ith indefinite useful lives are not amortized but instead are tested for impairment annually (performed by us during the fourth cal year), or when events or circumstances indicate that its value may have declined. This determination of any goodwill e at the reporting unit level and consists of two steps. First, we determine the fair value of a reporting unit and compare it to our econd, if the carrying amount of the reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the f the reporting unit's goodwill over the goodwill's implied fair value. The fair value of our reporting units is calculated by the of a present value of future cash flow method and a multiple of EBITDA method. Although no changes are expected as a result if the assumptions management makes regarding estimated cash flows are less favorable than expected, we may be required to ent charge in the future.

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

Postretirement Health Care. We have a noncontributory defined benefit pension plan covering union employees in our Heim irfield, Connecticut and in our Bremen subsidiary plant in Plymouth, Indiana.

unding policy is to make the minimum annual contribution required by the Employee Retirement Income Security Act of 1974. nd annual pension expense are determined by independent actuaries using a number of assumptions provided by us including employee demographics, retirement age, compensation levels, pay rates, turnover, expected long-term rate of return on plan e and the amount and timing of claims. Each plan assumption reflects our best estimate of the plan's future experience. The most on in the determination of plan obligations for pensions is the discount rate. The discount rate that we use for determining future s is based on a review of long-term bonds that receive one of the two highest ratings given by a recognized rating agency. The mined on this basis has increased from 5.75% at April 1, 2006 to 6.00% at March 31, 2007, and increased to 6.25% at March 29, g the overall expected long-term rate of return on plan assets assumption, a building block approach was used in which rates of f inflation were considered separately for equity securities and debt securities. The excess returns were weighted by the et allocation and added along with an appropriate rate of inflation to develop the overall expected long-term rate of return on tion. The expected long-term rate of return on the assets of our pension plans was 8.5% and 9.0% in fiscal 2008 and fiscal 2007,

ected long-term rate of return on the assets of our pension plans by 1.00% (from 8.50% to 7.50%) would have increased our r fiscal 2008 by approximately $0.2 million. Increasing the expected long-term rate of return on the assets of our pension plans 50% to 9.50%) would have reduced our pension expense for fiscal 2008 by approximately $0.2 million.

ount rate assumption used to determine net periodic pension cost by 1.00% (from 6.00% to 5.00%) would have increased our r fiscal 2008 by approximately $0.1 million. Increasing the discount rate assumption used to determine net periodic pension cost 00% to 7.00%) would have reduced our pension expense for fiscal 2008 by approximately $0.1 million.

ount rate assumption used to determine the funded status as of March 29, 2008 by 1.00% (from 6.25% to 5.25%) would have ected benefit obligation of our pension plans by approximately $2.3 million. Increasing the discount rate assumption used to led status as of March 29, 2008 by 1.00% (from 6.25% to 7.25%) would have reduced the projected benefit obligation of our pproximately $1.9 million.

gram objective is to achieve a rate of return on plan assets which will fund the plan liabilities and provide for required benefits ue exposure to risk to the plan and increases in funding requirements. Our actual target allocation of plan assets was 100 percent ents as of March 29, 2008 and 100 percent equity as of March 31, 2007.

on, Schaublin, sponsors a pension plan for its approximately 160 employees, in conformance with Swiss pension law. The plan putable (S&P rating AA-) Swiss insurer. Through the insurance contract, the Company has effectively transferred all investment o the insurance company, which guarantees the federally mandated annual rate of return and the conversion rate at retirement. n has no unfunded liability; the interest cost is exactly offset by actual return. Thus, the net periodic cost is equal to the amount paid by the Company. For fiscal years 2008, 2007 and 2006, the Company reported premium payments equal to $0.5 million, 0.4 million, respectively.

t health care plans are unfunded and costs are paid as incurred. Postretirement benefit obligations as of March 29, 2008 and vere, respectively, $2.9 million ($2.6 million in "Other non-current liabilities" and $0.3 million in "Current liabilities") and million in "Other non-current liabilities" and $0.2 million in "Current liabilities") in our Consolidated Balance Sheet.

nse for the Postretirement Plans was $0.2 million and $(0.3) million for the years ended March 29, 2008 and March 31, 2007, vas calculated based upon a number of actuarial assumptions. The income for the year ended March 31, 2007 was primarily the he curtailment of two of the plans.

1 measurement date for our plans. We expect to contribute approximately $0.3 million to our postretirement benefit plans in

ensation. Effective April 2, 2006, the first day of the Company's 2007 fiscal year, we adopted SFAS No. 123(R), "Share-Based No. 123(R) requires that the compensation cost relating to all share-based payment transactions be recognized in the financial ost is measured based upon the grant-date fair value of the instruments issued recognized over the requisite service period. We e the "modified prospective" method in adopting SFAS No. 123(R). Accordingly, after the effective date, compensation cost is on the requirements of SFAS No. 123(R) (all awards granted to employees prior to the effective date of SFAS No. 123(R) were al 2006 and have no compensation cost impact after the effective date). Results for periods prior to fiscal 2007 have not been

our options was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average

	Fiscal Year Ended		
	March 29, 2008	**March 31, 2007**	**April 1, 2006**
	0.0%	0.0%	0.0%
-average life	5.0	4.9	7.0
ate	5.0%	5.0%	3.5%
	35.4%	34.4%	32.0%

option pricing model was developed for use in estimating the fair value of traded options which have no vesting restrictions and le. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price our options have characteristics significantly different from those of traded options, and because changes in the subjective input aterially affect the fair value estimate, the existing models do not necessarily provide a reliable single measure of the fair value

ents. We account for derivative instruments in accordance with SFAS No. 133, "Accounting for Derivative Instruments and ", as amended. We recognize all derivatives on the balance sheet at fair value. Derivatives that are not designated as hedges must value through earnings. If the derivative is designated and qualifies as a hedge, depending on the nature of the hedge, changes in he derivative is either offset against the change in fair value of the hedged assets, liabilities, or firm commitments through ized in other comprehensive loss until the hedged item is recognized in earnings. In fiscal 2008, we entered into an interest rate hedge a portion of our debt. This instrument qualifies as a cash flow hedge. Accordingly, the gain or loss on both the hedging hedged item attributable to the hedged risk are recognized currently in other comprehensive income.

n, Changes in Prices of Raw Materials and Interest Rate Fluctuations

n the economy as a whole has not significantly affected our operations. However, we purchase steel at market prices, which e years have increased to historical highs as a result of a relatively low level of supply and a relatively high level of demand. To rally been able to pass through these price increases through price increases on our products, the assessment of steel surcharges r entry into long-term agreements with our customers which often contain escalator provisions tied to our invoiced price of steel. ve are able to pass these steel surcharges or price increases to our customers, there may be a time lag of up to 3 months or more price increase goes into effect and our ability to implement surcharges or price increases, particularly for orders already in our t, our gross margin percentage may decline, and we may not be able to implement other price increases for our products.

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

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

ndebtedness which bears interest at floating rates, our financial results will be sensitive to changes in prevailing market rates of ch 29, 2008, we had $57.8 million of indebtedness outstanding, of which $26.5 million bore interest at floating rates after taking erest rate swap agreement that we entered into to mitigate the effect of interest rate fluctuations. Under this agreement, we pay a st of 3.64% and receive floating rates of interest based on one month LIBOR, as required. This agreement matures on June 24, upon market conditions, we may enter into additional interest swap or hedge agreements (with counterparties that, in our ficient credit worthiness) to hedge our exposure against interest rate volatility

TITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

e are exposed to market risk from changes in the interest rates on a significant portion of our outstanding indebtedness. ces under our KeyBank Credit Agreement generally bear interest at the prime rate or LIBOR (the London inter-bank offered rate S. dollars for the applicable LIBOR period) plus a specified margin, depending on the type of borrowing being made. The s based on our consolidated ratio of net debt to adjusted EBITDA from time to time. As of March 29, 2008, our margin is 0.0% s (prime rate at March 29, 2008 was 5.25%) and 0.625% for LIBOR rate loans (one month LIBOR rate at March 29, 2008 was

isk management objective is to limit the impact of interest rate changes on our net income and cash flow. To achieve our larly evaluate the amount of our variable rate debt as a percentage of our aggregate debt. During fiscal 2008 and 2007, our g variable rate debt, after taking into account the average outstanding notational amount of our interest rate swap agreement, was ur average outstanding debt, respectively. We manage a significant portion of our exposure to interest rate fluctuations in our hrough an interest rate swap agreement. This agreement effectively converts interest rate exposure from variable rates to fixed ease read Notes 2 and 10 to our Consolidated Financial Statements for the year ended March 29, 2008 included elsewhere in this ch outline the principal and notional interest rates, fair values and other terms required to evaluate the expected cash flow from

anding amount of our variable rate indebtedness of $26.5 million, a 100 basis point change in interest rate would have changed se by $0.3 million per year, after taking into account the $30.0 million notional amount of our interest rate swap agreement at

Exchange Rates. As a result of increased sales in Europe, our exposure to risk associated with fluctuating currency exchange J.S. dollar, the Euro, the Swiss Franc and the British Pound Sterling has increased. Our Swiss operations utilize the Swiss Franc urrency, our French operations utilize the Euro as the functional currency and our English operations utilize the British Pound ctional currency. Foreign currency transaction gains and losses are included in earnings. Approximately 16% of our net sales in foreign currencies for fiscal 2008 compared to 14% in fiscal 2007. We expect that this proportion is likely to increase as we r penetration of foreign markets, particularly within the aerospace and defense markets. Foreign currency transaction exposure om the transfer of foreign currency from one subsidiary to another within the group, and to foreign currency denominated trade alized currency translation gains and losses are recognized upon translation of the foreign subsidiaries' balance sheets to use our financial statements are denominated in U.S. dollars, changes in currency exchange rates between the U.S. dollar and ve had, and will continue to have, an impact on our earnings. We currently do not have exchange rate hedges in place to reduce rse currency exchange movement. Although currency fluctuations have not had a material impact on our financial performance uctuations may materially affect our financial performance in the future. The impact of future exchange rate fluctuations on our s cannot be accurately predicted.

Arrangements

ance sheet arrangements.

CIAL STATEMENTS AND SUPPLEMENTARY DATA

ndent Registered Public Accounting Firm

rectors and Stockholders
rporated

ne accompanying consolidated balance sheets of RBC Bearings Incorporated as of March 29, 2008 and March 31, 2007, and the
ed statements of operations, stockholders' equity and comprehensive income, and cash flows for each of the three years in the
h 29, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an
nancial statements based on our audits.

audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards
n and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes
unting principles used and significant estimates made by management, as well as evaluating the overall financial statement
elieve that our audits provide a reasonable basis for our opinion.

e financial statements referred to above present fairly, in all material respects, the consolidated financial position of RBC
ted at March 29, 2008 and March 31, 2007, and the consolidated results of its operations and its cash flows for each of the three
ended March 29, 2008, in conformity with U.S. generally accepted accounting principles.

otes 2 and 13 to the consolidated financial statements, effective April 2, 2006, the Company adopted the provisions of Statement
nting Standards No. 123(R), “Share-Based Payment,” using the modified prospective transition method, effective March 31, 2007,
ions of Statement of Financial Accounting Standards No. 158, “Employers’ Accounting for Defined Benefit Pension and Other
ans,” and, effective April 1, 2007, adopted Financial Accounting Standards Board Interpretation No. 48 “Accounting for
ome Taxes - an Interpretation of Statement of Financial Accounting Standards No. 109.”

ted, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of
corporated’s internal control over financial reporting as of March 29, 2008, based on criteria established in Internal
Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated May 22,
unqualified opinion thereon.

/s/ Ernst & Young LLP

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RBC Bearings Incorporated

Consolidated Balance Sheets

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

	March 29, 2008	March 31, 2007
ASSETS		
	$ 9,859	$ 5,184
e, net of allowance for doubtful accounts of $1,018 in 2008 and $867	66,137	54,636
	123,820	103,022
xes	5,567	7,115
nd other current assets	9,976	2,914
s	215,359	172,871
equipment, net	73,243	61,209
	31,821	29,631
et of accumulated amortization of $3,583 in 2008 and $2,329 in 2007	11,404	5,793
	5,285	4,209
	$ 337,112	$ 273,713

See accompanying notes.

RBC Bearings Incorporated

Consolidated Balance Sheets (continued)

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

		March 29, 2008		March 31, 2007
LIABILITIES AND STOCKHOLDERS' EQUITY				
	$	24,851	$	21,299
and other current liabilities		13,489		11,852
long-term debt		750		750
ties		39,090		33,901
ss current portion		57,000		58,655
xes		6,064		6,479
iabilities		11,048		6,507
		113,202		105,542
contingencies (Note 17)				
y:				
01 par value; authorized shares: 10,000,000 in 2008 and 2007; none issued		—		—
01 par value; authorized shares: 60,000,000 in 2008 and 2007; issued and 21,782,186 in 2008 and 21,408,994 in 2007		218		214
capital		184,285		169,489
comprehensive income (loss)		1,312		(2,206)
		41,688		1,724
cost, 113,322 shares in 2008 and 37,356 shares in 2007		(3,593)		(1,050)
equity		223,910		168,171
l stockholders' equity	$	337,112	$	273,713

See accompanying notes.

