

REGAL BELOIT CORP  
Form 10-Q  
May 12, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

for the quarterly period ended  
April 3, 2010

or

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

Commission file number  
001-07283

REGAL BELOIT CORPORATION  
(Exact name of registrant as specified in its charter)

Wisconsin  
(State of other jurisdiction of incorporation)

39-0875718  
(IRS Employer Identification No.)

200 State Street, Beloit, Wisconsin 53511  
(Address of principal executive office)

(608) 364-8800  
Registrant’s telephone number, including area code

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 ✓ NO “

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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.” See the definitions of “large accelerated filer” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ✓ Accelerated Filer “ Non-accelerated filer “ Smaller Reporting Company “

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(Do not check if a 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 " NO ý

38,500,373 Shares, Common Stock, \$.01 Par Value (as of May 3, 2010)

1

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## REGAL BELOIT CORPORATION

## INDEX

	Page
PART I - FINANCIAL INFORMATION	
Item 1 -	3
	4
	5
	6
	7
Item 2 -	15
Item 3 -	20
Item 4 -	20
PART II - OTHER INFORMATION	
Item 1 -	21
Item 1A -	21
Item 2 -	21
Item 6 -	22
Signature	23
Index to Exhibits	24

## CAUTIONARY STATEMENT

This Quarterly Report contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. 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:

- economic changes in global markets where we do business, such as reduced demand for products we sell, weakness in the housing and commercial real estate markets, currency exchange rates, inflation rates, interest rates, recession, foreign government policies and other external factors that we cannot control;
  - unanticipated fluctuations in commodity prices and raw material costs;
  - cyclical downturns affecting the global market for capital goods;
  - unexpected issues and costs arising from the integration of acquired companies and businesses;
- marketplace acceptance of new and existing products including the loss of, or a decline in business from, any significant customers;
  - the impact of capital market transactions that we may effect;
  - the availability and effectiveness of our information technology systems;
  - unanticipated costs associated with litigation matters;
- actions taken by our competitors, including new product introductions or technological advances, and other events affecting our industry and competitors;
- difficulties in staffing and managing foreign operations; and other domestic and international economic and political factors unrelated to our performance, such as the current substantial weakness in economic and business conditions and the stock markets as a whole; and
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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, 2010 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 Form 10-Q are made only as of their respective dates, and we undertake no obligation to update these statements to reflect subsequent events or circumstances. See also Item 1A - Risk Factors in the Company's Annual Report on Form 10-K filed on March 2, 2010.

PART I - FINANCIAL INFORMATION  
REGAL BELOIT CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS  
(Unaudited)

(In Thousands of Dollars, Except Shares Outstanding, Dividends Declared and Per Share Data)

## ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Three Months Ended	
	April 3, 2010	March 28, 2009
Net Sales	\$507,318	\$443,274
Cost of Sales	376,403	352,704
Gross Profit	130,915	90,570
Operating Expenses	68,150	62,378
Income From Operations	62,765	28,192
Interest Expense	5,061	7,119
Interest Income	641	133
Income Before Taxes & Noncontrolling Interests	58,345	21,206
Provision For Income Taxes	18,477	7,230
Net Income	39,868	13,976
Less: Net Income Attributable to Noncontrolling Interests, net of tax	2,106	1,189
Net Income Attributable to Regal Beloit Corporation	\$37,762	\$12,787
Earnings Per Share of Common Stock:		
Basic	\$1.01	\$0.41
Assuming Dilution	\$0.98	\$0.39
Cash Dividends Declared	\$0.16	\$0.16
Weighted Average Number of Shares Outstanding:		
Basic	37,446,007	31,457,282
Assuming Dilution	38,622,314	32,594,802

See accompanying Notes to Condensed Consolidated Financial Statements.

REGAL BELOIT CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands of Dollars, Except per Shares Outstanding, Dividends Declared and Per Share Data)

	(Unaudited)	
	April 3, 2010	January 2, 2010
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 258,142	\$ 262,422
Investments - Trading Securities	147,053	117,553
Trade Receivables, less Allowances of \$11,244 in 2010 and \$12,666 in 2009	290,812	240,721
Inventories	274,110	268,839
Prepaid Expenses and Other Current Assets	52,452	59,168
Deferred Income Tax Benefits	24,844	30,673
<b>Total Current Assets</b>	<b>1,047,413</b>	<b>979,376</b>
Net Property, Plant and Equipment	343,456	343,071
Goodwill	667,725	663,920
Intangible Assets, Net of Amortization	111,916	116,426
Other Noncurrent Assets	11,867	9,444
<b>Total Assets</b>	<b>\$ 2,182,377</b>	<b>\$ 2,112,237</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts Payable	\$ 185,260	\$ 161,902
Dividends Payable	5,997	5,981
Accrued Compensation and Employee Benefits	52,941	50,722
Other Accrued Expenses	77,909	82,076
Current Maturities of Debt	45,906	8,385
<b>Total Current Liabilities</b>	<b>368,013</b>	<b>309,066</b>
Long-Term Debt	425,975	468,065
Deferred Income Taxes	71,507	72,418
Hedging Obligations	32,231	31,232
Pension and other Post Retirement Benefits	39,523	39,306
Other Noncurrent Liabilities	14,580	12,082
Equity:		
Regal Beloit Corporation Shareholders' Equity:		
Common Stock, \$.01 par value, 100,000,000 shares authorized, 37,482,909 shares issued in 2010, and 37,399,353 issued in 2009	375	374
Additional Paid-In Capital	515,532	512,282
Retained Earnings	735,530	703,765
Accumulated Other Comprehensive Loss	(35,241 )	(48,597 )
<b>Total Regal Beloit Corporation Shareholders' Equity</b>	<b>1,216,196</b>	<b>1,167,824</b>

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Noncontrolling Interests	14,352	12,244
Total Equity	1,230,548	1,180,068
Total Liabilities and Equity	2,182,377	\$2,112,237

See accompanying Notes to Condensed Consolidated Financial Statements.



REGAL BELOIT CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY  
(In Thousands of Dollars, Except Per Share Data)

	Regal Beloit Corporation Shareholders' Equity						
	Common Stock \$.01 Par Value	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
Balance as of December 27, 2008 (As Adjusted, See Note 2)	\$323	\$356,231	\$(19,419 )	\$631,281	\$ (142,429 )	\$ 11,654	\$837,641
Net Income	\$-	\$-	\$-	\$12,787	\$ -	\$ 1,189	\$13,976
Dividends Declared (\$.16 per share)	-	-	-	(5,039 )	-	-	\$(5,039 )
Stock Options Exercised, including income tax benefit and share cancellations	1	496	-	-	-	-	\$497
Stock-based Compensation	-	773	-	-	-	-	\$773
Other Comprehensive Income (Loss) by Classification:							
Currency Translation adjustments	-	-	-	-	(3,970 )	1,414	\$(2,556 )
Hedging Activities, net of tax	-	-	-	-	27,190	-	\$27,190
Pension and Post Retirement Benefits, net of tax	-	-	-	-	674	-	\$674
Balance as of March 28, 2009	\$324	\$357,500	\$(19,419 )	\$639,029	\$ (118,535 )	\$ 14,257	\$873,156

Regal Beloit Corporation Shareholders' Equity

Noncontrolling    Total

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Common Stock \$.01 Par Value	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Interests	Equity
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Balance as of January 2, 2010