

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**  
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FILER

**BEARINGS INC /OH/**

CIK: **109563** | IRS No.: **340117420** | State of Incorpor.: **OH** | Fiscal Year End: **0630**  
Type: **10-Q** | Act: **34** | File No.: **001-02299** | Film No.: **94528083**  
SIC: **5080** Machinery, equipment & supplies

Mailing Address  
3600 EUCLID AVE  
CLEVELAND OH 44115

Business Address  
3600 EUCLID AVE  
CLEVELAND OH 44115  
2168818900

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended MARCH 31, 1994

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 1-2299

BEARINGS, INC.

(Exact name of registrant as specified in its charter)

Ohio 34-0117420

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

3600 Euclid Avenue, Cleveland, Ohio 44115

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (216) 881-2838

None

(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.

Yes X No

Shares of common stock outstanding on March 31, 1994 7,528,891 (No par Value)

BEARINGS, INC.

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PART I: FINANCIAL INFORMATION  
ITEM I: Financial Statements

BEARINGS, INC. AND SUBSIDIARIES  
-----  
STATEMENTS OF CONSOLIDATED INCOME  
(Unaudited)  
(Thousands, except per share amounts)

<TABLE>  
<CAPTION>

	Three Months Ended March 31		Nine Months Ended March 31	
	1994	1993	1994	1993
<S>	<C>	<C>	<C>	<C>
Net Sales	\$239,743	\$210,789	\$688,740	\$613,499
Cost and Expenses				
Cost of sales	174,245	156,116	505,043	456,636
Selling, distribution and administrative	59,018	49,180	166,341	143,704
	233,263	205,296	671,384	600,340
Operating income	6,480	5,493	17,356	13,159
Interest				
Interest expense	1,401	1,623	4,601	3,989
Interest income	(50)	(70)	(165)	(258)
	1,351	1,553	4,436	3,731
Income before income taxes	5,129	3,940	12,920	9,428
Income taxes				
Federal	1,827	1,337	4,333	3,171
State and local	416	225	989	619
	2,243	1,562	5,322	3,790
Net income	\$ 2,886	\$ 2,378	\$ 7,598	\$ 5,638
Net income per share	\$ .38	\$ .33	\$ 1.01	\$ .78
Cash dividend per common share	\$ .16	\$ .16	\$ .48	\$ .48

<FN>  
See notes to consolidated financial statements.  
</TABLE>

&lt;TABLE&gt;

## BEARINGS, INC. AND SUBSIDIARIES

 CONSOLIDATED BALANCE SHEETS  
 (AMOUNTS IN THOUSANDS)

&lt;CAPTION&gt;

	March 31 1994	June 30 1993
Assets	(Unaudited)	
<S>	<C>	<C>
Current assets		
Cash and temporary investments	\$ 6,855	\$ 4,634
Accounts receivable, less allowance of \$3,093 and \$2,000	126,919	112,971
Inventories (at LIFO)	114,240	95,015
Other current assets	2,069	8,613
Total current assets	250,083	221,233
Property - at cost		
Land	11,806	11,265
Buildings	53,767	52,001
Equipment	68,278	66,479
Less accumulated depreciation	52,067	49,695
Property - net	81,784	80,050
Other assets	13,704	14,652
TOTAL ASSETS	\$345,571	\$315,935
Liabilities and Shareholders' Equity		
Current liabilities		
Notes payable	\$ 29,195	\$ 22,678
Accounts payable	55,217	42,573
Compensation and related benefits	18,840	18,770
Other accrued liabilities	7,598	6,352
Total current liabilities	110,850	90,373
Long-term debt	80,000	80,000
Deferred income taxes	3,271	5,706
Other liabilities	5,406	4,916
TOTAL LIABILITIES	199,527	180,995
Shareholders' equity		
Preferred stock - no par value; 2,500 shares authorized; none issued or outstanding		
Common stock - no par value; 30,000 shares authorized; 9,303 shares issued	10,000	10,000
Additional paid-in capital	6,711	6,710
Income retained for use in the business	161,928	155,908
Less 1,774 and 1,984 treasury shares - at cost	(32,595)	(35,489)
Less unearned restricted common stock compensation		(2,189)
TOTAL SHAREHOLDERS' EQUITY	146,044	134,940
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$345,571	\$315,935

&lt;FN&gt;

See notes to consolidated financial statements.