RBC Bearings Incorporated

Consolidated Statements of Operations

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

	Fiscal Year Ended		
	March 29, 2008	March 31, 2007	April 1, 2006
	$ 330,600	$ 306,062	$ 274,509
	217,022	205,953	191,561
	113,578	100,109	82,948
s:			
d administrative	48,904	42,256	41,945
	1,824	5,934	2,424
penses	50,728	48,190	44,369
	62,850	51,919	38,579
et	3,407	5,780	15,657
guishment of debt	27	3,576	3,771
g expense (income)	(463)	(1,504)	78
ome taxes	59,879	44,067	19,073
ne taxes	19,685	15,588	6,634
	40,194	28,479	12,439
idends	—	—	(893)
of preferred stock in undistributed earnings	—	—	(630)
ble to common stockholders	$ 40,194	$ 28,479	$ 10,916
mmon share:			
	$ 1.87	$ 1.38	$ 0.84
	$ 1.84	$ 1.33	$ 0.76
common shares:			
	21,457,846	20,579,498	12,931,185
	21,802,711	21,335,307	14,452,264

See accompanying notes.

RBC Bearings Incorporated

Consolidated Statements of Stockholders' Equity and Comprehensive Income

(dollars in thousands)

Class B Preferred Stock Amount	Class C Preferred Stock Amount	Class D Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Deferred Compensation	Accumulated Other Comprehensive Income/(Loss)	Retained Earnings (Accumulated Deficit)	Treasury Stock Shares	Treasury Stock Amount	Total Stockholders' Equity	Comprehensive Income
$ 2	$ —	$ —	6,202,769	$ 62	$ 34,252	$ (349)	$ (2,532)	$ (39,194)	—	$ —	$ (7,759)	
—	—	—	—	—	—	—	—	12,439	—	—	12,439	$ 12,439
—	—	—	—	—	16	(16)	—	—	—	—	—	
—	—	—	—	—	—	365	—	—	—	—	365	
(2)	3	2	1,846,396	19	(22)	—	—	—	—	—	—	
—	(3)	—	—	—	(30,627)	—	—	—	—	—	(30,630)	
—	—	(2)	275,863	3	(4,001)	—	—	—	—	—	(4,000)	
—	—	—	7,034,516	70	92,058		—	—	—	—	92,128	
—	—	—	139,284	1	497	—	—	—	—	—	498	
—	—	—	—	—	2,478	—	—	—	—	—	2,478	
—	—	—	1,477,553	15	(15)	—	—	—	—	—	—	
—	—	—	—	—	8,681	—	—	—	—	—	8,681	

—	—	—	—	—	—	—	(569)	—	—	—	(569)	(569)
—	—	—	—	—	—	—	(291)	—	—	—	(291)	(291)
												$ 11,579
—	—	—	16,976,381	170	103,317	—	(3,392)	(26,755)	—	—	73,340	
—	—	—	—	—	—	—	—	28,479	—	—	28,479	$ 28,479
—	—	—	2,994,021	30	57,794		—	—	—	—	57,824	
—	—	—	—	—	—	—	—	—	(37,356)	(1,050)	(1,050)	
—	—	—	—	—	767	—	—	—	—	—	767	
—	—	—	1,362,917	13	3,077	—	—	—	—	—	3,090	
—	—	—	75,675	1	—	—	—	—	—	—	1	
—	—	—	—	—	1,122	—	—	—	—	—	1,122	
—	—	—	—	—	3,412	—	—	—	—	—	3,412	
—	—	—	—	—	—	—	887	—	—	—	887	887
—	—	—	—	—	—	—	908	—	—	—	908	908
—	—	—	—	—	—	—	(609)	—			(609)	
												$ 30,274

	—	—	—	21,408,994	214	169,489	$ —	(2,206)	1,724	(37,356)	(1,050)	168,171	
	—	—	—	—	—	—	—	—	40,194	—	—	40,194	$ 40,194
	—	—	—	—	—	—	—	—	—	(70,367)	(2,308)	(2,308)	
	—	—	—	—	—	1,255	—	—	—	—	—	1,255	
	—	—	—	323,942	3	4,036	—	—	—	(5,599)	(235)	3,804	
	—	—	—	—	—	—	—	(322)	—	—	—	(322)	(322)
	—	—	—	49,250	1	—	—	—	—	—	—	1	
	—	—	—	—	—	—	—	(464)	—	—	—	(464)	(464)
	—	—	—	—	—	9,505	—	—	—	—	—	9,505	
	—	—	—	—	—	—	—	4,304	—	—	—	4,304	4,304
	—	—	—	—	—	—	—	—	(230)	—	—	(230)	
													$ 43, 712
$	— $	— $	—	21,782,186	$ 218	$ 184,285	$ —	$ 1,312	$ 41,688	(113,322)	$ (3,593)	$ 223,910	

See accompanying notes.

RBC Bearings Incorporated

Consolidated Statements of Cash Flows

(dollars in thousands)

	Fiscal Year Ended		
	March 29, 2008	**March 31, 2007**	**April 1, 2006**
perating activities:			
	$ 40,194	$ 28,479	$ 12,439
oncile net income to net cash provided by :			
	9,211	8,933	8,664
from stock-based compensation	(9,505)	(3,412)	—
xes	1,110	9,282	3,956
angible assets	1,254	713	667
ferred financing costs and debt discount	229	353	829
ensation	1,255	767	365
of assets	131	1,917	24
guishment of debt (non-cash portion)	27	3,576	1,536
	—	(169)	20
ng assets and liabilities, net of acquisitions:			
e	(6,241)	(1,215)	2,713
	(11,737)	2,489	(8,025)
nd other current assets	(6,996)	(401)	246
ssets	(2,189)	37	298
	341	917	470
and other current liabilities	6,553	4,738	(224)
iabilities	3,440	(1,269)	664
by operating activities	27,077	55,735	24,642
nvesting activities:			
ty, plant and equipment	(17,758)	(16,174)	(10,341)
nesses, net of cash acquired	(13,896)	(8,753)	(2,682)
of assets	43	3,574	44
vesting activities	(31,611)	(21,353)	(12,979)
inancing activities:			
ase) in revolving credit facility	(1,000)	42,000	(5,000)
sale of stock in initial public offering	—	—	92,128
issuance of common stock	—	57,824	—
mon stock	(2,542)	(1,050)	—
ss C redeemable preferred stock	—	—	(30,630)
ss D preferred stock	—	—	(4,000)
ptions	4,038	3,090	498
from stock-based compensation	9,505	3,412	—
n loans	—	—	41,100
or subordinated discount debentures	—	—	(38,562)
strial revenue bonds	(1,155)	—	—
loans	—	(144,875)	(45,000)

oans		—		(4,654)		(7,054)
on capital lease obligations		(189)		(317)		(257)
l in connection with senior credit facility		(65)		(903)		(1,312)
by (used in) financing activities		8,592		(45,473)		1,911
rate changes on cash		617		149		(83)
uivalents:						
during the year		4,675		(10,942)		13,491
of year		5,184		16,126		2,635
r	$	9,859	$	5,184	$	16,126
closures of cash flow information:						
ne year for:						
	$	3,065	$	5,929	$	17,135
	$	11,396	$	780	$	892

See accompanying notes.

RBC Bearings Incorporated

Notes to Consolidated Financial Statements

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

nd Business

corporated (the "Company", collectively with its subsidiaries), is a Delaware corporation. The Company operates in four s segments—roller bearings, plain bearings, ball bearings, other and corporate—in which it manufactures roller bearing components rts and designs and manufactures high-precision roller and ball bearings. The Company sells to a wide variety of original cturers ("OEMs") and distributors who are widely dispersed geographically. In fiscal 2008, 2007 and 2006, no one customer than 8% of the Company's sales. The Company's segments are further discussed in Note 21.

5, pursuant to a purchase agreement with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, KeyBanc d Jefferies & Company, Inc., the Company and the selling stockholders sold 10,531,200 shares of the Company's common stock y the selling stockholders). The offering yielded aggregate net proceeds to the Company of $92,128 after payment of the unt and offering expenses. After redemption of the Company's Class C and Class D preferred stock for $34,630, the net proceeds ere $57,498. Immediately prior to the consummation of the initial public offering, all outstanding shares of Class B preferred ed in accordance with their terms into 1,846,396 shares of Class A common stock, 306,298 shares of Class C preferred stock and Class D preferred stock. All shares of Class C and Class D preferred stock were redeemed with cash or common stock and all and Class B common stock were reclassified as common stock on a one-for-one basis. In connection with the initial public any filed an Amended and Restated Certificate of Incorporation (the "Amendment"). The Amendment increased the Company's stock to 70,000,000 shares, (i) 60,000,000 of which is common stock, $0.01 par value per share, and (ii) 10,000,000 of which is 01 par value per share.

e offering and additional term loan borrowings under the Amended Credit Agreement (as discussed in Note 10) were used as eem all of the Company's outstanding 13% senior subordinated discount debentures by payment to the Bank of New York, as ers of debentures, of a total payoff amount of approximately $40,000; (2) to redeem 293,536 shares of Class C Preferred Stock BHC Investor, LLC ("Whitney") for an aggregate redemption price of $29,354; (3) to redeem 12,762 shares of Class C Preferred Michael Hartnett for an aggregate redemption price of $1,276; (4) to repurchase 230,000 shares of Class D Preferred Stock held aggregate repurchase price of $7,667, of which $3,833 was paid in cash out of the proceeds of the offering and term loan e balance of which was paid by issuance of 264,368 shares of Common Stock; (5) to repurchase 10,000 shares of Class D d by Hartnett for an aggregate repurchase price of $333, of which $167 was paid in cash out of the proceeds of the offering and ngs, and the balance of which was paid by issuance of 11,495 shares of Common Stock; (6) to repay approximately $45,000 of r the Company's second lien term loan credit facility, which represented repayment in full of all amounts owing under such ximately $1,400 in fees and expenses in connection with such repayment and amendment; (7) to pay approximately $5,000 in ments under the Company's credit facility in connection with the initial public offering; and (8) to pay $2,732 in legal, printing, er miscellaneous expenses payable in connection with the initial public offering.

, pursuant to a purchase agreement with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, KeyBanc nd Robert W. Baird & Co., the Company, along with certain of its stockholders, sold 8,989,550 shares of our common stock certain of its stockholders). The offering yielded the Company aggregate net proceeds of approximately $57,000 after payment g discount, commissions and offering expenses. The full amount of the net proceeds were used to prepay outstanding balances outstanding at that time.

gnificant Accounting Policies

nancial statements include the accounts of RBC Bearings Incorporated, Roller Bearing Company of America, Inc. (“RBCA”) and subsidiaries, Industrial Tectonics Bearings Corporation (“ITB”), RBC Linear Precision Products, Inc. (“LPP”), RBC Nice ice”), RBC Precision Products - Bremen, Inc. (“Bremen (MBC)”), RBC Precision Products - Plymouth, Inc. (“Plymouth”), Tyson son”), Schaublin Holdings S.A. and its wholly-owned subsidiaries (“Schaublin”), RBC de Mexico S DE RL DE CV (“Mexico”), RBC BC Oklahoma”), RBC Aircraft Products, Inc. (“API”), Shanghai Representative office of Roller Bearing Company of America, Inc.), RBC Southwest Products, Inc. (“SWP”), All Power Manufacturing Co. (“All Power”), RBC Bearings U.K. Limited and its sidiary Phoenix Bearings Limited (“Phoenix”) and RBC CBS Coastal Bearing Services LLC (“CBS”), as well as its Transport), Heim (“Heim”), Engineered Components (“ECD”), A.I.D. Company (“AID”) and BEMD Company (“BEMD”) divisions. U.S. Bear on of SWP and Schaublin USA is a division of Nice. All material intercompany balances and transactions have been eliminated in

a fiscal year consisting of 52 or 53 weeks, ending on the Saturday closest to March 31. Based on this policy, fiscal years 2008, tained 52 weeks.

tions have been made to prior years' financial statements to conform with current year presentation.

financial statements in conformity with generally accepted accounting principles requires management to make estimates and ffect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial e reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. l for, but not limited to, the accounting for the allowance for doubtful accounts, valuation of inventories, accrued expenses, nortization, income taxes and tax valuation reserves, pension and postretirement obligations and the valuation of options.

quivalents

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

ted at the lower of cost or market, using the first-in, first-out method. A reserve against inventory is recorded for obsolete and tory within each class of inventory.

dling

led to customers includes shipping and handling, which is included in net sales. The costs to the Company for shipping and ed in cost of sales.

nd Equipment

l equipment are recorded at cost. Depreciation and amortization of property, plant and equipment, including equipment under rovided for by the straight-line method over the estimated useful lives of the respective assets or the lease term, if shorter. sets under capital leases is reported within depreciation and amortization. The cost of equipment under capital leases is equal to t present value of the minimum lease payments or the fair market value of the leased equipment at the inception of the lease. ormal maintenance and repairs are charged to expense as incurred.

