Office of the Chicago City Clerk

O2011-9577

Office of the City Clerk

City Council Document Tracking Sheet

Meeting Date:	11/16/2011
Sponsor(s):	Mendoza, Susana A. (Clerk)
Type:	Ordinance
Title:	Zoning Reclassification App No. 17377
Committee(s) Assignment:	Committee on Zoning, Landmarks and Building Standards

ORDINANCE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. That the Chicago Zoning Ordinance be amended by changing all the RPD 1139 symbols and indications as shown on Map Number 5-N in the area bounded by:

> a point on the Chicago, Milwaukee, St. Paul & Pacific Railroad northwest of an 49.46 arc, which is 691 feet northwesterly of a point on North Natchez Avenue which is 700.58 feet north of the intersection of North Natchez Avenue and the Chicago, Milwaukee, St. Paul & Pacific Railroad; a 49.46 arc running southeast to a point 691 feet northwesterly of a point on North Natchez Avenue which is 700.58 feet north of the intersection of North Natchez Avenue and the Chicago, Milwaukee, St. Paul & Pacific Railroad; a 691 foot line running northwesterly of a point on North Natchez Avenue which is 700.58 feet north of the intersection of a point on North Natchez and the Chicago, Milwaukee, St. Paul & Pacific Railroad; North Natchez Avenue; and the Chicago, Milwaukee, St. Paul & Pacific Railroad to the point of beginning,

to those of RT4 Residential Two-Flat, Townhouse & Multi-Unit District is hereby established in the area above described.

SECTION 2. This ordinance shall be in force and effect from and after its passage and due publication.

Address: 2102-08 North Natchez Ave.

CITY OF CHICAGO
APPLICATION FOR AN AMENDMENT TO
THE CHICAGO ZONING ORDINANCE

#17377
INT. DATE:
11-16-11

1. ADDRESS of the property Applicant is seeking to rezone:
2102-08 N. Natchez Ave.

2. Ward Number that property is located in: 36

3. APPLICANT: United Neighborhood Organization of Chicago c/o Chico & Nunes P.C., 333 W. Wacker Dr. Suite 1800, Chicago, IL 60606

ADDRESS: 954 W. Washington Blvd. 3rd Floor

CITY: Chicago STATE: IL ZIP CODE: 60607

PHONE: (312) 884-5067 CONTACT PERSON: Sylvia C. Michas, Esq.
Attorney for Applicant

4. Is the Applicant the owner of the property YES ___ NO X
If the Applicant is not the owner of the property, please provide the following information regarding the owner and attach written authorization from the owner allowing the application to proceed.

OWNER Regal Beloit Corporation

ADDRESS 200 State Street

CITY Beloit STATE WI ZIP CODE 53511

PHONE (312) 884-5067 CONTACT PERSON Sylvia C. Michas, Esq.

5. If the Applicant/Owner of the property has obtained a lawyer as their representative for the rezoning, please provide the following information:

ATTORNEY Chico & Nunes P.C.

ADDRESS 333 W. Wacker Dr. Suite 1800

CITY Chicago STATE: IL ZIP CODE 60606

PHONE: (312) 884-5067 FAX: (312) 884-1001

6. If the applicant is a legal entity (Corporation, LLC, Partnership, etc.), please provide the names of all owners as disclosed on the Economic Disclosure Statements
United Neighborhood Organization of Chicago is an Illinois not-for-profit corporation;

7. On what date did the owner acquire legal title to the subject property?
February 1, 1988

8. Has the present owner previously rezoned this property? If Yes, when?
no

9. Present Zoning: Residential Planned Development #1139

   Proposed Zoning: RT4 Residential Two-Flat, Townhouse & Multi-Unit District

10. Lot size in square feet (or dimensions?): Oddly shaped lot = 412,182 sq. ft (9.46 acres).

11. Current Use of the Property The subject property is currently vacant.

12. Reason for rezoning the property: To permit the establishment of an elementary school, which is currently not a permitted use under the existing Residential Planned Development #1139..

13. Describe the proposed use of the property after the rezoning. Indicate the number of dwelling units; number of parking spaces; approximate square footage of any commercial space; and height of the proposed building. (BE SPECIFIC)

    The zoning amendment is required in order to permit the establishment of an elementary school, which will contain approximately 76,230 sq. ft. (1.75 acres). The remainder of the property will be developed at a future date and will comply with the zoning requirements set forth under the proposed RT4 Residential Two-Flat, Townhouse and Multi-Unit District.

14. On May 14, 2007, the Chicago City Council passed the Affordable Requirements Ordinance (ARO) that requires on-site affordable housing units or a financial contribution if residential housing projects receive a zoning change under certain circumstances. Based on the lot size of the project in question and the proposed zoning classification, is this project subject to the Affordable Requirements Ordinance? (See Fact Sheet for more information)

    YES__________ NO_____X____

COUNTY OF COOK
STATE OF ILLINOIS

I, **Juan Rangel,** on behalf of **United Neighborhood Organization of Chicago, an Illinois not-for-profit**, being first duly sworn on oath, states that all of the above statements and the statements contained in the documents submitted herewith are true and correct.

Signature of Applicant

Subscribed and Sworn to before me this

8 day of November, 2011.

Notary Public

OFFICIAL SEAL
GRACIELA PERALES
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES 07/23/12

For Office Use Only

Date of Introduction:________________

File Number:______________________

Ward:____________________________

Written Notice, Form of Affidavit: Section 17-13-0107

November 9, 2011

Honorable Daniel Solis
Chairman, Committee on Zoning
121 North LaSalle Street
Room 304 - City Hall
Chicago, Illinois 60602

To Whom It May Concern:

The undersigned, **Sylvia C. Michas**, being first duly sworn on oath, deposes and says the following:

That the undersigned certifies that she has complied with the requirements of Section 17-13-0107 of the Zoning Code of the City of Chicago, by sending written notice to such property owners who appear to be the owners of the property within the subject area not solely owned by the applicant, and on the owners of all property within 250 feet in each direction of the lot line of the subject property, exclusive of the public roads, streets, alleys and other public ways, or a total distance limited to 400 feet. Said written notice was or will be sent by USPS First Class Mail no more than 30 days before filing the application.