&lt;/TABLE&gt;

&lt;TABLE&gt;

BEARINGS, INC. AND SUBSIDIARIES  
-----  
STATEMENTS OF CONSOLIDATED CASH FLOWS  
(UNAUDITED)  
(AMOUNTS IN THOUSANDS)

&lt;CAPTION&gt;

<S>	NINE MONTHS ENDED MARCH 31	
	1994	1993
<C>	<C>	<C>
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Received from customers	\$677,556	\$612,191
Paid to suppliers and employees	(656,370)	(595,496)
Income taxes paid	(3,378)	(2,421)
Interest paid	(4,532)	(3,364)
Interest received	165	258
Total Operating Activities	13,441	11,168
INVESTING ACTIVITIES		
Property purchases	(12,943)	(10,337)
Proceeds from property sales	2,859	3,135
Other	273	(694)
Total Investing Activities	(9,811)	(7,896)
FINANCING ACTIVITIES		
Borrowings (repayments) under:		
Line-of-credit agreements - net	4,069	(79,410)
Long-term notes payable		80,000
Purchase of treasury stock	(1,945)	
Dividends paid	(3,533)	(3,468)
Total Financing Activities	(1,409)	(2,878)
Increase in cash and temporary investments	2,221	394
Cash and temporary investments at beginning of period	4,634	9,299
CASH AND TEMPORARY INVESTMENTS AT END OF PERIOD	\$ 6,855	\$ 9,693

&lt;FN&gt;

See notes to consolidated financial statements.

&lt;/TABLE&gt;

BEARINGS, INC. AND SUBSIDIARIES  
-----  
STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY  
For the Nine Months Ended March 31, 1994 (Unaudited)  
and Year Ended June 30, 1993  
(Amounts in Thousands)

&lt;TABLE&gt;

<CAPTION>

	Shares of Common Stock Outstanding	Common Stock	Additional Paid-in Capital	Income Retained for Use in the Business	Treasury Shares - at Cost	Unearned Restricted Stock Compensation	Total Shareholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE AT JULY 1, 1992	7,104	\$10,000	\$6,636	\$151,530	(\$39,336)		\$128,830
Net income				8,927			8,927
Cash dividends-\$0.64 per share				(4,640)			(4,640)
Treasury shares issued for:							
401-k Savings Plan contribution	44		86		770		856
Exercise of stock options	30		(19)		543		524
Restricted common stock awards	140		(2)		2,505	(\$2,503)	0
Other	1		9		29		38
Amortization of restricted common stock compensation						314	314
Other				91			91
BALANCE AT JUNE 30, 1993	7,319	10,000	6,710	155,908	(35,489)	(2,189)	134,940
Pooling of interests with Mainline	196		(1,409)	1,955	3,542		4,088
BALANCE AT JULY 1, 1993	7,515	10,000	5,301	157,863	(31,947)	(2,189)	139,028
Net income				7,598			7,598
Cash dividends-\$0.48 per share				(3,533)			(3,533)
Purchase of common stock for treasury	(59)				(1,945)		(1,945)
Treasury shares issued for:							
401-k Savings Plan contribution	43		326		773		1,099
Exercise of stock options	10		43		185		228
Restricted common stock awards	13		53		233	(286)	0
Other	7		41		106		147
Amortization of restricted common stock compensation			947			2,475	3,422
BALANCE AT MARCH 31, 1994	7,529	\$10,000	\$6,711	\$161,928	(\$32,595)	\$0	\$146,044

<FN>

See notes to consolidated financial statements.

</TABLE>

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BEARINGS, INC. AND SUBSIDIARIES  
-----  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Amounts in thousands) (Unaudited)

1. BASIS OF PRESENTATION

In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position as of March 31, 1994 and June 30, 1993, and the results of operations for the three months and nine months ended March 31, 1994 and 1993, and cash flows for the nine months ended March 31, 1994 and 1993.

The results of operations for the three and nine month periods ended March 31, 1994 are not necessarily indicative of the results to be expected for the fiscal year.

For its interim statements of consolidated income the Company uses estimated gross profit percentages to compute cost of sales. Adjustments to actual cost are made based on the annual physical inventory.

2. NET INCOME PER SHARE

Net income per share was computed using the weighted average number of common shares outstanding for the period.

