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***1st Quarter 2011 Earnings Call
May 3, 2011***

Cautionary Statement

The following is a cautionary statement made under the Private Securities Litigation Reform Act of 1995: With the exception of historical facts, the statements contained in this press release may be forward looking statements. Forward-looking statements represent our management's judgment regarding future events. In many cases, you can identify forward-looking statements by terminology such as "may," "will," "plan," "expect," "anticipate," "estimate," "believe," or "continue" or the negative of these terms or other similar words. Actual results and events could differ materially and adversely from those contained in the forward-looking statements due to a number of factors, including: actions taken by our competitors and our ability to effectively compete in the increasingly competitive global electric motor, power generation and mechanical motion control industries; our ability to develop new products based on technological innovation and the marketplace acceptance of new and existing products; fluctuations in commodity prices and raw material costs; our dependence on significant customers; issues and costs arising from the integration of acquired companies and businesses, including the timing and impact of purchase accounting adjustments; difficulties consummating the pending acquisition of the Electrical Products Company of A.O. Smith Corporation that may have a negative impact on our results of operations; our dependence on key suppliers and the potential effects of supply disruptions; infringement of our intellectual property by third parties, challenges to our intellectual property, and claims of infringement by us of third party technologies; increases in our overall debt levels as a result of acquisitions or otherwise and our ability to repay principal and interest on our outstanding debt; product liability and other litigation, or the failure of our products to perform as anticipated, particularly in high volume applications; economic changes in global markets where we do business, such as reduced demand for the products we sell, currency exchange rates, inflation rates, interest rates, recession, foreign government policies and other external factors that we cannot control; unanticipated liabilities of acquired businesses; cyclical downturns affecting the global market for capital goods; difficulties associated with managing foreign operations; and other risks and uncertainties including but not limited to those described in Item 1A-Risk Factors of the Company's Annual Report on Form 10-K filed on March 2, 2011 and from time to time in our reports filed with U.S. Securities and Exchange Commission. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the applicable cautionary statements. The forward-looking statements included in this presentation are made only as of their respective dates, and we undertake no obligation to update these statements to reflect subsequent events or circumstances.



Mark Giebe
Chief Executive Officer

Agenda

- **Mark Gliebe, CEO – Opening Comments**
- **Chuck Hinrichs, CFO – Financial Update**
- **Jon Schlemmer, COO – Products, Markets & Operations Update**
- **Mark Gliebe – 2nd Quarter Outlook & Current View of EPC Transaction**
- **Questions & Answers**
- **Mark Gliebe – Closing Comments**

Opening Comments

- **Improving Economy and 2010 Acquisitions Benefited Sales**
- **Commodity Inflation Continues**
- **Acquisition Related Expenses also Pressured Margins**
- **HVAC First Quarter Demand Strong and Inventories at Desired Levels**
- **Successfully Completed Ramu Acquisition**



Chuck Hinrichs

Chief Financial Officer

Financial Update

Sales Growth - up 31% in 1Q11

- \$91 million from Acquired Companies
- Price Increase Realizations

Gross Profit

- Commodity Costs Increasing
- Price Increases Lag

	<u>1Q</u> <u>2010</u>	<u>1Q</u> <u>2011</u>	<u>%</u> <u>Change</u>	<u>2Q</u> <u>2010</u>	<u>2Q</u> <u>2011 E</u>	<u>%</u> <u>Change</u>
Copper Spot Cost per lb.	\$3.27	\$4.39	34%	\$3.19	\$4.25	33%
Steel Spot Cost per ton	\$715	\$904	26%	\$792	\$926	17%

E = Management Estimates Based on Currently Available Industry Sources



Financial Update

Capital Expenditures

- \$27.7 million in 1Q11
- 2011 capital expenditures up to \$90 million
- D&A \$21.6 million in 1Q11

Acquisition Related Costs

- \$7 million in 1Q11
- \$5 million incremental from 1Q10

Income Tax Rate

- 1Q11 ETR of 31.2%
- 2011 ETR of 31 – 32%

Balance Sheet as of 4/2/11

- Cash of \$260 million
- Total Debt of \$450 million
- Net Debt of \$190 million

2Q11 EPS Guidance \$1.22 to \$1.28



Jon Schlemmer

Chief Operating Officer

Operations Update

- **Sales Up 31%**
 - **Strong Mechanical Sales Growth**
 - **Strong Asia Based Sales Growth**
 - **North American Commercial and Industrial Sales up 13%**
 - **North American HVAC Sales Up 18%**
- **Price Increases Helping to Offset Commodity Inflation**

EPC Update

- **HSR Second Request Received Feb 4, 2011**
- **Continuing to Work Cooperatively Through the Process**
- **Excellent Cultural Fit**
- **Finance and IT Integration Planning Proceeding**
- **Remaining Integration Efforts in Other Functional Areas Awaiting Closing**

Ramu Acquisition

- **Acquisition Closed April 5, 2011**
- **Start Up Company Focused on Development of Switched Reluctance Motor Technology**
- **Provides Energy Efficiency Without the Need for Permanent Magnets**
- **Professor Ramu and his Team of Engineers Joining Regal Beloit**

48 Frame PMAC Motor

- **Technology Similar to ECM**
- **Premium Efficiency Levels**
- **Radial Flux Design Delivers High Torque and Increased Power Density**
- **Wide Range of Applications Where Induction Motors are Used**



New High Speed ECM

- **Operating Ranges of 200 to 1800 RPM**
- **Delivers 80% Efficiency**
- **Uniquely Suited for Niche applications such as:**
 - **Commercial Kitchen Exhaust**
 - **Small Duct High Velocity Systems**



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Summary Comments



Jon Schlemmer
Chief Operating Officer



Mark Gliebe

Chief Executive Officer

2Q Outlook

- **2Q Margins Challenged by Commodity Inflation**
- **Execution Plans:**
 - **New Products**
 - **Productivity Efforts**
 - **Executing Synergies**
 - **Contributions from Acquisitions**

EPC Update

- **In HSR Review**
- **Transaction Anticipated to Close in 2nd Quarter**
- **Strong Engagement Between Teams**
- **EPC Business Performed Well in 1Q**

Financial Impact of EPC Purchase

- **Other Than Pre-Closing Transaction Costs, No EPC Impact Included in Guidance**
- **Additional Financial Information Will Be Provided After Closing**
- **Purchase Accounting Adjustments**
 - **Inventory Fair Value Step-up**
 - **Commodity / Currency Hedge Valuations**
 - **Goodwill / Intangible Assets Allocation**
 - **Transaction Expenses**

Questions

Henry Knueppel Retirement

- **Henry Knueppel to Retire After 32 Years of Service**
- **Six Years as CEO**
- **TSR Greater Than 100%**
- **Thank You Henry!**





Thank You!

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