The undersigned certifies that the notice contained the address of the property sought to be rezoned as **2102-08 N. Natchez. Chicago, IL;** a statement of intended use of said property; the name and address of the applicant; the name and address of the owner; and a statement that the applicant intends to file an application for a change in zoning on approximately **November 9, 2011.**

The applicant has made a bonafide effort to determine the addresses of the parties to be notified under Section 17-13-0107 of the Zoning Code of the City of Chicago; that the applicant certifies that the accompanying list of names and addresses of surrounding property owners within 250 feet is a complete list containing the names and last known addresses of the owners of the property required to be served.

Chico & Nunes P.C.

By: **Sylvia C. Michas** Attorney

Subscribed and Sworn to before me
this 8 day of November, 2011

OFFICIAL SEAL
MAURA DOWNS
Notary Public - State of Illinois
My Commission Expires Sep 28, 2014

NOTICE

Via USPS First Class Mail

November 9, 2011

Dear Sir or Madam:

In accordance with Amendment to the Zoning Code enacted by the City Council, Section 17-13-0107-A, please be informed that on or about **November 9, 2011,** I, the undersigned, filed an application for a change in zoning from **Residential Planned Development #1139** to a **RT4 Residential Two-Flat, Townhouse & Multi-Unit District** on behalf of the **Applicant/Contract Purchaser, United Neighborhood Organization of Chicago (UNO)** and the **Owner**, **Regal Beloit Corporation,** for the property located at **2102-08 North Natchez Chicago, IL.**

The purpose of the zoning amendment application is to permit the location and establishment of an elementary school, which will contain approximately 76,230 sq. ft. (1.75 acres). The remainder of the property will be developed at a future date and will comply with the zoning requirements set forth under the proposed RT4 Residential Two-Flat, Townhouse & Multi-Unit District.

United Neighborhood Organization of Chicago (UNO) is located at 954 W. Washington Blvd. 3rd Floor Chicago, IL.

Regal Beloit Corporation is located at 200 State St. Beloit, WI.

I am the duly authorized attorney for the Applicant. My address is 333 West Wacker Drive, Suite 1800, Chicago, IL 60606. My telephone number is (312) 884-5067.

PLEASE NOTE THAT THE APPLICATION IS NOT SEEKING TO PURCHASE OR REZONE YOUR PROPERTY. THE APPLICANT IS REQUIRED BY LAW TO SEND YOU THIS NOTICE BECAUSE YOU OWN PROPERTY LOCATED WITHIN 250 FEET OF THE SUBJECT PROPERTY.

Very truly yours,

CHICO AND NUNES P.C.

Sylvia C. Michas

November 6, 2011

Chairman, Committee on Zoning
Room 304 - City Hall
Chicago, Illinois 60602

Committee Members:

I, Juan Rangel, Chief Executive Officer of United Neighborhood Organization of Chicago (UNO), an Illinois not-for-profit corporation, understand that Sylvia C. Michas of Chico & Nunes, P.C. has filed a sworn affidavit identifying United Neighborhood Organization of Chicago (UNO), an Illinois not-for-profit corporation, as the Contract Purchaser of the property located at 2102-08 North Natchez Chicago, IL and the Applicant seeking an amendment of the zoning for that property to be changed from the existing Residential Planned Development #1139 to a RT4 Residential Two-Flat, Townhouse & Multi-Unit District.

I authorize Sylvia C. Michas and the law firm of Chico & Nunes, PC to file the Zoning Amendment Application.

I, Juan Rangel, Chief Executive Officer of United Neighborhood Organization of Chicago (UNO), an Illinois not-for-profit corporation, being first duly sworn on oath, depose and say that United Neighborhood Organization of Chicago (UNO), an Illinois not-for-profit corporation holds its interest in 2102-2108 N. Natchez on behalf of its members and no other person, association, or shareholder.

Juan Rangel
CHIEF EXECUTIVE OFFICER

SUBSCRIBED AND SWORN to before
me this 8 day of November, 2011

Graciela Perales
NOTARY PUBLIC

OFFICIAL SEAL
GRACIELA PERALES
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:07/23/12

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

United Neighborhood Organization of Chicago, an Illinois not-for-profit corporation

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. [x] the Applicant
   OR
2. [ ] a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: ______
   OR
3. [ ] a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control: ______

B. Business address of the Disclosing Party: 954 W. Washington Blvd., 3rd Floor
Chicago, IL 60607

C. Telephone: 312-884-5067 Fax: 312-884-1001 Email: smichas@chiconunes.com

D. Name of contact person: Sylvia C. Michas, Attorney for Applicant

E. Federal Employer Identification No. (if you have one): [redacted]

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Zoning Amendment application for the property located at 2102-08 N. Natchez Chicago, IL.