Average shares outstanding for the computation of net income per share were as follows:

<TABLE>

<CAPTION>

Three Months Ended March 31		Nine Months Ended March 31	
1994	1993	1994	1993
-----	-----	-----	-----

<S>	<C>	<C>	<C>
7,553	7,294	7,549	7,212

</TABLE>

3. INVENTORY

Effective July 1, 1993 the Company changed its application of the Last-In, First-Out (LIFO) method used to determine its inventory amounts for financial reporting purposes. This change revised the Company's LIFO pools to establish Company-wide inventory pools for each of the major classes of products. Previously the LIFO inventory pools were established by legal entity, rather than by class of product. Management believes that using inventory pools grouped by product is more consistent with how the Company currently manages its operations and will more accurately measure the effects of changes in inventory levels and costs.

The cumulative effect on previous years from this change in LIFO pools is not determinable. Through March 31, 1994 this change has had no significant effect on the Company's results of operations for the current fiscal year.

BEARINGS, INC. AND SUBSIDIARIES  
 -----  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 (Amounts in thousands) (Unaudited)

4. INCOME TAXES

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes," effective July 1, 1993. This Statement supersedes Accounting Principles Board Opinion No. 11. As permitted by SFAS No. 109, the Company has elected not to restate the financial statements of any prior years. There was no significant cumulative effect on the Statements of Consolidated Income for adopting SFAS 109.

Deferred income taxes reflect the estimated future tax consequences of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and (b) tax credit carryforwards. The significant components of the Company's net deferred tax liability as of July 1, 1993 are as follows:

<TABLE>	
<S>	<C>
Deferred tax liabilities:	
Differences between the book and tax basis of:	
Property	\$ 5,742
Inventory	7,465
Other	734
	-----
	13,941
Deferred tax assets:	
Compensation liabilities not currently deductible	3,491
Reserves not currently deductible	3,471
Tax loss and credit carryforwards	1,357
Other	995
	-----
	9,314
Valuation allowance	(243)
	-----
Net deferred tax liability	\$ 4,870
	=====

<FN>

The valuation allowance was established due to the Company's estimation that certain state income tax loss carryforwards may expire unused.

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Amounts in thousands) (Unaudited)

5. SUPPLEMENTAL CASH FLOW INFORMATION

The following is a reconciliation of net income to total cash provided from (used for) operating activities:

<TABLE>  
<CAPTION>

<S>	Nine Months Ended March 31	
	1994	1993
<C>	<C>	<C>
Net income	\$ 7,598	\$ 5,638
Depreciation	10,036	9,665
Provision for losses on accounts receivable	1,036	1,404
Gain on sale of property	(725)	(42)
Amortization of restricted common stock compensation and goodwill	2,675	410
Treasury shares contributed to employee benefit plans	1,099	611
Changes in current assets and liabilities:		
Accounts receivable	(11,083)	(1,308)
Inventories	(10,049)	(396)
Other current assets	1,094	483
Accounts payable and accrued expenses	10,596	(5,671)
Other - net	1,164	374
Total cash provided from operating activities	\$ 13,441	\$ 11,168

</TABLE>

The Company considers all temporary investments with maturities of three months or less to be cash equivalents for purposes of the statements of consolidated cash flows.

6. PERFORMANCE ACCELERATED RESTRICTED COMMON STOCK

During the quarter ended March 31, 1994, accelerated vesting occurred for the remaining half of the outstanding performance accelerated restricted common stock (PARS). Previously, these PARS shares had been vesting over a six year period. With the acceleration of vesting, additional expense relating to amortization of PARS compensation of \$1,126 was recorded in the quarter ended March 31, 1994. Net of income taxes this charge decreased net income by \$676, or \$.09 per share. Additional accelerated vesting also occurred in the quarter ended December 31, 1993. For the nine months ended March 31, 1994, total additional expense relating to accelerated vesting of PARS amortization was \$2,126. Net of income taxes, this additional expense reduced net income for the nine months ended March 31, 1994 by \$1,276, or \$.17 per share.

7. BUSINESS COMBINATION

On March 10, 1994, the Company acquired Mainline Industrial Distributors, Inc., a high quality applied technology distributor of drive systems, rubber products and bearings in exchange for 196,000 shares of Bearings, Inc. common stock. The business combination has been accounted for as a pooling of interests. The Company's previously reported statements of consolidated income have been restated to reflect the Mainline acquisition for the current fiscal year. The prior years' consolidated financial statements have not been restated because the effects are not material.