ul lives of the Company's property, plant and equipment follows:

	20-30 years
ipment	3-10 years
ments	Shorter of the term of lease or estimated useful life

venue and Accounts Receivable and Concentration of Credit Risk

gnizes revenue only after the following four basic criteria are met:

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

ized upon the passage of title, which generally is at the time of shipment. Accounts receivable, net of applicable allowances, is
ds are shipped.

s to a large number of OEMs and distributors who service the aftermarket. The Company's credit risk associated with accounts
mized due to its customer base and wide geographic dispersion. The Company performs ongoing credit evaluations of its
al condition and generally does not require collateral or charge interest on outstanding amounts. At March 29, 2008 and
e Company had no concentrations of credit risk greater than 10% of accounts receivables.

ubtful Accounts

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

nting the excess of the amount paid to acquire a company over the estimated fair value of the net assets acquired) and intangible
te useful lives are not amortized but instead are tested for impairment annually, or when events or circumstances indicate that its
clined. This determination of any goodwill impairment is made at the reporting unit level and consists of two steps. First, the
es the fair value of a reporting unit and compares it to its carrying amount. Second, if the carrying amount of the reporting unit
ue, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the goodwill's
The fair value of the Company's reporting units is calculated by comparing the weighted average of the net present value of
and a market approach based on the reporting units' carrying value. The Company utilizes discount rates determined by
similar with the level of risk in its current business model. The Company performs the annual impairment testing during the
ach fiscal year and has determined that, to date, no impairment of goodwill exists. Although no changes are expected, if the
e Company are less favorable than the assumptions the Company makes regarding estimated cash flows, the Company may be
n impairment charge in the future.

g Costs

costs are amortized by the effective interest method over the lives of the related credit agreements.

ial Instruments

zes a derivative financial instrument to manage a portion of its interest rate exposure. The Company does not engage in other
cial instruments. For a financial instrument to qualify as a hedge, the Company must be exposed to interest rate or price risk, and
ument must reduce the exposure and be designated as a hedge. Financial instruments qualifying for hedge accounting must
relation between the hedging instrument and the item being hedged, both at inception and throughout the hedged period.

unts for derivative financial instruments under Statement of Financial Accounting Standards, or SFAS, No. 133, "Accounting for
ments and Hedging Activities," as amended and interpreted which requires all derivatives to be recorded in the Consolidated
heir fair values. Changes in fair values of derivatives are recorded in each period in comprehensive income, since the derivative
ualifies as a cash flow hedge.

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

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

pted Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an FAS No. 109," ("FIN 48"), as of the beginning of its 2008 fiscal year. This interpretation clarifies the accounting for uncertainty in 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a or expected to be taken on a tax return. Under FIN 48, the Company first assesses whether it is more likely than not that an tion will be sustained upon examination based on its technical merits. If the tax position is more likely than not to be sustained, tion the taxing authority has all relevant information, it is recognized. The recognized tax position is measured as the largest ter than 50% likely of being realized upon ultimate settlement. Previously recognized tax positions that no longer meet the more gnition threshold are derecognized in the period in which that threshold is no longer met. Accordingly, the unit of account under vidual tax position and not a higher level such as the aggregate of the various positions that are encompassed by the total tax result of the adoption of FIN 48, the Company recognized a $230 increase in its income tax liabilities and a reduction to the nning balance of retained earnings of $230 (see Note 15).

ommon Share

per common share is computed by dividing net income available to common stockholders (both Class A and Class B common equally in net income) by the weighted-average number of common shares outstanding. Prior to August 15, 2005, the Company ng Class B convertible participating preferred stock (the Class B preferred stock participated in all undistributed earnings with . The Company allocated earnings to the common stockholders and the Class B convertible participating preferred stockholders s method as required by Emerging Issues Task Force Issue No. 03-6, "Participating Securities and the Two-Class Method under No. 128." The two-class method is an earnings allocation method under which basic net income per share is calculated for the on stock and its Class B convertible participating preferred stock considering both accrued preferred stock dividends and in undistributed earnings as if all such earnings had been distributed during the year. Since the Company's Class B convertible rred stock was not contractually responsible to share in the Company's losses, in applying the two-class method to compute basic mmon share, no allocation was made to the Class B preferred stock if a net loss existed or if an undistributed net loss resulted ncome by the accrued preferred stock dividends.

per common share is computed by dividing net income by the sum of the weighted-average number of common shares, dilutive ivalents then outstanding using the treasury stock method and, prior to August 15, 2005, the assumed conversion of the Class B ipating preferred stock to common shares (if-converted method). If the if-converted method was anti-dilutive (that is, the od resulted in a higher net income per common share amount than basic net income per share calculated under the two-class wo-class method was used to compute diluted net income per common share, including the effect of common share equivalents. ivalents consist of the incremental common shares issuable upon the exercise of stock options.

flects the calculation of weighted-average shares outstanding for each year presented as well as the computation of basic and per common share:

	Fiscal Year Ended		
	March 29, 2008	March 31, 2007	April 1, 2006
	$ 40,194	$ 28,479	$ 12,439
idends*	—	—	(893)
of preferred stock in undistributed earnings	—	—	(630)
c and diluted net income per common ilable to common stockholders under the two-class	40,194	28,479	10,916
idends and participation rights of preferred stock	—	—	1,523
ted net income per common share—income on stockholders after assumed conversion of	$ 40,194	$ 28,479	$ 12,439
asic net income per common share—weighted-average shares	21,457,846	20,579,498	12,931,185
ue to employee stock options	344,865	755,809	866,725
ue to convertible preferred stock*	—	—	654,354
luted net income per common share—adjusted weighted-average	21,802,711	21,335,307	14,452,264
er common share	$ 1.87	$ 1.38	$ 0.84
per common share	$ 1.84	$ 1.33	$ 0.76

through August 15, 2005 (see Note 1).
osures regarding the outstanding preferred stock and the employee stock options, see Note 16.

ng-Lived Assets

sses the net realizable value of its long-lived assets and evaluates such assets for impairment whenever indicators of impairment ortizable long-lived assets to be held and used, if indicators of impairment are present, management determines whether the sum discounted future cash flows is less than the carrying amount. The amount of asset impairment, if any, is based on the excess of nt over its fair value, which is estimated based on projected discounted future operating cash flows using a discount rate pany's average cost of funds. To date, no indicators of impairment exist.

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

Translation and Transactions

es of the Company's foreign operations are translated into U.S. dollars using the exchange rate in effect at the balance sheet date. ns are translated using the average exchange rate prevailing throughout the period. The effects of exchange rate fluctuations on currency assets and liabilities into U.S. dollars are included in accumulated other comprehensive income (loss), while gains and rom foreign currency transactions, which were not material for any of the fiscal years presented, are included in other ense (income). Net income of the Company's foreign operations for fiscal 2008, 2007 and 2006 amounted to $6,950, $5,767, and ely. Net assets of the Company's foreign operations were $47,155 and $30,208 at March 29, 2008 and March 31, 2007,

ancial Instruments

unts reported in the balance sheet for cash, accounts receivable, prepaids and other current assets, and accounts payable and ate their fair value.

unts of the Company's borrowings under its KeyBank Credit Agreement, Swiss Credit Facility and Industrial Development proximate fair value, as these obligations have interest rates which vary in conjunction with current market conditions.

er Comprehensive Income

f comprehensive income that relate to the Company are net income, derivatives, foreign currency translation adjustments and ostretirement liability and after-tax impact of the adoption of SFAS No. 158 on pension benefits, all of which are presented in atements of stockholders' equity and comprehensive income.

marizes the activity within each component of accumulated other comprehensive income:

	Currency Translation	Fair Value of Derivatives	Pension and Postretirement Liability	Total
2005	$ (816)	$ —	$ (1,716)	$ (2,532)
n	(569)	—	—	(569)
liability, net of taxes	—	—	(291)	(291)
2006	(1,385)	—	(2,007)	(3,392)
n	908	—	—	908
liability, net of taxes	—	—	887	887
No. 158, net of taxes	—	—	(609)	(609)
1, 2007	(477)	—	(1,729)	(2,206)
n	4,304	—	—	4,304
e of derivatives, net of taxes	—	(464)	—	(464)
ost and actuarial losses, net of	—	—	(322)	(322)
9, 2008	$ 3,827	$ (464)	$ (2,051)	$ 1,312

pensation

2006, the first day of the Company's 2007 fiscal year, the Company adopted SFAS No. 123(R), "Share-Based Payment." SFAS No. at the compensation cost relating to all share-based payment transactions be recognized in the financial statements. That cost is on the grant-date fair value of the instruments issued recognized over the requisite service period. The Company elected to use pective" method in adopting SFAS No. 123(R). Accordingly, after the effective date, compensation cost is recognized based on the FAS No. 123(R) (the vesting of all awards granted to employees prior to the effective date of SFAS No. 123(R) was accelerated has no compensation cost impact after the effective date). Results for periods prior to fiscal 2007 have not been restated.

ach option grant was estimated on the date of grant using the Black-Scholes pricing model. The Company, with the assistance of n firm, estimated the fair value of stock option grants made during fiscal 2008 and fiscal 2007.

n of SFAS No. 123(R), the Company accounted for options and warrants granted to employees using the intrinsic value method o. 25, "Accounting for Stock Issued to Employees," under which compensation cost was recognized only if the exercise price of below the fair market value of the Company's common stock at the date of grant. Had compensation cost for these grants been on the fair value at the grant dates consistent with SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's have been reduced to the following pro forma amounts:

	Fiscal Year Ended April 1, 2006
orted	$ 12,439
ompensation expense included in reported net income, net of tax	230
compensation expense determined under fair value method, net of tax	(1,842)
me	$ 10,827
nmon share, as reported:	
	$ 0.84
	$ 0.76

mmon share, pro forma:		
	$	0.72
	$	0.64

e pro forma disclosures, the estimated fair value of the options and warrants was amortized to expense over the service period the option or warrant vesting period.

the Company accelerated the vesting of 523,585 stock options whose exercise prices were below its closing stock price on the the options was accelerated. As a result, a charge of approximately $73, net of tax, was recorded in fiscal 2006. The accelerated ock options was intended to eliminate compensation expense associated with these options in future periods due to the adoption R). The impact of the acceleration of vesting is also included in the pro forma table above.

g Pronouncements

, the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 157, "Fair Value Measurements," ("SFAS 157"). This ve as of the beginning of fiscal 2009. SFAS 157 provides a common fair value hierarchy for companies to follow in determining ments in the preparation of financial statements and expands disclosure requirements relating to how fair value measurements FAS 157 clarifies the principal that fair value should be based on the assumptions that the marketplace would use when pricing y, rather than company specific data. The Company does not expect SFAS 157 to have a material impact on its results of ncial position.

the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 159, "The Fair Value Option for Financial Assets and ng an amendment of FASB Statement No. 115," ("SFAS 159"). This Statement permits entities to choose to measure many financial ertain other items at fair value that are not currently required to be measured at fair value. SFAS 159 is effective as of the 2009. The Company does not expect SFAS 159 to have a material impact on its results of operations and financial position.

the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 141(R), "Business Combinations," ("SFAS 141(R)") and ccounting and Reporting of Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51," ("SFAS tandards will significantly change the financial accounting and reporting of business combination transactions and noncontrolling sts in consolidated financial statements.

urrent practice, the most significant changes to business combination accounting pursuant to SFAS 141(R) include requirements

certain exceptions, 100 percent of the fair values of assets acquired, liabilities assumed, and noncontrolling interests in ss than a 100 percent controlling interest when the acquisition constitutes a change in control of the acquired entity.
Measure acquirer shares issued in consideration for a business combination at fair value on the acquisition date.
gent consideration arrangements at their acquisition-date fair values, with subsequent changes in fair value generally reflected in

With certain exceptions, recognize preacquisition loss and gain contingencies at their acquisition-date fair values.
· Capitalize in-process research and development (IPR&D) assets acquired.
· Expense, as incurred, acquisition-related transaction costs.
Capitalize acquisition-related restructuring costs only if the criteria in SFAS 146 are met as of the acquisition date.
ges that result from a business combination transaction in an acquirer's existing income tax valuation allowances and tax als as adjustments to income tax expense.