G. Which City agency or department is requesting this EDS? Department of Housing & Economic Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # ______ and Contract # ______

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

[ ] Person
[ ] Publicly registered business corporation
[ ] Privately held business corporation
[ ] Sole proprietorship
[ ] General partnership
[ ] Limited partnership
[ ] Trust
[ ] Limited liability company
[ ] Limited liability partnership
[ ] Joint venture
[x] Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
[x] Yes [ ] No
[ ] Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:
Illinois

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[ ] Yes [ ] No [x] N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. **NOTE:** For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. **NOTE**: Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
See attached list	

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." **NOTE**: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Not Applicable		

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

[ ] Yes [X] No

If yes, please *identify below the name(s) of such City elected official(s) and describe such* relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) **NOTE:** "hourly rate" or "t.b.d." is not an acceptable response.
Chico & Nunes P.C.	333 W. Wacker Dr. #1800 Chicago, IL 60606	Attorney	$10,000 (estimated)

(Add sheets if necessary)

[ ] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V – CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

[ ] Yes [x] No [ ] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

[ ] Yes [ ] No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;

d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

Not Applicable

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

[ ] is [X] is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

[ ] Yes [x] No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. *Unless sold pursuant to a process of competitive bidding, or otherwise permitted,* no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

[ ] Yes [X] No

3. *If you checked "Yes" to Item D.1., provide the names and business addresses of the City* officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

_x_ 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

____2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. **If the Matter is not federally funded**, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

____

____

____

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

[ ] Yes [ ] No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

[ ] Yes [ ] No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

[ ] Yes [ ] No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

[ ] Yes [ ] No

If you checked "No" to question 1. or 2. above, please provide an explanation:

____

____

SECTION VII -- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. **NOTE:** With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing **PERMANENT INELIGIBILITY** for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

United Neighborhood Organization of Chicago
(Print or type name of Disclosing Party)

By: ______________
(Sign here)

Juan Rangel
(Print or type name of person signing)

Chief Executive Officer
(Print or type title of person signing)

Signed and sworn to before me on (date) Nov 8, 2011,
at Cook County, ILL (state).
Graciela Perales Notary Public.

Commission expires: 7-23-2012.

OFFICIAL SEAL
GRACIELA PERALES
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES.07/23/12

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

[ ] Yes [x] No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

____

____

____

2011 UNO Board of Directors

Chairperson	
Veronica Alanis	1600 S. Indiana, Unit 505 Chicago, IL 60616 312-681-2870 (w)
President/CEO	
Juan Rangel	3216 S. Springfield Ave. Chicago, IL 60623 312-432-6301 (w)
Secretary	
William Abolt	Shaw Group 444 N. Wells Street, Suite 602 Chicago, IL 60654 312-499-3500 (w)
Treasurer	
Mark Doyle	2263 19th Ave. N. Riverside, IL 60546 773-277-8500 (w)
Board Members	
Guadalupe Gallo-Brinkman	2S 168 Huntington Place Glen Ellyn, IL 60137 630-469-9042 (h)

November 3, 2011

Chairman, Committee on Zoning
Room 304 - City Hall
Chicago, Illinois 60602

Committee Members:

I, Peter Underwood, VP Gen Counsel of Regal Beloit Corporation, understand that Sylvia C. Michas of Chico & Nunes, PC has filed a sworn affidavit identifying Regal Beloit, as the Owner of the property located at 2100-08 North Natchez Chicago, IL and United Neighborhood Organization (UNO) as the Applicant/Contract Purchaser who are seeking an amendment of the zoning for that property to be changed from the existing Residential Planned Development #1139 to a RT4 Residential Two-Flat, Townhouse & Multi-Unit District.

I authorize Sylvia C. Michas and the law firm of Chico & Nunes, PC to file the Zoning Amendment Application.

I, Peter Underwood, VP Gen Counsel of Regal Beloit Corporation, being first duly sworn on oath, depose and say that Regal Beloit Corporation holds its interest in 2100-2108 N. Natchez on behalf of its shareholders and no other person, association, or member.

Peter C Underwood
Name
VP General Counsel
TITLE

SUBSCRIBED AND SWORN to before me this 8 day of Nov, 2011

Cynthia M Saunders
NOTARY PUBLIC Comm Exp. 10/26/14

CYNTHIA M. SAUNDERS
NOTARY
PUBLIC
STATE OF WISCONSIN

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

REGAL BELOIT CORPORATION

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. [X] the Applicant
   OR
2. [ ] a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: ______
   OR
3. [ ] a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control: ______

B. Business address of the Disclosing Party: 200 State Street
Beloit, WI 53511

C. Telephone: 608-361-6433 Fax: 608-364-8818 Email: scott.schneier@regalbeloit.com

D. Name of contact person: Scott Schneier

E. Federal Employer Identification No. (if you have one): [redacted]

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):
Zoning Amendment application for the property located at 2102-08 N. Natchez Chicago, IL.

G. Which City agency or department is requesting this EDS? Department of Housing & Economic Development (DHED); Committee on Zoning

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # N/A and Contract # N/A

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

[ ] Person
[X] Publicly registered business corporation
[ ] Privately held business corporation
[ ] Sole proprietorship
[ ] General partnership
[ ] Limited partnership
[ ] Trust
[ ] Limited liability company
[ ] Limited liability partnership
[ ] Joint venture
[ ] Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
[ ] Yes [ ] No
[ ] *Other (please specify)*

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable.

Wisconsin

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[X] Yes [ ] No [ ] N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. **NOTE:** For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. **NOTE:** Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
See Attached 10K & Proxy	

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." **NOTE**: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
See Attached 10K & Proxy		

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

[ ] Yes [X] No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) **NOTE:** "hourly rate" or "t.b.d." is not an acceptable response.
None			

(Add sheets if necessary)

[X] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

[ ] Yes [X] No [ ] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

[ ] Yes [ ] No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;

d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

• the Disclosing Party;
• any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
• any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
• any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

____

____

____

____

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

[ ] is [X] is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

[ ] Yes [X] No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

[ ] Yes [X] No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

N/A 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

N/A 2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: **If the Matter is federally funded**, complete this Section VI. **If the Matter is not federally funded**, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

N/A

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

[ ] Yes [ ] No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)
[ ] Yes [ ] No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?
[ ] Yes [ ] No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?
[ ] Yes [ ] No

If you checked "No" to question 1. or 2. above, please provide an explanation:

____

____

SECTION VII -- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. **NOTE:** With respect to Matters subject to Article 1 of Chapter 1-23 of the Municipal Code (imposing **PERMANENT INELIGIBILITY** for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3 above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Regal Beloit Corporation
(Print or type name of Disclosing Party)

By: ____________________
(Sign here)

Peter C. Underwood
(Print or type name of person signing)

VP General Counsel
(Print or type title of person signing)

Signed and sworn to before me on (date) Nov 8, 2011,
at Rock County, WI (state).
Cynthia M Saunders Notary Public.