Net sales and net income for the separate companies prior to the acquisition are as follows:

<TABLE>  
<CAPTION>

	Bearings, Inc.	Mainline	Combined
	-----	-----	-----
<S>	<C>	<C>	<C>
Eight Months Ended February 28, 1994			
Net Sales	\$ 577,726	\$ 21,433	\$ 599,159
Net Income	4,128	101	4,229

</TABLE>

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BEARINGS, INC. AND SUBSIDIARIES

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

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The following is Management's discussion and analysis of certain significant factors which have affected: (1) the Company's financial condition at March 31, 1994 and June 30, 1993 and (2) results of operations during the periods included in the accompanying Statements of Consolidated Income and Consolidated Cash Flows.

FINANCIAL CONDITION

Liquidity and Working Capital

-----

Cash provided from operating activities was \$13.4 million in the nine months ended March 31, 1994. This compares to \$11.2 million of cash provided from operating activities in the same period a year ago. Increases in cash received from customers, resulting from increased sales, were partially offset by increased payments to suppliers and employees. During the nine months ended March 31, 1994 cash generated from operating activities were used for the purchase of property, purchase of common stock for treasury and dividend payments.

Cash flow from operations depends primarily upon generating operating income and controlling the investment in inventory and receivables. The Company has continuing programs to monitor and control these investments. During the nine month period ended March 31, 1994 inventories increased, net of the effect of adopting SFAS No. 109, approximately \$13.6 million. Inventories increased by \$.4 million in the same period a year ago. This increase is primarily attributed to increasing inventory levels to service the increase in sales volume. Accounts receivable increased by \$15.0 million from increased sales volume.

Working capital at March 31, 1994 was \$139.2 million compared to \$130.9 million at June 30, 1993. The current ratio was 2.3 at March 31, 1994 and 2.4 at June 30, 1993.

Capital Resources

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Capital resources are obtained from income retained in the business, borrowings under the Company's lines of credit and long-term debt, and to a lesser extent, from operating lease arrangements.

Average combined short-term and long-term borrowing was \$104.8 million for the nine months ended March 31, 1994 and \$107.7 million during the year ended June 30, 1993. The average effective interest rate on the short-term borrowings for the nine months ended March 31, 1994 decreased to 3.8% from an average rate of 4.0% for the year ended June 30, 1993 due to lower prevailing short-term interest rates. The Company has \$90 million of short-term lines of credit with commercial banks which provide for payment of interest at various interest rate options, none of which is in excess of the banks' prime rate. The Company had \$29.2 million of borrowings under these short-term bank lines of credit at March 31, 1994. Unused bank lines of credit of \$60.8 million are available for future short-term financing needs.

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## BEARINGS, INC. AND SUBSIDIARIES

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

Management expects that capital resources provided from operations, available lines of credit and long-term debt will be sufficient to finance normal working capital needs and capital expenditure programs. Management also believes that additional long-term debt and line-of-credit financing could be obtained if desired.

## RESULTS OF OPERATIONS

During the quarter the Company completed the acquisition of Mainline Industrial Distributors, Inc., of Appleton, Wisconsin in exchange for 196,000 shares of Bearings, Inc. common stock. This acquisition is being accounted for as a pooling of interests. Mainline is a high quality applied technology distributor of drive systems, rubber products and bearings with nine branches - seven in Wisconsin, one in Minneapolis and one in Elmhurst, Illinois. Mainline accounted for \$9,100,000 of sales during the current quarter and \$24,900,000 of sales for the nine months ended March 31, 1994. Approximately, \$700,000 of non-recurring costs resulting from this business combination were expensed during the quarter. The Company's previously reported statements of consolidated income were restated for the current fiscal year. Prior years' financial statements were not restated because the effects on the results of operations, financial position and cash flows were not material.

