

REGAL BELOIT CORP  
Form 10-Q  
August 02, 2007

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

FORM 10-Q

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

for the quarterly period ended  
June 30, 2007

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 ý NO “

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer   
Filer

Non-accelerated filer

Accelerated

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

**32,093,130 Shares, Common Stock, \$.01 Par Value (as of July 23, 2007)**

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## REGAL BELOIT CORPORATION

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## 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 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;

- difficulties in staffing and managing foreign operations;
- 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 February 28, 2007 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 February 28, 2007.

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

(In Thousands of Dollars, Except Per Share Data)

**ITEM I. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

|  | Three Months Ended       |                 | Six Months Ended         |                 |
|--|--------------------------|-----------------|--------------------------|-----------------|
|  | <b>June 30,<br/>2007</b> | July 1,<br>2006 | <b>June 30,<br/>2007</b> | July 1,<br>2006 |
| Net Sales                                  | <b>\$ 459,795</b>        | \$ 435,269      | <b>\$ 878,411</b>        | \$ 833,595      |
| Cost of Sales                              | <b>355,919</b>           | 331,244         | <b>677,338</b>           | 636,290         |
| Gross Profit                               | <b>103,876</b>           | 104,025         | <b>201,103</b>           | 197,305         |
| Operating Expenses                         | <b>43,821</b>            | 46,159          | <b>93,717</b>            | 95,821          |
| Income From Operations                     | <b>60,055</b>            | 57,866          | <b>107,386</b>           | 101,484         |
| Interest Expense                           | <b>4,425</b>             | 5,454           | <b>9,491</b>             | 10,249          |
| Interest Income                            | <b>241</b>               | 140             | <b>330</b>               | 260             |
| Income Before Taxes &<br>Minority Interest | <b>55,871</b>            | 52,552          | <b>98,225</b>            | 91,495          |
| Provision For Income<br>Taxes              | <b>18,973</b>            | 18,847          | <b>33,663</b>            | 33,189          |
| Income Before Minority<br>Interest         | <b>36,898</b>            | 33,705          | <b>64,562</b>            | 58,306          |
| Minority Interest in<br>Income, Net of Tax | <b>645</b>               | 396             | <b>1,496</b>             | 1,209           |
| Net Income                                 | <b>\$ 36,253</b>         | \$ 33,309       | <b>\$ 63,066</b>         | \$ 57,097       |
| Earnings per Share of<br>Common Stock:     |                          |                 |                          |                 |