Commission expires: 10/26/14.

CYNTHIA M. SAUNDERS NOTARY PUBLIC STATE OF WISCONSIN

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

[ ] Yes [X] No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

____

____

____

Regal Beloit Corporation
200 State Street
Beloit, WI 53511
(608) 364-8800

2010 Annual Report on Form 10-K

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

FORM 10-K

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

For the fiscal year ended January 1, 2011
Commission File number 1-7283

Regal Beloit Corporation
(Exact Name of Registrant as Specified in Its Charter)

Wisconsin	39-0875718
(State of Incorporation)	(IRS Employer Identification No.)

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

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

Securities registered pursuant to Section 12 (b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock ($.01 Par Value)	**New York Stock Exchange**

Securities registered pursuant to Section 12 (g) of the Act	None (Title of Class)

Indicate by check mark if the registrant is well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 (§ 232.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See 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 ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of July 3, 2010 was approximately $2.1 billion.

On February 22, 2011, the registrant had outstanding 38,627,709 shares of common stock, $.01 par value, which is registrant's only class of common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the Proxy Statement for the Annual Meeting of Shareholders to be held on May 2, 2011 is incorporated by reference into Part III, hereof.

REGAL BELOIT CORPORATION
ANNUAL REPORT ON FORM 10-K
FOR YEAR ENDED JANUARY 1, 2011

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CAUTIONARY STATEMENT

This Annual Report on Form 10-K 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:

- 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;
- 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;
- 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;
- 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 "Risk Factors" in this Annual Report on Form 10-K 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 Annual Report on Form 10-K 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 "Risk Factors."

PART I

Unless the context requires otherwise, references in this Annual Report to "we," "us," "our" or the "Company" refer collectively to Regal Beloit Corporation and its subsidiaries.

References in an Item of this Annual Report on Form 10-K to information contained in our Proxy Statement for the Annual Meeting of Shareholders to be held on May 2, 2011 (the "2011 Proxy Statement") or to information contained in specific sections of the Proxy Statement, incorporate the information into that Item by reference.

We operate on a 52/53 week fiscal year ending on the Saturday closest to December 31. We refer to the fiscal year ended January 1, 2011 as "fiscal 2010," the fiscal year ended January 2, 2010 as "fiscal 2009," and the fiscal year ended December 27, 2008 as "fiscal 2008."

ITEM 1 - BUSINESS

Our Company

We are a global manufacturer of electric motors and controls, electric generators and controls, and mechanical motion control products. Many of our products feature energy efficiency technology and electronics. Our energy efficiency product portfolio offers lower operating costs to our customers and a significant marketing benefit to our original equipment manufacturer ("OEM") customers. Our electrical products primarily include AC and DC commercial and industrial electric motors and controls, motors used in heating, ventilation, and air conditioning ("HVAC") and commercial refrigeration applications, electric generators and controls, and capacitors. Our mechanical products include primarily gears and gearboxes, marine transmissions, high-performance automotive transmissions, manual valve actuators, and electrical connectivity devices.

We believe we have one of the most comprehensive product lines in the industries we serve. We market our products using over 30 recognized brand names, with most brands having their own product offerings and sales organizations. These sales organizations consist of varying combinations of our own internal direct sales people as well as exclusive and non-exclusive manufacturers' representative organizations. Through this multi-channel distribution model, we sell our products to a diverse global customer base consisting primarily of leading OEMs, distributors and end users. We believe this strategy, coupled with a high level of customer service, provides us with a competitive selling advantage and allows us to more fully serve our customers.

We manufacture the vast majority of the products that we sell, and we have manufacturing, sales, engineering, and distribution facilities primarily in the United States, Mexico, China, India and Australia, as well as a number of other locations throughout the world.

OEMs and end users in a variety of motion control and other industrial applications typically combine the types of electrical and mechanical products we offer. We seek to take advantage of this practice and to enhance our product penetration by leveraging cross-marketing and product line combination opportunities between our electrical and mechanical products. Our growth strategy also includes (i) driving organic growth through the introduction of innovative new products, (ii) establishing and maintaining new customers, as well as developing new opportunities with existing customers, (iii) participating in higher growth geographic markets, and (iv) identifying and consummating strategic, value creating acquisitions. We consider our acquisition process, including identification, due diligence, and integration, to be one of our core competencies.

Our business initiatives include:

- Customer Care: Our future depends on the success of our customers. We will maintain close relationships with our customers, actively listen to their feedback and respond with a sense of urgency.
- Globalization: We want to be global for three reasons. First, we want to participate in high growth markets around the world. Second, many of our customers are global and we want to serve customers where they do business. Finally, we want to utilize our global capabilities to seek out the best talent and to remain globally competitive.
- Innovation: We will build our future on products that are new and needed. While we accept that with an innovation focus comes a certain degree of risk, we are committed to investing in new products, technologies and processes that deliver value to our customers.
- Sustainability: The long term sustainability of our Company requires not only continuous growth and profitability, but also that we take personal responsibility for the impact we have on our planet, and for the fair and just treatment of the people we employ.
- Simplification: Complexity is a serious disadvantage in business. We aim to simplify every aspect of our operations to eliminate complexities in order to increase our speed, improve our flexibility and reduce our costs.

Reporting Segments

We have two reporting segments: Electrical and Mechanical. Financial information on our reporting segments for fiscal 2010, fiscal 2009, and fiscal 2008 is contained in Note 16 of the Notes to Consolidated Financial Statements.