A summary of the period-to-period changes in principal items included in the statements of consolidated income follows:

&lt;TABLE&gt;

&lt;CAPTION&gt;

	Increase (Decrease) (Dollars in thousands)			
	Three Months Ended March 31 1994 and 1993		Nine Months Ended March 31 1994 and 1993	
	Amount	Percent Change	Amount	Percent Change
<S>	<C>	<C>	<C>	<C>
Net sales	\$28,954	13.7%	\$ 75,241	12.3%
Cost of sales	18,129	11.6%	48,407	10.6%
Selling, distribution and administrative expenses	9,838	20.0%	22,637	15.8%
Operating income	987	18.0%	4,197	31.9%
Interest expense - net	(202)	(13.0)%	705	18.9%
Income before income taxes	1,189	30.2%	3,492	37.0%
Income taxes	681	43.6%	1,532	40.4%
Net income	508	21.4%	1,960	34.8%

&lt;/TABLE&gt;

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## BEARINGS, INC. AND SUBSIDIARIES

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATION

## THREE MONTHS ENDED MARCH 31, 1994 AND 1993

Increases in sales for the quarter were primarily due to volume increases and the acquisition of Mainline. Gross profit, as a percentage of sales, increased from 25.9% to 27.3% from an adjustment of estimated year-to-date costs used to determine cost of sales.

Selling, distribution and administrative expenses increased by 20.0% from higher incentive costs due to the implementation of a new sales commission program for account representatives and sales management, increased advertising costs due to additional marketing programs, higher rental expense due to the leasing of a new mainframe computer, costs associated with the acquisition of Mainline and the vesting of performance accelerated restricted stock (PARS) based upon the price performance of the Company's common stock during the quarter.

Interest expense-net for the quarter decreased by 13.0% through a combination of lower short-term interest rates, lower average indebtedness and offsets of interest expense from interest rate swap agreements.

Income taxes as a percentage of income before taxes were 43.7% in the three months ended March 31, 1994 and 39.6% in the three months ended March 31, 1993. The increase is attributed to the increase in Federal tax rates in the current year and an overall increase in our effective Federal, State and local tax rates from non-deductible expenses.

As a result of the above factors, net income increased by 21.4% compared to the same quarter of last year.

#### NINE MONTHS ENDED MARCH 31, 1994 AND 1993

Increases in sales for the period were principally due to volume increases and the acquisition of Mainline. Gross profit, as a percentage of sales, increased from 25.6% to 26.7% from higher purchase discounts and allowances and an adjustment of estimated year-to-date costs used to determine cost of sales.

Selling, distribution and administrative expenses increased by 15.8% from higher 401-K contributions due to an enhancement of the 401-K plan, higher incentive costs due to the implementation of a new sales commission program for account representatives and sales management, higher rental expense due to the leasing of a new mainframe computer, costs associated with the acquisition of Mainline, increased advertising costs due to additional marketing programs and the vesting of the PARS based upon the price performance of the Company's common stock during the period.

Interest expense - net for the period increased 18.9% as a result of the issuance of \$80 million of long-term debt in December of 1992 and repayment of previously existing short-term debt. As long-term interest rates are higher than short-term interest rates, interest expense increased. The increased expense was partially offset by net interest earned under interest rate swap agreements and lower average borrowings during the period.

Income taxes as a percentage of income before income taxes were 41.2% in the nine months ended March 31, 1994 and 40.2% in the nine months ended March 31, 1993. This increase is primarily due to higher effective Federal tax rates.

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#### BEARINGS, INC. AND SUBSIDIARIES

#### ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As a result of the above factors, net income increased by 34.8% compared to the same period of last year.

#### ADDITIONAL COMMENTARY

Improved operating results for the period were achieved through improvement in sales and higher gross margins. The Company should achieve further sales gains compared with prior year during the final quarter of its fiscal year ended June 30, 1994.

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#### PART II. OTHER INFORMATION

#### ITEM 1. Legal Proceedings.

-----  
 Registrant incorporates by reference herein the description of the case captioned SAMMIE ADKINS, ET AL. VS. A. P. GREEN INDUSTRIES, INC., ET AL., Summit County Court of Common Pleas, Case No. ACV 88-7- 2398 (and related cases) found in Item 3 "Pending Legal Proceedings" contained in the Registrant's Form 10-K for the fiscal year ended June 30, 1993. Notwithstanding possible indemnification from suppliers and insurance, Registrant believes, based upon circumstances presently known, that such cases are not material to its business or its financial condition.

Registrant also incorporates by reference herein the description of the case captioned KING BEARING, INC. VS. CARYL EDMUND ORANGES, ET AL., Superior Court of the State of California, County of Orange, Case No. 53-42-31 found in Item 3 "Pending Legal Proceedings" contained in the Registrant's Form 10-K for the fiscal year ended June 30, 1993. The case is now pending in the California Court of Appeal. Registrant believes that such case will have no material adverse effect on its business or financial condition.

ITEM 6. Exhibits and Reports on Form 8-K.  
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<TABLE>  
 <CAPTION>

(a) Exhibits.