AS 160 is based on the economic entity concept of consolidated financial statements.
c entity concept, all residual economic interest holders in an entity have an equity interest in the consolidated entity, even if the s relative to only a portion of the entity (i.e., a residual interest in a subsidiary). Therefore, SFAS 160 requires that a erest in a consolidated subsidiary be displayed in the consolidated statement of financial position as a separate component of noncontrolling interests meet the definition of equity of the consolidated entity.

equired to be adopted concurrently with SFAS 160 and is effective for business combination transactions for which the on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, which for the Company is adoption is prohibited. The Company is currently assessing the impact that SFAS 141(R) will have on its results of operations on.

e FASB issued Statement of Financial Accounting Standard (“SFAS”) No. 161, “Disclosures about Derivative Instruments and
, an amendment of FASB Statement No. 133 (“SFAS 161”). SFAS 161 applies to all derivative instruments and related hedged
or under FASB Statement No. 133, “Accounting for Derivatives Instruments and Hedging Activities” (“SFAS 133”). SFAS 161
provide greater transparency about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and
ccounted for under SFAS 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect
l position, results of operations, and cash flow. To meet those objectives, SFAS 161 requires (1) qualitative disclosures about
g derivatives by primary underlying risk exposure (e.g., interest rat, credit or foreign exchange rate) and by purpose or strategy
cash flow hedge, net investment hedge, and non-hedges), (2) information about the volume of derivative activity in a flexible
r believes is the most relevant and practicable, (3) tabular disclosures about balance sheet location and gross fair value amounts
uments, income statement and other comprehensive income (OCI) location and amounts of gains and losses on derivative
pe of contract (e.g., interest rate contracts, credit contracts or foreign exchange contracts), and (4) disclosures about
contingent features in derivative agreements.

tive for financial statements issued for fiscal years or interim periods beginning after November 15, 2008, which for the
2010. Early application is encouraged, as are comparative disclosures for earlier periods, but neither are required.

08, the Company acquired the assets of A.I.D. Corporation, a manufacturer of integrated bearing assemblies and aircraft
e commercial and defense aerospace markets, located in Clayton, Georgia for approximately $3,254. The purchase price
llows: accounts receivable ($420), inventory ($2,094), other current assets ($18), property, plant and equipment ($1,629),
$1,211), goodwill ($1,389), current liabilities ($3,257) and long-term liabilities ($250). The products associated with the
plementary with products already provided by other Company businesses. AID is included in the Plain Bearings segment.

08, the Company acquired the assets of BEMD, Inc., a machining business of integrated bearing assemblies and aircraft
e commercial and defense aerospace markets, located in Canton, Georgia for approximately $2,719. The purchase price
llows: accounts receivable ($318), inventory ($1,275), other current assets ($56), property, plant and equipment ($1,326),
565), current liabilities ($571) and long-term liabilities ($250). The products associated with the acquisition are complementary
dy provided by other Company businesses. BEMD is included in the Other segment.

the Company acquired the assets of Coastal Bearing Services, Inc., for approximately $3,671. Located in Houston, Texas, CBS
ects and refurbishes large bearings for the oil and mining industries, as well as other general industrial applications with sizes
nches in diameter. The purchase price allocation is as follows: accounts receivable ($644), inventory ($653), other current assets
ant and equipment ($825), intangible assets ($1,464), goodwill ($671) and accrued expenses ($672). The products associated
n are complementary with products already provided by other Company businesses. CBS is included in the Ball Bearings

the Company acquired the capital stock of Phoenix, a manufacturer of bearings for the steel and mining industries as well as
ustrial applications with bore sizes ranging from 100 millimeters to one meter, located in Gloucestershire, England for
739. The purchase price allocation is as follows: accounts receivable ($1,369), inventory ($1,538), other current assets ($385),
equipment ($456), intangible assets ($2,774), current liabilities ($1,701) and long-term liabilities ($82). The products associated
n are complementary with products already provided by other Company businesses. Phoenix is included in the Roller Bearings

2006, the Company acquired the capital stock of All Power, a manufacturer of highly-engineered precision plain, roller and ball
dustrial, defense and aerospace industries, for approximately $9,926. The purchase price included approximately $8,753 in cash,
le and approximately $423 in transaction expenses. The purchase price allocation is as follows: accounts receivable ($1,969),
, other current assets ($261), property, plant and equipment ($1,614), intangible assets ($3,672), goodwill ($4,708), current
and long-term liabilities ($2,172). The products associated with the acquisition are complementary with products already

Company businesses. All Power, which is located in Santa Fe Springs, California, is included in the plain bearings reportable associated with the acquisition is expected to be deductible for tax purposes.

ations subsequent to the effective dates of the acquisitions are included in the results of operations of the Company. Unaudited lated results of operations of the Company, based upon pre-acquisition unaudited historical information provided for the years 008 and March 31, 2007, as if the AID, BEMD, CBS, Phoenix and All Power acquisitions took place on April 2, 2006, are as

	Fiscal Year Ended			
		March 29, 2008		March 31, 2007
	$	343,247	$	328,804
	$	40,794	$	30,690
ommon share:				
	$	1.90	$	1.49
	$	1.87	$	1.44

Doubtful Accounts

allowance for doubtful accounts consists of the following:

l		Balance at Beginning of Year		Additions		Other*		Write-offs		Balance at End of Year
	$	867	$	114	$	37	$	—	$	1,018
		838		183		39		(193)		867
		628		244		—		(34)		838

actions (see Note 3).

ed at the lower of cost or market, using the first-in, first-out method, and are summarized below:

		March 29, 2008		March 31, 2007
	$	11,561	$	8,133
		38,488		32,457
		73,771		62,432
	$	123,820	$	103,022

and Equipment

equipment consist of the following:

		March 29, 2008		March 31, 2007
	$	8,696	$	8,152
rovements		26,247		18,323
ipment		120,274		109,059
		155,217		135,534
depreciation and amortization		81,974		74,325
	$	73,243	$	61,209

f Operations

the Company began the consolidation of its tapered bearing manufacturing capacity. The Company has discontinued pered bearings in its Glasgow, Kentucky facility and has consolidated the remaining manufacturing into other Company

ilities. This consolidation resulted in a charge of approximately $5,088 in fiscal 2007. Approximately $2,211 of this charge cash disposal of fixed assets. The remaining charge of $2,877 includes termination benefits of approximately $1,153, moving tely $755, rent of approximately $628 and cleanup and turnover costs of approximately $250. As of March 31, 2007, $1,984 had had been accrued. This balance was paid in fiscal 2008.

2006, the Company completed the final phase of its Nice consolidation plan with the sale of its facility located in Kulpsville, asset was sold for approximately $3,507 after expenses and the Company realized a gain on the sale of approximately $807

mortizable Intangible Assets

, goodwill increased $2,190 with the acquisitions of CBS $671 and AID $1,292 in addition to a $227 adjustment related to the tion of All Power. During fiscal 2007, goodwill increased $4,481 in connection with the acquisition of All Power.

by segment, consist of the following:

	March 29, 2008	March 31, 2007
	$ 15,673	$ 15,673
	15,477	13,958
	671	—
	$ 31,821	$ 29,631

		March 29, 2008		March 31, 2007	
	Weighted Average Useful Lives	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	15	$ 6,261	$ 604	$ 3,083	$ 240
hips and lists	10	4,818	1,382	2,704	987
	11	1,391	446	1,195	316
ents	5	722	722	722	612
arks	13	812	29	—	—
	5	983	400	418	174
		$ 14,987	$ 3,583	$ 8,122	$ 2,329

ense for definite-lived intangible assets during fiscal year 2008, 2007, and 2006 was $1,254, $713 and $667, respectively. tion expense for the five succeeding fiscal years and thereafter is as follows:

	$ 1,346
	989
	989
	989
	989
	6,102

ses and Other Current Liabilities

nponents of accrued expenses and other current liabilities are as follows:

	March 29, 2008	March 31, 2007
sation and related benefits	$ 5,592	$ 4,290
costs	—	893
	2,198	3,140

		1,134		1,100
		4,565		2,429
	$	13,489	$	11,852

05, the Company entered into a Fifth Amended and Restated Credit Agreement (the "Amended Credit Agreement"), among
Credit Parties signatory thereto; General Electric Capital Corporation, a Delaware corporation, for itself, as lender, and as agent
ncurrently with the closing of the Company's initial public offering. Pursuant to the Amended Credit Agreement, the Company
loan borrowings by approximately $40,000 from $110,000 under the term loan portion of the Amended Credit Agreement. The
greement provided a $55,000 revolving credit agreement (the "Amended Revolving Credit Facility") and a $150,000 term loan
erm Loan"). The principal amount of the Amended Term Loan was to be repaid in twenty-five (25) consecutive quarterly
encing December 31, 2005. Each loan was secured by a lien against substantially all of the assets of the Company and subjected
ndard affirmative and negative covenants, as well as financial leverage tests.

RBCA terminated the Amended Credit Agreement, and the related credit, security and ancillary agreements, and entered into a
(the "KeyBank Credit Agreement") and related security and guaranty agreements with certain banks, KeyBank National
dministrative Agent, and J.P. Morgan Chase Bank, N.A. as Co-Lead Arrangers and Joint Lead Book Runners. The KeyBank
provides RBCA, as borrower, with a $150,000 five-year senior secured revolving credit facility which can be increased by up to
ents of $25,000, under certain circumstances and subject to certain conditions (including the receipt from one or more lenders of
mitment). Amounts outstanding under the KeyBank Credit Agreement generally bear interest at the prime rate, or LIBOR plus a
depending on the type of borrowing being made. The applicable margin is based on the Company's consolidated ratio of net debt
A from time to time. Currently, the Company's margin is 0.0% for prime rate loans and 0.625% for LIBOR rate loans. Amounts
the KeyBank Credit Agreement are due and payable on the expiration date of the credit agreement (June 24, 2011). The
t to prepay some or all of the outstanding balance from time to time without penalty. The KeyBank Credit Agreement requires
omply with various covenants. As of March 29, 2008, the Company was in compliance with all such covenants. The KeyBank
allows the Company to, among other things, make distributions to shareholders, repurchase its stock, incur other debt or liens, or
of assets provided that the Company complies with certain requirements and limitations of the credit agreement. The Company's
he KeyBank Credit Agreement are secured by a pledge of substantially all of the Company's and RBCA's assets and a guaranty
f RBCA's obligations.

the Company borrowed approximately $79,000 under the KeyBank Credit Agreement and used such funds to (i) pay fees and
d with the KeyBank Credit Agreement and (ii) repay the approximately $78,000 balance outstanding under the Amended Credit
March 29, 2008, $41,000 was outstanding under the KeyBank Credit Agreement. The Company recorded a non-cash pre-tax
nately $3,576 in fiscal 2007 to write off deferred debt issuance costs associated with the early termination of the Amended Credit
ximately $21,638 of the KeyBank Credit Agreement is being utilized to provide letters of credit to secure RBCA's obligations
Industrial Development Revenue Bonds (the "IRB's") and insurance programs. As of March 29, 2008, RBCA had the ability to
ditional $87,362 under the KeyBank Credit Agreement.

8, the Company entered into an interest rate swap agreement with a total notional value of $30,000 to hedge a portion of its
Under the terms of the agreement, the Company pays interest at a fixed rate (3.64%) and receives interest at variable rates. The
e interest swap is June 24, 2011. The fair value of this swap at March 29, 2008 was a liability of $752 and was included in other
This instrument is designated and qualifies as a cash flow hedge. Accordingly, the gain or loss on both the hedging instrument
n attributable to the hedged risk are recognized in other comprehensive income.

2007, the Company and RBCA entered into an amendment of the KeyBank Credit Agreement. Pursuant to the terms of the
mmitment fees payable under the KeyBank Credit Agreement were decreased from a range of 10 to 27.5 basis points, based on
erage ratio (as defined under the KeyBank Credit Agreement) to a range of 7.5 to 20 basis points. Further, the margin payable
k Credit Agreement for revolving loans that are base rate loans, based on the Company's leverage ratio, was decreased from a
sis points to a range of 0 to 25 basis points. The margin payable under the KeyBank Credit Agreement for revolving loans that
, based on the Company's leverage ratio (as defined under the agreement) was decreased from a range of 62.5 to 165 basis points
o 115 basis points. Also, the covenant requiring the Company to limit capital expenditures (excluding acquisitions) in any fiscal
not to exceed $20,000 was amended to increase the limit to an amount not to exceed $30,000.

003, Schaublin entered into a bank credit facility (the "Swiss Credit Facility") with Credit Suisse providing for 10,000 Swiss
nately $10,047, of term loan (the "Swiss Term Loan") and up to 2,000 Swiss francs, or approximately $2,009, of revolving credit
f credit (the "Swiss Revolving Credit Facility"). RBCA pledged 99.4% of the present and future share capital of Schaublin S.A.
inst this facility. On November 8, 2004, Schaublin amended the Swiss Credit Facility to increase the Swiss Revolving Credit
wiss francs, or approximately $4,019. Borrowings under the Swiss Credit Facility bear interest at a floating rate of LIBOR plus
h 29, 2008, there were no borrowings outstanding under the Swiss Credit Facility.