Electrical Segment

Our Electrical segment includes AC and DC commercial and industrial electric motors and controls, HVAC and commercial refrigeration motors, electric generators and controls, and capacitors. We believe our motor products are uniquely positioned to help our customers and end consumers achieve greater energy efficiency, resulting in significant cost savings for the consumer and preservation of natural resources and our environment. We estimate that approximately 40-50% of all electricity generated in the U.S. is consumed by electric motors.

Our Electrical segment has continued to grow over time, primarily due to strategic acquisitions. For example, during 2010, we completed six acquisitions. These acquisitions (each of which is reported as part of the Electrical segment, except for CMG Engineering Group Pty, Ltd. ("CMG"), which is reported as part of both the Electrical and Mechanical segments) included:

- On December 23, 2010, we acquired Unico, Inc. ("Unico"), located in Franksville, Wisconsin. Unico manufactures a full range of AC and DC drives, motor controllers and other accessories for most industrial and commercial applications. Unico has developed proprietary technology in the fields of oil and gas recovery technology, commercial HVAC technology, test stand automation and other applications.
- On December 1, 2010, we acquired South Pacific Rewinders ("SPR"), located in Auckland, New Zealand. SPR operates as a motor rewinder and distributor in the Pacific region.
- On November 1, 2010, we acquired 55% of Elco Group B.V. ("Elco"), located in Milan, Italy. Elco manufactures and sells motors, fans and blowers and has manufacturing facilities in Italy, China and Brazil.
- On September 1, 2010, we acquired Rotor B.V. ("Rotor"), located in Eibergen, the Netherlands. Rotor sells standard and special electric motors to a variety of industries including the marine industry, ship building and offshore oil and gas. In addition to the Netherlands, Rotor also sells throughout Europe, the United Kingdom and Japan.
- On May 4, 2010, we acquired Air-Con Technology ("Air-Con"), located in Mississauga, Ontario, Canada. Air-Con is a distributor of HVACR electric motors.
- On April 6, 2010, we acquired CMG, located in Melbourne, Australia. CMG manufactures and sells fractional horsepower industrial motors, blower systems, and industrial metal products with operations in Australia, New Zealand, South Africa, Malaysia, Singapore, the United Kingdom and the Middle East. CMG also distributes integral horsepower industrial motors, mechanical power transmission products, material handling equipment, electrical insulation materials, magnet wire and specialty conductors in Australia and New Zealand.

Our Electrical segment manufactures and markets AC and DC commercial, industrial, commercial refrigeration, and HVAC electric motors and blowers. These products range in size from sub-fractional to small integral horsepower motors to larger commercial and industrial motors from 50 through 6500 horsepower. We offer thousands of stock models of electric motors in addition to the motors we produce to specific customer specifications. We also produce and market precision servo motors, electric generators ranging in size from five kilowatts through four megawatts, automatic transfer switches and paralleling switchgear to interconnect and control electric power generation equipment. Additionally, our Electrical segment manufactures and markets a line of AC and DC variable speed drives and controllers and other accessories for most industrial and commercial applications. We manufacture capacitors for use in HVAC systems, high intensity lighting and other applications. We sell our Electrical segment's products to original equipment manufacturers, distributors and end users across many markets.

Our HVAC electric motors and blowers are vital components of an HVAC system and are used to move air into and away from furnaces, heat pumps, air conditioners, ventilators, fan filter boxes, water heaters, and humidifiers. We believe that a majority of our HVAC motors replace existing motors or are part of a new HVAC system that replaces an existing HVAC system. The remainder of sales are used in a HVAC system for new home construction. The business enjoys a large installed base of equipment and long-term relationships with its major customers.

Our power generation business, which includes electric generators and power generation components and controls, represents a portion of our Electrical segment's net sales. The market for electric power generation components and controls has grown in recent years as a result of a desire on the part of end users to reduce losses due to power disturbances and the increased need for prime power in certain applications. Our generators are used in industrial, commercial, agricultural, marine, military, transportation, construction, and other applications.

We leverage material and manufacturing efficiencies across our motor and power generation operations. We centralize the manufacturing, purchasing, engineering, accounting, information technology and quality control activities of our Electrical segment. Furthermore, we specifically foster the sharing of best practices across each of the Electrical segment businesses and create focused centers of excellence in each of our manufacturing functions. We focus on cost reduction and value added engineering opportunities for our customers.

The following is a description of our major Electrical product brands and the primary products that they manufacture and market:

- *CMG.* Manufactures fractional horsepower industrial motors and blower systems and distributes integral horsepower motors, mechanical power transmission products, material handling equipment, electrical insulation materials, magnet wire, and specialty conductors under the brands CMG, OBA, Transmission Australia, and Torin.
- *Dutchi Motors.* Distributor of International Electrotechnical Commission ("IEC") and National Electric Manufacturers Association ("NEMA") electric motors for industrial applications in Western and Eastern Europe, Russia and the Middle East.
- *Elco.* Manufactures fractional horsepower motors and blower systems for the commercial refrigeration markets.
- *Fasco Motors.* Manufactures motors and blower systems for air moving applications including alternative fuel systems, water heaters, appliances, pumps, and HVAC systems.
- *Genteq.* Manufactures fractional AC, high efficiency brushless DC and ECM motors for application in the HVAC market, mainly to OEMs.