Exhibit No.	Description
<S>	<C>
4 (a)	Amended and Restated Articles of Incorporation of Bearings, Inc., filed with the Ohio Secretary of State on October 18, 1988 (filed as Exhibit 4(a) to the Bearings, Inc. Form 8-K dated October 21, 1988, SEC File No. 1-2299, and incorporated here by reference).
4 (b)	Code of Regulations of Bearings, Inc., adopted September 6, 1988 (filed as Exhibit 4(b) to the Bearings, Inc. Form 8-K dated October 21, 1988, SEC File No. 1-2299, and incorporated here by reference).
4 (c)	Certificate of Amendment of Amended and Restated Articles of Incorporation of Bearings, Inc. filed with the Ohio

</TABLE>

<TABLE>

<S>	<C>
	Secretary of State on October 27, 1988 (filed as Exhibit 4(c) to the Bearings, Inc. Form 10-Q for the Quarter Ended September 30, 1988, SEC File No. 1-2299, and incorporated here by reference).
4 (d)	Certificate of Merger of Bearings, Inc. (Ohio) and Bearings, Inc. (Delaware) filed with the Ohio Secretary of State on October 18, 1988 (filed as Exhibit 4 to the Bearings, Inc. Form 10-K for the fiscal year ended June 30, 1989, SEC File No. 1- 2299, and incorporated here by reference).
4 (e)	Certificate of Amendment of Amended and Restated Articles of Incorporation of Bearings, Inc. filed with the Ohio Secretary of State on October 17, 1990 (filed as Exhibit 4(e) to the Bearings, Inc. Form 10-Q for the quarter ended September 30, 1990, SEC File No. 1-2299, and incorporated here by reference).

4 (f)	\$80,000,000 Maximum Aggregate Principal Amount Note Purchase and Private Shelf Facility dated October 31, 1992 between Bearings, Inc. and The Prudential Insurance Company of America (filed as Exhibit 4(f) to the Bearings, Inc. Form 10-Q for the quarter ended September 30, 1992, SEC File No. 1-2299, and incorporated here by reference).
10	Schedule pursuant to Instruction 2 of Item 601(a) of Regulation S-K identifying the directors and executive officers executing Director and Officer Indemnification Agreements, in the form filed as Appendix A to the Bearings, Inc. Proxy Statement dated September 17, 1992, SEC File No. 1-2299, and incorporated here by reference. The Schedule reflects the addition of Dr. Jerry Sue Owens, who was elected a Director of Class I on January 20, 1994, as was reported in the Registrant's Form 10-Q for the quarter ended December 31, 1993.
11	Computation of Net Income Per Share.

</TABLE>

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<TABLE>

<S> (b)	<C> The Registrant did not file, nor was it required to file, a Report on Form 8-K with the Securities and Exchange Commission during the quarter ended March 31, 1994.
------------	--

</TABLE>

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BEARINGS, INC.  
(Registrant)

<TABLE>

<S>

Date: May 13, 1994

<C>

By: /s/ John R. Whitten

-----  
John R. Whitten  
Vice President--Finance &  
Treasurer  
(Principal Financial  
Officer)

Date: May 13, 1994

By: /s/ Mark O. Eisele

-----  
Mark O. Eisele  
Controller  
(Chief Accounting Officer)

</TABLE>

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BEARINGS, INC.

EXHIBIT INDEX

TO FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 1994

<TABLE>

<CAPTION>

EXHIBIT NO.	DESCRIPTION	PAGE
<S>	<C>	
4 (a)	Amended and Restated Articles of Incorporation of	

Bearings, Inc., filed with the Ohio Secretary of State on October 18, 1988 (filed as Exhibit 4(a) to the Bearings, Inc. Form 8-K dated October 21, 1988, SEC File No. 1-2299, and incorporated here by reference).

- 4 (b) Code of Regulations of Bearings, Inc., adopted September 6, 1988 (filed as Exhibit 4(b) to the Bearings, Inc. Form 8-K dated October 21, 1988, SEC File No. 1-2299, and incorporated here by reference).
- 4 (c) Certificate of Amendment of Amended and Restated Articles of Incorporation of Bearings, Inc., filed with the Ohio Secretary of State on October 27, 1988 (filed as Exhibit 4(c) to the Bearings, Inc. Form 10-Q for the Quarter Ended September 30, 1988, SEC File No. 1-2299, and incorporated here by reference).
- 4 (d) Certificate of Merger of Bearings, Inc. (Ohio) and Bearings, Inc. (Delaware) filed with the Ohio Secretary of State on October 18, 1988 (filed as Exhibit 4 to the Bearings, Inc. Form 10-K for the fiscal year ended June 30, 1989, SEC File No. 1-2299, and incorporated here by reference).