, the Company entered into a loan agreement with the South Carolina Jobs Economic Development Authority ("SC JEDA") borrowings up to $10,700 under two industrial development revenue bonds (Series 1994 A and B) and, during fiscal 1999, the into an additional loan agreement with the SC JEDA which provided for borrowings up to $3,000 under an industrial ue bond (Series 1998). The interest rate is variable and based on the 90-day U.S. Treasury Bill rate. Additionally, during fiscal ny entered into a loan agreement with the California Infrastructure and Economic Development Bank which provided for 64,800 under an industrial development revenue bond (Series 1999) (collectively, "Bonds"). The interest rate on the Bonds is on the Bond Market Association 7-day Municipal Swap Index. The proceeds from the Bonds are restricted for working capital capital expenditure purposes. On September 4, 2007, the Company voluntarily paid off the Series 1998 bonds, the principal of The Series 1994 A and B bonds are secured by an irrevocable direct-pay letter of credit issued by one of the Company's lenders. is equal to the aggregate principal amount of the bonds plus not less than forty-five days' interest thereon, calculated at 12% per March 29, 2008). The Series 1999 bonds are likewise secured by an irrevocable direct-pay letter of credit issued by one of the . The Company's obligation to its lenders is secured pursuant to the provisions of the Credit Facility and is equal to the aggregate f the bonds plus not less than fifty days' interest thereon, calculated at 12% per annum ($4,879 at March 29, 2008).

ble under all borrowing facilities are as follows:

	March 29, 2008	March 31, 2007
Agreement		
cured revolving credit facility; amounts outstanding bear interest at the R, plus a specified margin, depending on the type of borrowing being made at March 29, 2008 and LIBOR 3.75% and 6.06% at March 29, 2008 and spectively)	$ 41,000	$ 42,000
able through September 2009 (weighted average interest rate was 6.30% h 29, 2008 and March 31, 2007, respectively)	1,250	750
oment Revenue Bonds		
in annual installments of $180 beginning September 1, 2006, graduating to 1, 2014, with final payment due on September 1, 2017; bears interest at a nted average interest rate was 5.20% and 5.76% for the fiscal years ended d March 31, 2007, respectively), payable monthly through September 2017	7,700	7,700
rs interest at a variable rate (weighted average interest rate was 5.20% and l years ended March 29, 2008 and March 31, 2007, respectively), payable ecember 2017	3,000	3,000
interest at variable rates (weighted average interest rate was 4.39% for the larch 31, 2007)	—	1,155
g interest at variable rates (weighted average interest rate was 3.81% and l years ended March 29, 2008 and March 31, 2007, respectively), payable pril 2024	4,800	4,800
	57,750	59,405
rtion	750	750
	$ 57,000	$ 58,655

n of long-term debt as of March 29, 2008 and March 31, 2007, respectively, includes a $750 note payable related to the All

during each of the following five fiscal years are as follows:

	$ 750
	1,310

540
41,660
660

nder Capital Leases

capital leases are included in other liabilities. Machinery and equipment additions under capital leases amounted to $440 and 7 and 2006, respectively. The average imputed rate of interest on capital leases at each year end was 3.8%, 3.9% and 4.7% in nd 2006, respectively.

y, plant and equipment are the following assets held under capital leases:

		March 29, 2008		March 31, 2007
ipment	$	4,271	$	4,077
eciation		(3,316)		(3,288)
	$	955	$	789

ase payments under capital leases at March 29, 2008 are as follows:

	$	231
		230
		163
		29
se payments		653
senting interest		44
t minimum lease payments		609
rities		211
l lease obligations	$	398

rrent Liabilities

nponents of other non-current liabilities consist of:

		March 29, 2008		March 31, 2007
n liability	$	794	$	1,113
nt benefits		2,616		2,467
e tax liability		4,231		—
		3,407		2,927
	$	11,048	$	6,507

8, the Company has one consolidated noncontributory defined benefit pension plan covering union employees in its Heim irfield, Connecticut and its Bremen subsidiary plant in Plymouth, Indiana.

, 2007, the pension plan for the Tyson subsidiary in Glasgow, Kentucky was curtailed in the terms of the Shutdown Agreement arings Company, Inc. and the United Steelworkers of America (AFL-CIO) Local 7461-01 dated February 6, 2007. No further e against this plan and no new employees will become eligible for participation in the plan. However, the Company will continue n. The impact of curtailment was $202, which is included in the net periodic benefit cost in fiscal 2007.

2006, the pension plan for the Nice subsidiary in Kulpsville, Pennsylvania was frozen in accordance with the terms of the

ent between RBC Nice Bearings, Inc. and the United Steelworkers of America (AFL-CIO) Local 6816-12 dated February 15, benefits will accrue against this plan and no new employees will become eligible for participation in the plan. However, the inue to maintain the plan. The impact of curtailment was $97, which is included in the net periodic benefit cost in fiscal 2007.

008, plan assets are comprised primarily of cash and short-term investments. The plan provides benefits of stated amounts based f an employee's age and years of service. The Company uses a December 31 measurement date for its plan.

7, the Company adopted the recognition and disclosure provisions of SFAS No. 158, “Employers’ Accounting for Defined Benefit Postretirement Plans.” SFAS No. 158 required the Company to recognize the funded status (i.e., the difference between the lue of plan assets and the projected benefit obligations) of its defined benefit pension plans in the March 31, 2007 Consolidated n a corresponding adjustment to accumulated other comprehensive income, net of tax. The adjustment to accumulated other ome at adoption represents the net unrecognized actuarial losses, unrecognized prior service costs and unrecognized transition ng from the initial adoption of SFAS No. 87 and SFAS No. 106, all of which were previously netted against the plans’ funded any’s Consolidated Balance Sheet in accordance with the provisions of SFAS No. 87 and SFAS No. 106. These amounts will be nized as net periodic benefit cost in accordance with the Company’s historical accounting policy for amortizing these amounts.

es set forth the funded status of the Company's defined benefit pension plans and the amount recognized in the balance sheet at d March 31, 2007:

		March 29, 2008		**March 31, 2007**
bligation:				
at beginning of year	$	18,111	$	18,024
		270		484
		1,184		1,033
s		2,013		(166)
		(1,325)		(1,264)
at measurement date	$	20,253	$	18,111
ets:				
ssets at beginning of year	$	16,997	$	14,267
an assets		2,977		2,167
tions		2,096		1,827
		(1,325)		(1,264)
ssets	$	20,745	$	16,997
unded status:				
d status at measurement date	$	492	$	(1,114)
urth quarter		—		360
d status, end of year	$	492	$	(754)
ed in the consolidated balance sheet:				
	$	1,287	$	359
y		(795)		(1,113)
recognized	$	492	$	(754)
ed in accumulated other comprehensive loss:				
	$	361	$	2,157
		2,219		85
comprehensive loss	$	2,580	$	2,242
in accumulated other comprehensive loss expected to be recognized as periodic benefit cost in 2009:				
	$	40		
		64		
	$	104		

union plans are not a function of employees' salaries; thus, the accumulated benefit obligation equals the projected benefit

e sets forth net periodic benefit cost of the Company's plans for the three fiscal years in the period ended March 29, 2008:

		Fiscal Year Ended	
	March 29, 2008	March 31, 2007	April 1, 2006
periodic benefit cost:			
	$ 270	$ 484	$ 575
	1,184	1,033	984
plan assets	(1,474)	(1,309)	(1,130)
or service cost	8	28	39
sses	163	166	209
recognized due to curtailment	—	299	—
t cost	$ 151	$ 701	$ 677

sed in determining the net periodic benefit cost information are as follows:

	FY 2008	FY 2007	FY 2006
	6.00%	5.75%	5.90%
n rate of return on plan assets	8.50%	9.00%	9.00%

sed in determining the funded status as of March 29, 2008 and March 31, 2007 was 6.25% and 6.00%, respectively.

overall expected long-term return on plan assets assumption, a building block approach was used in which rates of return in were considered separately for equity securities and debt securities. The excess returns were weighted by the representative d added along with an appropriate rate of inflation to develop the overall expected long-term return on plan assets assumption.

vestment program objective is to achieve a rate of return on plan assets which will fund the plan liabilities and provide for hile avoiding undue exposure to risk to the plan and increases in funding requirements. The Company's target allocation of plan cent short-term investments as of March 29, 2008 and 100% equity as of March 31, 2007.

efit payments, which reflect future service as appropriate, are expected to be paid. The benefit payments are based on the same o measure the Company's benefit obligation at the end of fiscal 2008.

	$ 1,272
	1,351
	1,382
	1,442
	1,452
	8,009

reign operation, Schaublin, sponsors a pension plan for its approximately 160 employees in conformance with Swiss pension law. with a reputable (S&P rating AA-) Swiss insurer. Through the insurance contract, the Company has effectively transferred all rtality risk to the insurance company, which guarantees the federally mandated annual rate of return and the conversion rate at sult, the plan has no unfunded liability; the interest cost is exactly offset by actual return. Thus, the net periodic cost is equal to ual premium paid by the Company. For fiscal years 2008, 2007 and 2006, the Company made contribution and premium $530, $476 and $445, respectively.

has a defined contribution plan under Section 401(k) of the Internal Revenue Code for all of its employees not covered by a ng agreement. The plan is funded by eligible participants through employee contributions and by Company contributions which

% of the first 6% of eligible employee compensation. Employer contributions under this plan amounted to $595, $328 and $284
7 and 2006, respectively.

er 1, 1996, the Company adopted a non-qualified Supplemental Executive Retirement Plan ("SERP") for a select group of highly gement employees designated by the Board of Directors of the Company. The SERP allows eligible employees to elect to defer, f their employment, the receipt of up to 25% of their current salary. The Company makes contributions equal to the lesser of ls, or 3.5% of the employees' annual salary, which vest in full after three years of service following the effective date of the ontributions under this plan amounted to $175, $154 and $86 in fiscal 2008, 2007 and 2006, respectively.

t Health Care and Life Insurance Benefits

the benefit of employees at its Heim, West Trenton and Bremen facilities, sponsors contributory defined benefit health care postretirement medical and life insurance benefits to union employees who have attained certain age and/or service requirements the Company. The plans are unfunded and costs are paid as incurred. Postretirement benefit obligations are included in “Accrued current liabilities” and "Other non-current liabilities" in the Consolidated Balance Sheet.

medical and life insurance benefits for the Tyson subsidiary in Glasgow, Kentucky were curtailed in the terms of the Shutdown n Tyson Bearing Company, Inc. and the United Steelworkers of America (AFL-CIO) Local 7461-01 dated February 6, 2007. ilment was $(437), which was included in net periodic benefit cost (income) for fiscal 2007.

006, the postretirement medical and life insurance benefits for the Nice subsidiary in Kulpsville, Pennsylvania were curtailed in utdown Agreement between RBC Nice Bearings, Inc. and the United Steelworkers of America (AFL-CIO) Local 6816-12 dated Life insurance benefits terminated July 31, 2006. Postretirement medical benefits were available until the contract expired on The impact of curtailment was $(131), which was included in net periodic benefit cost (income) for fiscal 2007.

003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the "Act") was signed into law. The ption drug benefit for all postretirement plans is capped at a set amount each month, which is paid to the retirees so they can drug coverage. As such, the Company is not self-insured for prescription drugs and the Act has no impact on the recorded

adoption of SFAS No. 158 to other postretirement benefit plans increased current liabilities by $227, increased non-current and increased the loss in accumulated other comprehensive loss by $345, net of deferred tax provision of $214.

e set forth the funded status of the Company’s postretirement benefit plans, the amount recognized in the balance sheet at March h 31, 2007:

		March 29, 2008		March 31, 2007
bligation:				
at beginning of year	$	2, 694	$	3,455
		60		112
		165		182
s		191		(188)
		(219)		(211)
loss		—		(656)
at end of year	$	2,891	$	2,694
ets:				
ssets at beginning of year	$	—	$	—
ions		219		211
		(219)		(211)
ssets at end of year	$	—	$	—

of year	$	(2,891)	$	(2,694)
ed in the consolidated balance sheet:				
ty	$	(2,616)	$	(2,467)
		(275)		(227)
ized	$	(2,891)	$	(2,694)
ed in accumulated other comprehensive (gain) loss:				
	$	(138)	$	(20)
loss		(603)		578
comprehensive (gain) loss	$	(741)	$	558
in accumulated other comprehensive (gain) loss expected to be ponents of net periodic benefit cost in 2009:				
	$	41		
		26		
	$	67		

	Fiscal Year Ended		
periodic benefit cost:	March 29, 2008	March 31, 2007	April 1, 2006
	$ 60	$ 112	$ 141
	165	182	198
mortization	(30)	(45)	(486)
ognized	38	29	117
	—	(568)	—
t cost (income)	$ 233	$ (290)	$ (30)

a March 31 measurement date for its plans.

ually limit the benefit to be provided for certain groups of current and future retirees. As a result, there is no health care trend ese groups. The discount rate used in determining the accumulated postretirement benefit obligation was 6.50% at March 29, March 31, 2007. The discount rate used in determining the net periodic benefit cost was 6.00% for fiscal 2008, 6.25% for fiscal or fiscal 2006. The RP-2000 Combined Mortality Table was used to determine the postretirement net periodic benefit costs in 83 Group Annuity Mortality table was used to determine the postretirement net periodic benefit costs in fiscal 2007 and 2006.

efit payments, which reflect future service as appropriate, are expected to be paid. The benefit payments are based on the same o measure the Company's benefit obligation at the end of fiscal 2008:

	$ 275
	282
	233
	229
	224
	1,217

ome taxes for the Company's domestic and foreign operations is as follows:

	Fiscal Year Ended		
	March 29, 2008	March 31, 2007	April 1, 2006
	$ 51,660	$ 37,213	$ 15,953
	8,219	6,854	3,120
	$ 59,879	$ 44,067	$ 19,073

benefit from) income taxes consists of the following:

	Fiscal Year Ended		
	March 29, 2008	March 31, 2007	April 1, 2006
	$ 6,781	$ 3,140	$ 1,615
	1,428	2,079	566
	1,269	1,087	497
	9,478	6,306	2,678
	10,057	9,506	3,694
	150	(224)	262
	10,207	9,282	3,956
	$ 19,685	$ 15,588	$ 6,634

income taxes computed using the U.S. federal statutory rate to that reflected in operations follows:

	Fiscal Year Ended		
	March 29, 2008	March 31, 2007	April 1, 2006
U.S. federal statutory rate	$ 20,958	$ 15,424	$ 6,676
net of federal benefit	887	1,101	660
on activities deduction	(907)	—	—
ential	(1,699)	(1,312)	(595)
	446	375	(107)
	$ 19,685	$ 15,588	$ 6,634

sets (liabilities) consist of the following:

	March 29, 2008	March 31, 2007
(liabilities):		
efits	$ 1,106	$ 740
sation accruals	1,112	1,491
s	1,244	628
	3,839	4,839
n	654	293
	(188)	502
	903	1,194
ce	197	277
assets	8,867	9,964
ties:		
equipment	(5,500)	(5,497)
angibles	(3,864)	(3,831)
iabilities	(9,364)	(9,328)
sets (liabilities)	$ (497)	$ 636

nce has been recorded on certain state net operating losses as it is more likely than not that these losses will not be utilized.

determined that its undistributed foreign earnings of approximately $28,900 at March 29, 2008 will be re-invested indefinitely ed for cash in its foreign operations, potential foreign acquisitions and the Company's inability to remit cash back to the United rent foreign debt obligations. Schaublin has a tax holiday that provides a 75% reduction of the statutory rate relating to its Swiss ed in a tax benefit of approximately $1,000 and $1,200 in fiscal 2008 and fiscal 2007, respectively. This tax holiday expires in

undistributed earnings in foreign subsidiaries are considered to be reinvested indefinitely, no provision for U.S. federal and state een provided. Upon repatriation of those earnings, in the form of dividends or otherwise, the Company would be subject to both (subject to an adjustment of foreign tax credits) and withholding taxes payable to various foreign countries. Determination of the nized deferred U.S. income tax liability is not practicable due to the complexities associated with its hypothetical calculation.

, the Company has state net operating losses in different jurisdictions at varying amounts up to $13,500, which expire at various . The Company's tax returns are subject to review and examination by various taxing authorities, which could result in changes nates.

pted the provisions of FIN 48 on April 1, 2007. As a result, the Company recognized an increase in the liability for unrecognized roximately $230 and a reduction to the April 1, 2007 balance of retained earnings. The total amount of unrecognized tax benefits , including the cumulative effect of the adoption of FIN 48, is $3,210, substantially all of which represents liabilities that, if impact the effective tax rate.

s income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, the ger subject to state or foreign income tax examinations by tax authorities for years ending before March 31, 2002. The Company to U.S. federal tax examination by the Internal Revenue Service for years ending before March 31, 2004.

the beginning and ending amount of unrecognized tax benefits are as follows:

Balance, April 1, 2007	$	3,210
Increases for tax positions taken during the current period		668
Balance, March 29, 2008	$	3,878

ance at March 29, 2008, are $3,337 of unrecognized tax benefits that would affect the annual effective tax rate.

ognizes the interest and penalties accrued related to unrecognized tax benefits in income tax expense. The Company had 2 of accrued interest and penalties at March 29, 2008.

s not believe that it is reasonably possible that the amount of unrecognized tax benefits will significantly decrease over the next

Stockholders' Equity

public offering of common shares in August 2005, the Company had three classes of capital stock outstanding: Class B preferred mmon stock and Class B common stock. Prior to the consummation of the initial public offering, the Company effectuated a ns in order to, among other things, simplify its capital structure. The Company's simplified capital structure has two classes of stock (common stock and preferred stock), of which only shares of common stock remained outstanding after the Company's ng. The recapitalization transaction involved a number of steps that were effectuated contemporaneously with the consummation nitial public offering. These steps were as follows:

ompany amended its certificate of incorporation to effect a 5-for-2 stock split of its common stock. All share and per share consolidated financial statements has been retroactively restated to reflect the stock split for all years presented.

ss B Preferred Stock. Immediately prior to the consummation of the recapitalization, all outstanding shares of Class B preferred ed in accordance with their terms into 1,846,396 (on a post stock split basis) shares of Class A common stock, shares of Class C shares of Class D preferred stock. All shares of Class C and Class D preferred stock were redeemed with cash or common stock .

ss C Preferred Stock. Immediately after the conversion of the Class B preferred stock, the Company used proceeds from its ng and the refinancing of its then existing credit facility to redeem all outstanding Class C preferred stock, including any accrued ds, for an aggregate redemption price determined in accordance with its pre-offering certificate of incorporation. The aggregate f the Class C preferred stock was equal to $30,600.

ss D Preferred Stock. Immediately after the conversion of the Class B preferred stock, the Company repurchased all of the D preferred stock for an aggregate repurchase price equal to $8.0 million payable as follows: $4.0 million of the repurchase price proceeds from the initial public offering and the refinancing of its Senior Credit Facility, and $4.0 million paid in shares of its tock based on the initial public offering price of $14.50 per share (before giving effect to the underwriting discount).

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status of the Company's preferred stock outstanding as of March 29, 2008, March 31, 2007, April 1, 2006 and April 2, 2005 and
year ended April 1, 2006 is presented below.

	Class B	Class C	Class D
2005	240,000	—	—
s B preferred stock	(240,000)	306,298	240,000
ss C preferred stock	—	(306,298)	—
ss D preferred stock	—	—	(240,000)
2006, March 31, 2007 and March 29,	—	—	—

Class A Common Stock and Class B Common Stock. Immediately after the transactions described above, the Company amended
tificate of incorporation to provide for, among other things, authorized capital stock of 60.0 million shares of common stock and
s of preferred stock after giving effect to the 5-for-2 stock split. As a result, all of the Company's Class A common stock and
tock (including shares of Class A common stock issued upon conversion of the Class B preferred stock and repurchase of the
tock) were reclassified as common stock, on a one-for-one basis.

l Warrants. Following the reclassification of the Company's shares, all outstanding options and warrants to purchase the
A common stock and Class B common stock became exercisable into shares of the Company's newly created common stock in
he terms of our stock option plans and stock option and warrant agreements. As of March 29, 2008, there were 1,326,577
, 714,308 of which were exercisable. There are no outstanding warrants.

ration for the initial public offering, the Company reassessed the value of its then Class A Common Stock given the significant
e Company's operating performance during the fiscal year ended April 2, 2005. The retrospective review indicated that the fair
Class A Common Stock was in excess of the option exercise price ($8.00 per share) at the various grant dates. As a result,
tion of approximately $785 was recorded for the intrinsic value of the stock (based on the 2,500 options and 179,575 options
al 2006 and 2005, respectively), which was amortized over the vesting period. Approximately $365 and $420 was recorded as
nse in fiscal 2006 and 2005, respectively.

ns

Plan

18, 1998, the Company adopted the RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.) 1998 Stock
erms of the 1998 option plan provide for the grant of options to purchase up to 8,413,900 shares of common stock to officers and
consultants (including members of the board of directors) to, the Company and its subsidiaries. Options granted may be either
ions (under Section 422 of the Internal Revenue Code) or non-qualified stock options. The 1998 option plan, which expires on
8, is to be governed by the Company's board of directors or a committee to which the board delegates its responsibilities. As of
ere were outstanding options to purchase 3,275 shares of common stock granted under the 1998 option plan, all of which were
August 15, 2005, the 1998 Stock Option Plan was frozen and no additional stock options will be awarded pursuant to the plan.

Plan

Incorporated (f/k/a Roller Bearing Holding Company, Inc.) 2001 Stock Option Plan was adopted in fiscal 2002 and amended
tober 24, 2003. The terms of the 2001 option plan provide for the grant of options to purchase up to 1,008,553 shares of common
d employees of, and consultants (including members of the board of directors) to, the Company and its subsidiaries selected by
pate in the plan. Options granted may be either incentive stock options (under Section 422 of the Internal Revenue Code) or
options. The 2001 option plan, which expires in July 2011, is to be governed the Company's board of directors or a committee
of directors delegates its responsibilities. As of March 29, 2008, there were outstanding options to purchase 107,300 shares of

nted under the 2001 option plan, all of which were exercisable. As of August 15, 2005, the 2001 Stock Option Plan was frozen tock options will be awarded pursuant to the plan.

ncentive Plan

pted the 2005 Long-Term Incentive Plan effective upon the completion of its initial public offering in August 2005. The plan of stock options, stock appreciation rights, restricted stock and performance awards. Directors, officers and other employees and e in services for the Company are eligible for grants under the plan. The purpose of the plan is to provide these individuals with mize stockholder value and otherwise contribute to the Company's success and to enable the Company to attract, retain and ilable persons for positions of responsibility.

f common stock were authorized for issuance under the plan, subject to adjustment in the event of a reorganization, stock split, hange in the Company's corporate structure or in the outstanding shares of common stock. Of this amount, 683,502 options were mpany's CEO at the time of the Company's initial public offering in August 2005 at the offering price of $14.50 per share and the erved for grants to the Company's employees (other than the Company's CEO) at the discretion of the Company's compensation endment to increase the number of shares available for issuance under the 2005 Long-Term Incentive Plan from 1,139,170 to proved by shareholder vote in September 2006. A further amendment to increase the number of shares available for issuance ng-Term Incentive Plan from 1,639,170 to 2,239,170 was approved by shareholder vote in September 2007. The Company may ricted stock to its employees and directors in the future under the plan. The Company's compensation committee will administer pany's board of directors also has the authority to administer the plan and to take all actions that the compensation committee is ed to take under the plan. The terms and conditions of each award made under the plan, including vesting requirements, is set h the plan in a written agreement with the grantee.

ler the 2005 Long-Term Incentive Plan, the compensation committee or the board may approve the award of grants of incentive other non-qualified stock options. The compensation committee also has the authority to approve the grant of options that will d and exercisable automatically upon a change in control. The compensation committee may not, however, approve an award to ny calendar year options to purchase common stock equal to more than 10% of the total number of shares authorized under the e initial award to the Company's CEO discussed above), and it may not approve an award of incentive options first exercisable in whose underlying shares have a fair market value greater than $100,000 determined at the time of grant. The compensation prove the exercise price and term of any option in its discretion; however, the exercise price may not be less than 100% of the f a share of common stock on the date of grant. In the case of any incentive stock option, the option must be exercised within e of grant. The exercise price of an incentive option awarded to a person who owns stock constituting more than 10% of our not be less than 110% of such fair market value on such date and the option must be exercised within five years of the date of 29, 2008, there were outstanding options to purchase 1,216,002 shares of common stock granted under the 2005 plan, 603,733 cisable.

nder the 2005 Long-Term Incentive Plan, the compensation committee may approve the award of restricted stock subject to the rictions, and for the duration that it determines in its discretion. As of March 29, 2008, there were 107,162 shares of restricted

n Rights. The compensation committee may approve the grant of stock appreciation rights, or SARs, subject to the terms and ed in the plan. Under the 2005 Long-Term Incentive Plan, the exercise price of a SAR must equal the fair market value of a share common stock on the date the SAR was granted. Upon exercise of a SAR, the grantee will receive an amount in shares of our al to the difference between the fair market value of a share of common stock on the date of exercise and the exercise price of d by the number of shares as to which the SAR is exercised.

ds. The compensation committee may approve the grant of performance awards contingent upon achievement by the grantee or f set goals and objectives regarding specified performance criteria, over a specified performance cycle. Awards may include e target awards, performance units, the value of which is established at the time of grant, and/or performance shares, the value o the fair market value of a share of common stock on the date of grant. The value of a performance award may be fixed or sis of specified performance criteria. A performance award may be paid out in cash and/or shares of common stock or other

ermination of the Plan. The board may amend or terminate the 2005 Long-Term Incentive Plan at its discretion, except that no ecome effective without prior approval of the Company’s stockholders if such approval is necessary for continued compliance ce-based compensation exception of Section 162(m) of the Internal Revenue Code or any stock exchange listing requirements. rminated by the board, the plan will terminate on the tenth anniversary of its adoption.

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status of the Company's warrants and stock options outstanding as of March 29, 2008, March 31, 2007 and April 1, 2006, and
e years ended on those dates, is presented below. All cashless exercises of options and warrants are handled through an
.