- *Hwada Motors.* Manufactures Integrated IEC and NEMA motors for various industrial applications such as compressor, pump, paper and steel processing and power plants.
- *LEESON Electric.* Manufactures and distributes AC motors up to 800 horsepower and DC motors up to five horsepower, gear reducers, gearmotors and drives primarily for the power transmission, pump, food processing, fitness equipment and industrial machinery markets.
- *Lincoln Motors.* Manufactures AC motors from 1/4 horsepower to 800 horsepower primarily for industrial and commercial pumps, compressors, elevators, machine tools, and specialty products.
- *Marathon Electric.* Manufactures AC motors up to 800 horsepower primarily for pumps, power transmissions, fans and blowers, compressors, HVAC, agriculture products, processing and industrial manufacturing equipment.
- *Marathon Electric Motors (India) Ltd.* Manufactures a full range (from 1 to 3500 horsepower) of low and medium voltage industrial motors and fans for the industrial and process markets in India.
- *Marathon Generators.* Manufactures AC generators from five kilowatts to four megawatts that primarily serve the standby power, prime power, refrigeration, industrial and irrigation markets.
- *Morrill Motors.* Manufactures fractional horsepower motors, blowers and components for the commercial refrigeration and freezer markets.
- *Rotor* Distributes standard and special electric motors to a variety of industries including marine, ship building and offshore oil and gas.
- *Thomson Technology.* Manufactures automatic transfer switches, paralleling switchgear and controls, and systems controls primarily for the electric power generation market.
- *Unico.* Manufactures a full range of AC and DC drives, motor controllers and other accessories for most industrial and commercial applications. Unico has developed proprietary technology in the field of oil and gas recovery, commercial HVAC and test stand automation.

Mechanical Segment

Our Mechanical segment manufactures and markets a broad array of mechanical motion control products including standard and custom worm gears, bevel gears, helical gears and concentric shaft gearboxes; marine transmissions; high-performance after-market automotive transmissions and ring and pinions; custom gearing; gearmotors; manual valve actuators; and electrical connecting devices. Our gear and transmission related products primarily control motion by transmitting power from a source, such as an electric motor, to an end use, such as a conveyor belt, usually reducing speed and increasing torque in the process. Our valve actuators are used primarily in oil and gas, water distribution and treatment and chemical processing applications. Mechanical products are sold to original equipment manufacturers, distributors and end users across many industry segments.

The following is a description of our major Mechanical segment brands and the primary products they manufacture and market:

- *Durst.* Manufactures standard and specialized industrial transmissions, hydraulic pump drives and gears for turbines used in power generation primarily for the construction, agriculture, energy, material handling, forestry, lawn and garden and railroad maintenance markets.
- *Grove Gear/Electra-Gear.* Manufactures standard and custom industrial gear reducers and specialized aluminum gear reducers and gearmotors primarily for the material handling, food processing, robotics, power transmission, medical equipment and packaging markets.
- *Hub City/Foote-Jones.* Manufactures gear drives, sub-fractional horsepower gearmotors, mounted bearings, large-scale parallel shaft and right-angle gear drives and accessories primarily for the packaging, construction, material handling, food processing mining, oil, pulp and paper, forestry, aggregate, construction and steel markets.
- *Marathon Special Products.* Manufactures fuse holders, terminal blocks, and power blocks primarily for the HVAC, telecommunications, electric control panel, utilities and transportation markets.
- *Mastergear.* Manufactures manual valve actuators for liquid and gas flow control primarily for the petrochemical processing, fire protection and wastewater markets. Mastergear has locations in the United States and Europe.
- *Richmond Gear.* Manufactures ring and pinions and transmissions primarily for the high-performance automotive aftermarket.
- *Sankey.* Manufactures electrical steel components, general metal product stampings, products for building including expanded metal mesh products, and aluminum and zinc die-cast products.
- *Velvet Drive Transmissions.* Manufactures marine transmissions primarily for the pleasure boat and yacht markets.

The Building of Our Business

Our growth from our founding in 1955 to our current size has largely been the result of the acquisition and integration of businesses to build a strong multi-product offering. Our senior management has substantial experience in the acquisition and integration of businesses, aggressive cost management, and efficient manufacturing techniques, all of which represent activities that are critical to our long-term growth strategy. Our organic and acquisition growth has rapidly moved the Company into other regions of the world where market and growth fundamentals are more favorable and aligned with our business strategy. We consider the identification of acquisition candidates and the purchase and integration of businesses to be one of our core competencies. The following table summarizes acquisitions from 2008 to 2010:

	Year Acquired	Annual Revenues at Acquisition (in millions)	Primary Products at Acquisition
Unico	2010	$ 62	Manufactures AC and DC drives, motor controllers used in oil and gas recovery, commercial HVAC technology, and test stand automation and development
South Pacific Rewinders	2010	1	Rewinder and distributor of electric motors
Elco	2010	80	Manufactures motors, fans and blowers used in HVAC and commercial refrigeration applications for markets in Europe, South America and Asia
Rotor	2010	32	Distributes standard and special electric motors used in general industrial and marine applications in the Netherlands, Europe, United Kingdom and Japan
Air-Con	2010	1	Distributor of HVAC electric motors in Canada
CMG	2010	120	Manufactures and distributes fractional horsepower industrial motors and blower systems in Australia, New Zealand, South Africa, Malaysia, Singapore, United Kingdom and the Middle East.
Custom Power Technology	2009	2	Manufactures customer power electronics in the U.S.
Dutchi Motors	2008	56	Distributor of IEC and NEMA electric motors for industrial applications in Western and Eastern Europe, Russia and the Middle East
Hwada Motors	2008	105	Integral IEC and NEMA electric motors for industrial applications

Sales, Marketing and Distribution

We sell our products directly to OEMs, distributors and end-users. We have multiple business units, and each unit typically has its own branded product offering and sales organization. These sales organizations consist of varying combinations of our own internal direct sales people as well as exclusive and non-exclusive manufacturers' representative organizations.

We maintain a large distribution facility in Indianapolis, Indiana which serves as a hub for our North American distribution and logistics operations. Products are shipped from this facility to our customers utilizing our fleet of trucks and trailers as well as common carriers. We maintain numerous warehouse and distribution facilities in our global markets to service the needs of our customers. In addition, we have many manufacturer representatives' warehouses located in specific geographic areas to serve local customers.