</TABLE>

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<TABLE>

<S>	<C>	<C>
4 (e)	Certificate of Amendment of Amended and Restated Articles of Incorporation of Bearings, Inc. filed with the Ohio Secretary of State on October 17, 1990 (filed as Exhibit 4(e) to the Bearings, Inc. Form 10-Q for the quarter ended September 30, 1990, SEC File No. 1-2299, and incorporated here by reference).	
4 (f)	\$80,000,000 Maximum Aggregate Principal Amount Note Purchase and Private Shelf Facility dated October 31, 1992 between Bearings, Inc. and The Prudential Insurance Company of America (filed as Exhibit 4(f) to the Bearings, Inc. Form 10-Q for the quarter ended September 30, 1992, SEC File No. 1-2299, and incorporated here by reference).	
10	Schedule pursuant to Instruction 2 of Item 601(a) of Regulation S-K identifying the directors and executive officers executing Director and Officer Indemnification Agreements in the form filed as Appendix A to the Bearings, Inc. Proxy Statement dated September 17, 1992, SEC File No. 1-2299, and incorporated here by reference. The Schedule reflects the addition of Dr. Jerry Sue Owens, who was elected a Director of Class I on January 20, 1994, as was reported in the Registrant's Form 10-Q for the quarter ended December 31, 1993.	Attached
11	Computation of Net Income Per Share.	Attached

</TABLE>

BEARINGS, INC. FORM 10-Q  
 QUARTER ENDED MARCH 31, 1994

SCHEDULE  
 PURSUANT TO INSTRUCTION 2  
 ITEM 601(a) OF REGULATION S-K

The Director and Officer Indemnification Agreements presently in effect for the Company's directors and executive officers are identical in all material respects. The Directors having executed such form of Agreement are:

W. G. Bares  
 W. E. Butler  
 J. C. Dannemiller  
 R. B. Every  
 R. R. Gifford  
 L. T. Hiltz  
 J. J. Kahl  
 G. L. LaMore  
 J. S. Owens  
 J. C. Robinson

The Officers having executed such form of Agreement are (in addition to Messrs. Dannemiller and Robinson):

<TABLE>

<S>	<C>
T. L. Bradley	- Vice President-Operations
D. R. Eshleman	- Vice President-Information Services
F. A. Martins	- Vice President-Marketing
F. L. Mohr	- Vice President-Sales & Marketing
J. L. Mugnano	- Vice President-Human Resources
R. C. Shaw	- Vice President-Communications & Public Relations
R. C. Stinson	- Vice President-General Counsel & Secretary
J. R. Whitten	- Vice President-Finance & Treasurer
M. O. Eisele	- Controller

</TABLE>

## BEARINGS, INC. AND SUBSIDIARIES

Computation of Net Income Per Share  
(Unaudited)  
(Thousands, except per share data)

	Three Months Ended March 31		Nine Months Ended March 31	
	1994 -----	1993 -----	1994 -----	1993 -----
<S>	<C>	<C>	<C>	<C>
Average Shares Outstanding -----				
1. Average common shares outstanding	7,553	7,294	7,549	7,212
2. Net additional shares outstanding assuming stock options exercised and proceeds used to purchase treasury stock	155 -----	69 -----	156 -----	72 -----
3. Adjusted average common shares outstanding for fully diluted computation	7,708 =====	7,363 =====	7,705 =====	7,284 =====
Net Income -----				
4. Net income as reported in statements of consolidated income	\$2,886 =====	\$2,378 =====	\$7,598 =====	\$5,638 =====
Net Income Per Share -----				
5. Net Income per average common share outstanding (4/1)	\$ .38 =====	\$ .33 =====	\$ 1.01 =====	\$ .78 =====
6. Net income per common share on a fully dilutive basis (4/3)	\$ .37 (A) =====	\$ .32 (A) =====	\$ .99 (A) =====	\$ .77 (A) =====
<FN>				
(A) Fully diluted net income per share is not presented as the dilutive effect is less than 3%				