	Number Of Common Stock Warrants/Options	Weighted Average Exercise Price	Weighted Average Contractual Life (Years)	Intrinsic Value
h 31, 2007	1,294,319	$ 15.60		
	356,200	32.21		
	(323,942)	12.47		
h 29, 2008	1,326,577	$ 20.83	6.7	$ 20,381
29, 2008	714,308	$ 14.51	7.0	$ 15,488

the Company's options and warrants was estimated at the date of grant using the Black-Scholes option pricing model with the
l-average assumptions:

	Fiscal Year Ended March 29, 2008	March 31, 2007	April 1, 2006
	0.0%	0.0%	0.0%
-average life	5.0	4.9	7.0
ate	5.0%	5.0%	3.5%
	35.4%	34.4%	32.0%

ge fair value per share of options granted was $12.79 in fiscal 2008, $8.70 in fiscal 2007 and $6.00 in fiscal 2006.

hted-average life assumption was calculated by taking the average of the weighted vesting term and the contractual term of the
ining its risk-free interest rate assumption, the Company used the yield on zero-coupon U.S. Treasury strips to extrapolate a
ve. Finally, since the Company has only been public since August 2005, it used six public companies (in addition to itself),
ufacture of bearings, for the determination of the volatility.

08, there was $5,950 of unrecognized compensation costs related to options which is expected to be recognized over a weighted
.9 years. The total fair value of options that vested in fiscal 2008, 2007 and 2006 was $1,738, $0 and $5,106, respectively. The
of options exercised in fiscal 2008, 2007 and 2006 was $6,925, $31,523 and $25,081, respectively.

outstanding at March 29, 2008, 1,291,147 are either fully vested or are expected to vest. These shares have a weighted average
0.81, an intrinsic value of $19,863, and a weighted average contractual term of 6.7 years.

status of the Company's restricted stock outstanding as of March 29, 2008 and changes during the year then ended, is presented

	Number Of Restricted Stock Shares	Weighted-Average Grant Date Fair Value
rch 31, 2007	74,775	$ 22.62
	49,250	32.13
	(16,863)	22.68

arch 29, 2008	107,162	$	26.99

rded $272 (net of taxes of $169) in compensation in fiscal 2008 related to restricted stock awards. These awards were valued at ue of the Company's common stock on the date of issuance and are being amortized as expense over the applicable vesting zed expense for restricted stock was $2,477 at March 29, 2008. This cost is expected to be recognized over a weighted average ately 3.6 years.

Commitments and Contingencies

es facilities under non-cancelable operating leases, which expire on various dates through September 2021, with rental expense , $3,708 and $1,936 in fiscal 2008, 2007 and 2006, respectively.

has non-cancelable operating leases for transportation, computer and office equipment, which expire at various dates. Rental 008, 2007 and 2006 aggregated $1,347, $1,356 and $1,220, respectively.

e leases are renewable while none bear material contingent rent or concession clauses.

re minimum lease payments under operating leases are as follows:

	$	4,132
		3,513
		3,308
		2,850
		1,264
d thereafter		4,775
	$	19,842

08, approximately 13% of the Company's hourly employees in the U.S. and abroad were represented by labor unions.

ers into government contracts and subcontracts that are subject to audit by the government. In the opinion of the Company's esults of such audits, if any, are not expected to have a material impact on the financial condition or results of operations of the

bject to federal, state and local environmental laws and regulations, including those governing discharges of pollutants into the storage, handling and disposal of wastes and the health and safety of employees. The Company also may be liable under the nvironmental Response, Compensation, and Liability Act or similar state laws for the costs of investigation and cleanup of cilities currently or formerly owned or operated by the Company, or at other facilities at which the Company may have disposed tances. In connection with such contamination, the Company may also be liable for natural resource damages, government ns by third parties for personal injury and property damage. Agencies responsible for enforcing these laws have authority to civil or criminal penalties for non-compliance. The Company believes it is currently in material compliance with all applicable vironmental laws. The Company does not anticipate material capital expenditures for environmental compliance in fiscal years

remediation of contamination is ongoing at some of the Company's sites. In particular, state agencies have been overseeing oring activities at the Company's facilities in Hartsville, South Carolina and Fairfield, Connecticut. At Hartsville, the Company evels of contaminants in the groundwater caused by former operations. The state will permit the Company to cease monitoring o consecutive sampling periods demonstrate contaminants are below action levels. In connection with the purchase of the cut facility in 1996, the Company agreed to assume responsibility for completing clean-up efforts previously initiated by the Company submitted data to the state that the Company believes demonstrates that no further remedial action is necessary, may require additional clean-up or monitoring. In connection with the purchase of the Company's Clayton, Georgia facility, the to assume certain responsibilities to implement a corrective action plan concerning the remediation of certain soil and

amination present at that facility. The corrective action plan is in the early stages. Although there can be no assurance, the expect any of those to be material.

ived notice in 2003 from the U.S. Environmental Protection Agency that the Company had been named a potentially responsible or past disposal of hazardous substances at the Operating Industries, Inc. Landfill in Monterey, Calif. Any such disposal would ted prior to the Company's ownership, and the Company notified the former owners of a potential claim for indemnification nnity described above. The Company is currently negotiating a *de minimis* settlement with the U.S. Environmental Protection ts that any settlement, even if the Company is unsuccessful in obtaining indemnification, will not be material to its financial of operations.

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claims and legal proceedings against the Company relating to its operations in the normal course of business, none of which the is material to its financial position or results of operations. The Company currently maintains insurance coverage for product

U.S. Continued Dumping and Subsidy Offset Act (CDSOA) Payment

007, the Company received approximately $255 in payments under the U.S. Continued Dumping and Subsidy Act (CDSOA) for er 1, 2006, respectively, the Company received approximately $1,229 in payments under the CDSOA for 2006. The CDSOA nping duties paid by overseas companies to qualified domestic firms hurt by unfair trade. These payments have been classified ncome in "Other non-operating expense (income)" on the Consolidated Statements of Operations.

Related Party Transactions

subject to the approval of the Company's senior lenders under the Credit Facility and Second Lien Term Loan, which was ned, the Board of Directors agreed to pay the CEO a one-time special compensation payment of $5,200 to reimburse the CEO him in connection with a previous stock sale by the CEO to Whitney. The Company's senior lenders approved the payment on such, the Company recorded a charge of $5,200 (classified as selling, general and administrative expense) in the second quarter

Other Operating Expense, Net

pense, net is comprised of the following:

	Fiscal Year Ended		
	March 29, 2008	**March 31, 2007**	**April 1, 2006**
	$ —	$ —	$ 173
of assets	131	1,917	24
and moving costs	481	3,188	1,024
ful accounts	114	183	244
angibles	1,254	713	667
ome)	(156)	(67)	292
	$ 1,824	$ 5,934	$ 2,424

Reportable Segments

rates through operating segments for which separate financial information is available, and for which operating results are y by the Company's chief operating decision maker in determining resource allocation and assessing performance. Those s with similar economic characteristics and that meet all other required criteria, including nature of the products and production tion patterns and classes of customers, are aggregated as reportable segments. Certain other operating segments do not exhibit utes mentioned above and do not meet the quantitative thresholds for separate disclosure, and their information is combined and ". There is also a segment reflecting corporate charges.

four reportable business segments engaged in the manufacture and sale of the following:

Roller bearings are anti-friction bearings that use rollers instead of balls. The Company manufactures four basic types of roller ty needle roller bearings with inner rings, tapered roller bearings, track rollers and aircraft roller bearings.

ain bearings are produced with either self-lubricating or metal-to-metal designs and consists of several sub-classes, including rod

erical plain bearings and journal bearings. Unlike ball bearings, which are used in high-speed rotational applications, plain
rily used to rectify inevitable misalignments in various mechanical components.

ne Company manufactures four basic types of ball bearings: high precision aerospace, airframe control, thin section and arings which are used in high-speed rotational applications.

ists of two minor operating locations that do not fall into the above segmented categories. The Company produces precision g screws at its LPP plant that offer repeatable positioning accuracy in machine tools, transfer lines, robotic handling and ipment. The Company's Schaublin location produces precision machine tool collets that provide effective part holding and on during machining operations.

ate consists of expenses incurred at the corporate office.

icies of the reportable segments are the same as those described in Note 2. Segment performance is evaluated based on segment income and total assets. Items not allocated to segment operating income include corporate administrative expenses and certain ntifiable assets by reportable segment consist of those directly identified with the segment's operations. Corporate assets consist s and certain prepaid expenses.

		Fiscal Year Ended	
	March 29, 2008	March 31, 2007	April 1, 2006
s			
	$ 97,019	$ 92,123	$ 96,466
	154,535	143,907	115,091
	56,677	50,466	46,378
	22,369	19,566	16,574
	$ 330,600	$ 306,062	$ 274,509
e			
	$ 28,818	$ 18,766	$ 23,340
	40,982	41,163	30,955
	14,284	12,523	9,692
	2,669	2,200	1,478
	(23,903)	(22,733)	(26,886)
	$ 62,850	$ 51,919	$ 38,579
	$ 88,053	$ 64,491	$ 52,545
	203,201	168,350	142,957
	37,303	27,417	21,023
	11,773	7,595	6,932
	(3,218)	5,860	52,466
	$ 337,112	$ 273,713	$ 275,923
ures			
	$ 10,611	$ 10,872	$ 4,390
	3,919	2,502	3,490
	2,084	1,374	1,130
	1,065	1,007	832
	79	419	499
	$ 17,758	$ 16,174	$ 10,341
mortization			
	$ 3,363	$ 3,355	$ 3,073
	4,534	3,653	3,035
	732	601	1,299

		1,299		1,238		1,151
		537		799		773
	$	10,465	$	9,646	$	9,331
nal Sales						
	$	280,510	$	265,644	$	243,576
		50,090		40,418		30,933
	$	330,600	$	306,062	$	274,509
-Lived Assets						
	$	69,975	$	57,910	$	55,224
		3,268		3,299		2,804
	$	73,243	$	61,209	$	58,028
s						
	$	8,298	$	8,512	$	9,412
		1,417		1,017		851
		7,105		5,053		5,099
		17,093		14,825		13,313
	$	33,913	$	29,407	$	28,675

les are eliminated in consolidation.

ES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

ROLS AND PROCEDURES

anagement is responsible for establishing and maintaining effective disclosure controls and procedures, as defined under Rule
curities Exchange Act of 1934. As of the end of the period covered by this report, the Company performed an evaluation, under
l with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the
e Company's disclosure controls and procedures. Based upon that evaluation, the Company's Chief Executive Officer and Chief
concluded that the Company's disclosure controls and procedures provide reasonable assurance that the material information
losed by the Company in the reports that it files or submits to the Securities and Exchange Commission under the Securities
934 is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. No
e to the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of
ast fiscal quarter that materially affected, or are reasonably likely to materially affect, the Company's internal control over

port on Internal Control Over Financial Reporting

3C Bearings Incorporated is responsible for establishing and maintaining adequate internal control over financial reporting, as d in Securities Exchange Act of 1934.

ternal control over financial reporting is supported by written policies and procedures that (i) pertain to the maintenance of sonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (ii) provide reasonable nsactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted les, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's lirectors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or Company's assets that could have a material effect on the financial statements.

rent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of e policies or procedures may deteriorate.

ion and with the participation of our management, including our principal executive officer and principal financial officer, we uation of the effectiveness of the Company's internal control over financial reporting as of March 29, 2008 as required by ge Act of 1934. In making this assessment, we used the criteria set forth in the framework in *Internal Control-Integrated* by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *tegrated Framework*, our management concluded that our internal control over financial reporting was effective as of March 29,

of our internal control over financial reporting as of March 29, 2008 has been audited by Ernst & Young LLP, an independent ccounting firm, as stated in their report which appears on the following page.

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ndent Registered Public Accounting Firm

rectors and Stockholders
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RBC Bearings Incorporated's internal control over financial reporting as of March 29, 2008, based on criteria established in Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). rporated's management is responsible for maintaining effective internal control over financial reporting, and for its assessment s of internal control over financial reporting included in the accompanying Management's Report on Internal Control over g. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards n and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was naterial respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk kness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and her procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our

nal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A l control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in ccurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that corded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, nd expenditures of the company are being made only in accordance with authorizations of management and directors of the provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the hat could have a material effect on the financial statements.

erent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any tiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that liance with the policies or procedures may deteriorate.

C Bearings Incorporated maintained, in all material respects, effective internal control over financial reporting as of March 29, COSO criteria.

ted, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated RBC Bearings Incorporated as of March 29, 2008 and March 31, 2007, and the related consolidated statements of operations, tyand comprehensive income and cash flows, for each of the three years in the period ended March 29, 2008, and our report 8 expressed an unqualified opinion thereon.

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R INFORMATION

alled for by Part III (Items 10, 11, 12, 13 and 14) of Form 10-K will be included in our Proxy Statement for our 2008 Annual olders, which the Company intends to file within 120 days after the close of its fiscal year ended March 29, 2008 and which is n by reference to such Proxy Statement.