We had no customers that accounted for more than 10% of our consolidated net sales in fiscal 2010, fiscal 2009 or fiscal 2008.

Competition

General

During the past several years, certain product opportunities have become more prevalent due to changing customer requirements. Our customers, which historically may have made component products for inclusion in their finished goods, are increasingly choosing to outsource their requirements to specialized manufacturers like us because we can make these products more cost effectively. In order to better position us for growth in this competitive climate, we have focused on making strategic acquisitions and improving our manufacturing efficiencies. Some of these acquisitions have created new opportunities by allowing us to provide new and broader product offerings and serve customers in a wider variety of applications.

We believe that we compete primarily on the basis of quality, price, service, technology, our promptness of delivery, and the overall value of our products.

Electrical Segment

Electric motor manufacturing is a highly competitive global industry in which there is greater emphasis on reducing costs, boosting efficiency and promoting energy savings. We compete with a growing number of domestic and international competitors due in part to the nature of the products we manufacture and the wide variety of applications and customers we serve. Many manufacturers of electric motors operate production facilities in many different countries, producing products for both the domestic and export markets. Electric motor manufacturers from abroad, particularly those located in China, India and elsewhere in Asia, provide increased competition as they expand their market penetration around the world, especially in North America. Additionally, there is a recent trend toward global industry consolidation. In 2010, Nidec Corporation (Kyoto, Japan) ("Nidec") acquired a portion of the motors and controls business of Emerson Electric Company, a leading manufacturer of electric motors and process controls based in St. Louis, Missouri. In 2011, ABB Ltd. (Zurich, Switzerland) ("ABB") acquired Baldor Electric Company, a leading manufacturer of electric motors and drives based in Fort Smith, Arkansas.

Our major foreign competitors for electrical products include Broad-Ocean Motor Co., Welling Holding Limited, Kirloskar Brothers Limited, ebm-papst, Crompton Greaves, Johnson Electric, Siemens AG, Toshiba Corporation, Panasonic Corporation, Leroy-Somer (a subsidiary of Emerson Electric Company), Weg S.A., Nidec, TECO and ABB. Our major domestic competitors for electrical products include Baldor Electric (a subsidiary of ABB), U.S. Electric (a subsidiary of Nidec), Emerson Electric Company, A. O. Smith Corporation, General Electric Company, Bluffton Motor Works, McMillan Electric Company and Newage (a division of Cummins, Inc). On balance, the demarcation between domestic U.S. and foreign manufacturers is blurring as competition becomes more and more global.

Mechanical Segment

We provide various mechanical product applications and compete with a number of different companies depending on the particular product offering. We believe that we are a leading manufacturer of several mechanical products and that we are the leading manufacturer in the United States of worm gear drives and bevel gear drives. Our major domestic competitors include Boston Gear (a division of Altra Industrial Motion, Inc.), Dodge (a subsidiary of ABB), Emerson Electric Company and Winsmith (a division of Peerless-Winsmith, Inc.). Our major foreign competitors include SEW Eurodrive GmbH & Co., Flender GmbH, Nord, Sumitomo Corporation and Zahnrad Fabrik GmbH Co.

Product Development and Engineering

We believe that innovation is critical to our future growth and success. We are committed to investing in new products, technologies and processes that deliver real value to our customers. We believe the key driver of our innovation strategy is the development of products that include energy efficiency, embedded intelligence, and variable speed technology solutions.

Each of our business units has its own product development and design team that continuously work to enhance our existing products and develop new products for our growing base of customers that require custom and standard solutions. We believe we have state of the art product development and testing laboratories. We believe these capabilities provide a significant competitive advantage in the development of high quality motors and electric generators incorporating leading design characteristics such as low vibration, low noise, improved safety, reliability and enhanced energy efficiency.

We are continuing to expand our business by developing new, differentiated products in each of our business units. We work closely with our customers to develop new products or enhancements to existing products that improve performance and meet their needs.

Manufacturing and Operations

We have developed and acquired global operations in lower cost locations such as Mexico, India, Thailand, and China to participate in regions with higher economic growth, to follow our multinational customers, and to complement our flexible, rapid response operations in the United States, Canada and Europe. Our vertically integrated manufacturing operations, including our own aluminum die casting and steel stamping operations, are an important element of our rapid response capabilities. In addition, we have an extensive internal logistics operation and a network of distribution facilities with the capability to modify stock products to quickly meet specific customer requirements in many instances. This gives us a competitive advantage as we are able to efficiently and promptly deliver a customer's unique product to the desired location.

We manufacture a majority of the products that we sell, but also strategically outsource components and finished goods from an established global network of suppliers. We aggressively pursue global sourcing to reduce our overall costs. We generally maintain a dual sourcing capability in our existing domestic facilities to ensure a reliable supply source for our customers, although we do depend on a limited number of key suppliers for certain materials and components. We regularly invest in machinery and equipment and other improvements to, and maintenance of, our facilities. Additionally, we have typically obtained significant amounts of quality capital equipment as part of our acquisitions, often increasing overall capacity and capability. Base materials for our products consist primarily of steel, copper and aluminum. Additionally, significant components consist of bearings, electronics, ferrous and non-ferrous castings, and weldments.

We continually upgrade our manufacturing equipment and processes, including increasing our use of computer aided manufacturing systems and developing our own testing systems. To drive the continuous improvement process, we have deployed Lean Six Sigma across our facilities worldwide in order to develop our people and deploy our processes. The initiative has generated significant cost saving by eliminating waste, improving safety, quality, delivery, and reducing cycle times. We have trained over 1,700 people since the program began in 2005. Our goal is to be a low cost and high quality producer in our core product areas.