ITS, FINANCIAL STATEMENT SCHEDULES

atements

solidated Financial Statements of the Company are included in Item 8, "Financial Statements and Supplementary Data":

ort of Independent Registered Public Accounting Firm	35
solidated Balance Sheets at March 29, 2008 and March 31, 2007	36
solidated Statements of Operations for the years ended March 29, 2008, March 31, 2007, and April 1, 2006	38
solidated Statements of Stockholders' Equity and Comprehensive Income for the years ended March 29, 2008, March 2007, and April 1, 2006	39
solidated Statements of Cash Flows for the years ended March 29, 2008, March 31, 2007, and April 1, 2006	40
es to Consolidated Financial Statements	41

tement Schedules

e been omitted because of the absence of conditions under which they are required or because the required information is ancial statements or notes thereto.

bits are filed as part of this report.

owing exhibits have been previously filed with the Securities and Exchange Commission by the Company pursuant to the e Securities Act of 1933 and the Securities Exchange Act of 1934. Such exhibits are identified by the parenthetical references g of each such exhibit and are incorporated herein by reference. The Company's Commission file number is 333-124824.

Description of Document

nded and Restated Certificate of Incorporation of RBC Bearings Incorporated dated August 13, 2005 as filed with Amendment to RBC Bearings Incorporated's Registration Statement on Form S-1, file No. 333-124824 (the "Registration Statement") dated

st 8, 2005 is hereby incorporated by reference herein.

ws of RBC Bearings Incorporated, as filed as Exhibit 3.3 to Amendment No. 4 to the Registration Statement on Form S-1 dated
st 8, 2005 is hereby incorporated by reference herein.

of stock certificate for common stock, as filed as Exhibit 4.3 to RBC Bearings Incorporated's Amendment No. 3 to Registration
ment on Form S-1 dated August 4, 2005 is hereby incorporated by reference herein.

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of Amended and Restated Warrants to Purchase Common Stock, as filed as Exhibit 4.7 to RBC Bearing Incorporated's tration Statement on Form S-8 dated March 15, 2006, is hereby incorporated by reference herein.

nded and Restated Warrants to Purchase Class B Supervoting Common Stock, as filed as Exhibit 4.8 to RBC Bearing porated's Registration Statement on Form S-8 dated March 15, 2006, is hereby incorporated by reference herein.

Option Plan of RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.), dated as of February 18, 1998 with of agreement filed as Exhibit 10.2 to the Registration Statement on Form S-1 dated May 11, 2005 is hereby incorporated by nce herein.

of Stock Transfer Restriction Agreement between RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.) ertain of its stockholders filed as Exhibit 10.2 to the Registration Statement on Form S-1 dated May 11, 2005 is hereby porated by reference herein.

nded and Restated 2001 Stock Option Plan of RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.), dated per 24, 2003 filed as Exhibit 10.2 to the Registration Statement on Form S-1 dated May 11, 2005 is hereby incorporated by nce herein.

of RBC Bearings Inc. 2005 Long-Term Equity Incentive Plan, as filed as Exhibit 4.6 to RBC Bearing Incorporated's tration Statement on Form S-8 dated November 18, 2005, is hereby incorporated by reference herein.

ement of Lease between Robear West Trenton Associates, L.P. and Roller Bearing Company of America, Inc., dated February 99, for West Trenton, New Jersey premises filed as Exhibit 10.6 to the Registration Statement on Form S-1 dated May 11, 2005 eby incorporated by reference herein.

Amendment to Office Lease, dated July 26, 2004, between Robear West Trenton Associates, L.P. and Roller Bearing Company nerica, Inc. filed as Exhibit 10.7 to the Registration Statement on Form S-1 dated May 11, 2005 is hereby incorporated by nce herein.

ture of Lease dated March 31, 2004 between Roller Bearing Company of America, Inc., and Raymond Hunicke, LLC, a ecticut limited liability company filed as Exhibit 10.8 to the Registration Statement on Form S-1 dated May 11, 2005 is hereby porated by reference herein.

uted counterpart of the Pledge and Security Agreement, dated as of September 1, 1994, between Roller Bearing Company of ica, Inc., Heller Financial, Inc. and Mark Twain Bank filed as Exhibit 10.9 to the Registration Statement on Form S-1 dated May 005 is hereby incorporated by reference herein.

Agreement, dated as of September 1, 1994, between the South Carolina Job—Economic Development Authority and Roller ng Company of America, Inc. with respect to the Series 1994A Bonds filed as Exhibit 10.10 to the Registration Statement on S-1 dated May 11, 2005 is hereby incorporated by reference herein.

Indenture, dated as of September 1, 1994, between the South Carolina Job—Economic Development Authority and Mark Twain as Trustee, with respect to the Series 1994A Bonds filed as Exhibit 10.12 to the Registration Statement on Form S-1 dated May 005 is hereby incorporated by reference herein.

Agreement, dated as of September 1, 1994, between the South Carolina Job—Economic Development Authority and Roller ng Company of America, Inc., with respect to the Series 1994B Bonds filed as Exhibit 10.13 to the Registration Statement on S-1 dated May 11, 2005 is hereby incorporated by reference herein.

Indenture, dated as of September 1, 1994, between the South Carolina Job—Economic Development Authority and Mark Twain as Trustee, with respect to the Series 1994B Bonds filed as Exhibit 10.14 to the Registration Statement on Form S-1 dated May 005 is hereby incorporated by reference herein.

ctive Bargaining Agreement between Heim, the International Union, United Automobile, Aerospace and Agricultural Implement ers of America, U.A.W., and Amalgamated Local 376, U.A.W., expires January 31, 2008 filed as Exhibit 10.15 to the tration Statement on Form S-1 dated May 11, 2005 is hereby incorporated by reference herein.

ctive Bargaining Agreement between Roller Bearing Company of America, Inc. and the International Union U.A.W. and its 502, expires June 30, 2007 filed as Exhibit 10.15 to the Registration Statement on Form S-1 dated May 11, 2005 is hereby porated by reference herein.

ctive Bargaining Agreement between Tyson Bearing Company, Inc. and the United Steelworkers of America, AFL-CIO, Local 01, expires June 13, 2008, as filed as Exhibit 10.18 to Amendment No. 2 to the Registration Statement on Form S-1 dated July 005, is hereby incorporated by reference herein.

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oyment Agreement, dated as of July 1, 2005, between the Company and Michael J. Hartnett, Ph.D filed as Exhibit 10.19 to
dment No. 4 to the Registration Statement dated August 8, 2005 is hereby incorporated by reference herein.

nded and Restated Promissory Note, dated as of December 15, 2000, for $500,000, made by Michael J. Hartnett, Ph.D. and
le to Roller Bearing Company of America, Inc filed as Exhibit 10.20 to the Registration Statement on Form S-1 dated May 11,
is hereby incorporated by reference herein.

Agreement, dated as of April 1, 1999, by and between California Infrastructure and Economic Development Bank and Roller
ng Company of America, Inc filed as Exhibit 10.21 to the Registration Statement on Form S-1 dated May 11, 2005 is hereby
orated by reference herein.

ture Of Trust, dated as of April 1, 1999, between California Infrastructure and Economic Development Bank and U.S. Bank
National Association, as Trustee filed as Exhibit 10.22 to the Registration Statement on Form S-1 dated May 11, 2005 is hereby
orated by reference herein.

egulatory Agreement, dated as of April 1, 1999, by and among California Infrastructure and Economic Development Bank, U.S.
Trust National Association, as Trustee, and Roller Bearing Company of America, Inc filed as Exhibit 10.23 to the Registration
ment on Form S-1 dated May 11, 2005 is hereby incorporated by reference herein.

Agreement, dated as of December 17, 1999, between Schaublin SA and RBC Schaublin SA filed as Exhibit 10.24 to the
tration Statement on Form S-1 dated May 11, 2005 is hereby incorporated by reference herein.

Agreement dated May 17, 2004 by and between Shadowmoss Properties, LLC, a South Carolina limited liability company and
r Bearing Company of America, Inc filed as Exhibit 10.33 to the Registration Statement on Form S-1 dated May 11, 2005 is
y incorporated by reference herein.

t Agreement, dated December 8, 2003, between Credit Suisse and Schaublin SA filed as Exhibit 10.34 to the Registration
ment on Form S-1 dated May 11, 2005 is hereby incorporated by reference herein.

dment No. 1 to Credit Agreement, dated November 8, 2004, between Credit Suisse and Schaublin SA filed as Exhibit 10.35 to
egistration Statement on Form S-1 dated May 11, 2005 is hereby incorporated by reference herein.

r Agreement by and among RBC Bearings Incorporated, Roller Bearing Company of America, Inc. Whitney & Co. and Dr.
ael J. Hartnett dated June 17, 2005, as filed as Exhibit 10.36 to Amendment No. 2 to the Registration Statement on Form S-1
July 26, 2005, is hereby incorporated by reference herein.

d Amended and Restated Stockholders' Agreement by and among RBC Bearings Incorporated, Whitney RBHC Investor, LLC,
ney V.L.P., Dr. Michael J. Hartnett and Hartnett Family Investments, L.P. dated February 6, 2003 filed as Exhibit 10.37 to
dment No. 4 to the Registration Statement dated August 9, 2005 is hereby incorporated by reference herein.

ndment No. 1 dated August 13, 2005 to the Second Amended and Restated Stockholders' Agreement by and among RBC
ngs Incorporated, Whitney RBHC Investors, LLC, Whitney V.L.P., Dr. Michael J. Hartnett and Hartnett Family Investments,
ated February 6, 2003, filed as Exhibit 10.38 to Amendment No. 4 to the Registration Statement dated August 9, 2005 is hereby
orated by reference herein.

ase Agreement dated August 9, 2005 filed as Exhibit 1.1 to Form 8-K dated August 15, 2005 is hereby incorporated by
nce herein.

ase Agreement dated April 11, 2006 filed as Exhibit 1.1 to Form 8-K dated April 13, 2006 is hereby incorporated by reference

n.

t Agreement, dated as of June 26, 2006, among Roller Bearing Company of America, Inc., RBC Bearings Incorporated, the ers named therein, KeyBank National Association, J.P. Morgan Securities Inc. and LaSalle Bank National Association, filed as it 99.1 to Form 8-K dated July 18, 2006 is hereby incorporated by reference herein.

t Guaranty, dated as of June 26, 2006, by RBC Bearings Incorporated, in favor of KeyBank National Association, filed as it 99.2 to Form 8-K dated July 18, 2006 is hereby incorporated by reference herein.

ity Agreement, dated as of June 26, 2006, among Roller Bearing Company of America, Inc., RBC Bearings Incorporated, the diary Guarantors (as defined therein), and KeyBank National Association, filed as Exhibit 99.3 to Form 8-K dated July 18, 2006 eby incorporated by reference herein.

Bearings Incorporated 2005 Long Term Incentive Plan (Amended and Restated as of August 29, 2007) filed as Exhibit 10.1 on 8-K dated August 30, 2007 is hereby incorporated by reference herein.

ndment No. 2 to Credit Agreement, dated as of September 10, 2007 by and between Roller Bearing Company of America, Inc., Bearings Incorporated and KeyBank National Association, as Administrative Agent and Lender filed as Exhibit 10.1 on Form ated September 10, 2007 is hereby incorporated by reference herein.

ement between RBC Heim Bearings and Local No. 376 International Union, United Automobile, Aerospace and Agricultural ment Workers of America effective February 1, 2008 filed as Exhibit 10.5 on Form 10-Q dated February 7, 2008 is hereby porated by reference herein.

of Ethics of the Registrant filed as Exhibit 14 to Form 10-Q dated February 14, 2006 is hereby incorporated by reference herein.

diaries of the Registrant. Filed herewith.

nt of Ernst & Young LLP. Filed herewith.

ication of Chief Executive Officer Pursuant to Securities Exchange Act Rule 13a-14(a). Filed herewith.

ication of Chief Financial Officer Pursuant to Securities Exchange Act Rule 13a-14(a). Filed herewith.

fication of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 and Securities Exchange Act Rule 13a-14(b).* Filed ith.

fication of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 and Securities Exchange Act Rule 13a-14(b).* Filed ith.

accompanies this Annual Report on Form 10-K, is not deemed filed with the SEC and is not to be incorporated by reference e Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made date of this Annual Report on Form 10-K), irrespective of any general incorporation language contained in such filing.

SIGNATURES

uirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed
undersigned, thereunto duly authorized.

RBC Bearings Incorporated
(Registrant)

By: /s/ Dr. Michael J. Hartnett
Name: Dr. Michael J. Hartnett
Title: Chief Executive Officer
Date: May 28 , 2008

quirements of the Securities Exchange Act of 1934, this Report has been signed by the following persons on behalf of the
e capacities and on the dates indicated.

	Title
Iartnett tnett 8	Chairman, President and Chief Executive Officer (Principal Executive Officer and Chairman)
ron n 8	Chief Financial Officer (Principal Financial and Accounting Officer)
8	Corporate Controller
vell l 8	Director
an 8	Director
8	Director
8	Director
’Brien rien 8	Director