Facilities

We have manufacturing, sales and service facilities primarily in the United States, Mexico, China, India and Australia, as well as a number of other locations throughout the world. Our Electrical segment currently includes 108 manufacturing, service and distribution facilities, of which 45 are principal manufacturing facilities. The Electrical segment's present operating facilities contain a total of approximately 8.1 million square feet of space of which approximately 44.0% are leased. Our Mechanical segment currently includes 11 manufacturing, service and distribution facilities, of which 6 are principal manufacturing facilities. The Mechanical segment's present operating facilities contain a total of approximately 0.8 million square feet of space of which approximately 5.0% are leased. Our principal executive offices are located in Beloit, Wisconsin in an owned approximately 54,000 square foot office building. We believe our equipment and facilities are well maintained and adequate for our present needs.

Backlog

Our business units have historically shipped the majority of their products in the month the order is received. As of January 1, 2011, our backlog was $340.2 million, as compared to $264.7 million on January 2, 2010. We believe that virtually all of our backlog will be shipped in 2011.

Patents, Trademarks and Licenses

We own a number of United States patents and foreign patents relating to our businesses. While we believe that our patents provide certain competitive advantages, we do not consider any one patent or group of patents essential to our business other than our ECM patents which relate to a material portion of our sales. We also use various registered and unregistered trademarks, and we believe these trademarks are significant in the marketing of most of our products. However, we believe the successful manufacture and sale of our products generally depends more upon our technological, manufacturing and marketing skills.

Employees

As of the close of business on January 1, 2011, we employed approximately 18,500 employees worldwide. We consider our employee relations to be very good.

Executive Officers

The names, ages, and positions of our executive officers as February 15, 2011, are listed below along with their business experience during the past five years. Officers are elected annually by the Board of Directors at the Meeting of Directors immediately following the Annual Meeting of Shareholders. There are no family relationships among these officers, nor any arrangements of understanding between any officer and any other persons pursuant to which the officer was selected.

Name	Age	Position	Business Experience and Principal Occupation
Henry W. Knueppel	62	Chairman and Chief Executive Officer	Elected Chairman in April 2006; elected Chief Executive Officer April 2005; served as President from April 2002 to December 2005 and Chief Operating Officer from April 2002 to April 2005; joined the Company in 1979. In December 2010, Mr. Knueppel announced his plan to retire as CEO, effective in May 2011. Mr. Knueppel will remain as Chairman of the Board through the end of 2011.
Mark J. Gliebe	50	President and Chief Operating Officer	Elected President and Chief Operating Officer in December 2005. Joined the Company in January 2005 as Vice President and President – Electric Motors Group, following our acquisition of the HVAC motors and capacitors businesses from GE; previously employed by GE as the General Manager of GE Motors & Controls in the GE Consumer & Industrial business unit from June 2000 to December 2004. In December 2010, the Board of Directors named Mr. Gliebe as CEO, effective upon Mr. Knueppel's retirement in May 2011.
Charles A. Hinrichs	57	Vice President and Chief Financial Officer	Joined the Company and was elected Vice President, Chief Financial Officer in September 2010. Prior to joining the Company, Mr. Hinrichs was Senior Vice President and Chief Financial Officer at Smurfit-Stone Container Corporation, where he worked from 1995 to 2009. On January 26, 2009, Smurfit-Stone Container Corporation and its primary operating subsidiaries filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court in Wilmington, Delaware, and emerged from bankruptcy in July 2010.
Peter C. Underwood	41	Vice President, General Counsel and Secretary	Joined the Company and was elected Vice President, General Counsel and Secretary in September 2010. Prior to joining the Company, Mr. Underwood was a partner with the law firm of Foley & Lardner LLP from 2005 to 2010 and an associate from 1996 to 2005.
Terry R. Colvin	55	Vice President Corporate Human Resources	Joined the Company in September 2006 and was elected Vice President Corporate Human Resources in January 2007. Prior to joining the Company, Mr. Colvin was Vice President of Human Resources for Stereotaxis Corporation from 2005 to 2006.

Name	Age	Position	Business Experience and Principal Occupation
John M. Avampato	49	Vice President Information Technology	Joined the Company in April 2006 and was elected Vice President Information Technology in April 2010. Prior to joining the Company, Mr. Avampato was with Newell Rubbermaid from 1984 to 2006 where he was Vice President, Chief Information Officer from 1999 to 2006.

Pending Acquisition of Electrical Products Company of A.O. Smith Corporation

On December 12, 2010, we entered into an agreement with A.O. Smith Corporation (the "EPC Purchase Agreement") pursuant to which we will acquire 100% of the stock and assets of the Electrical Products Company ("EPC") of A.O. Smith Corporation (the "EPC Acquisition"). The total consideration for the transaction is $875 million, including $700 million of cash and $175 million in shares of our common stock.

EPC is based in Tipp City, Ohio and has operations in the United States, Mexico, China and the United Kingdom. The transaction will expand our global manufacturing capabilities and allow us to offer a more complete array of products and technologies to our customers. Targeted synergies from the transaction are $30 to $40 million achieved over three to four years.

The closing of the transaction is subject to all customary regulatory approvals, which are still pending as of the date of this filing. On February 4, 2011, we received a request for additional information and documentary material, commonly referred to as a "second request," from the United States Department of Justice regarding the EPC Acquisition. The request is part of the regulatory process under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), and will extend the waiting period under the HSR Act until 30 days after both companies have substantially complied with the requests. We are in the process of gathering information to respond to the request and are working cooperatively with the United States Department of Justice as it reviews the proposed transaction. See "Risk Factors."

Website Disclosure

Our Internet address is www.regalbeloit.com. We make available free of charge (other than an investor's own Internet access charges) through our Internet website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission. We are not including the information contained on or available through our website as a part of, or incorporating such information by reference into, this Annual Report on Form 10-K.

ITEM 1A – RISK FACTORS

You should carefully consider each of the risks described below, together with all of the other information contained in this Annual Report on Form 10-K, before making an investment decision with respect to our securities. If any of the following risks develop into actual events, our business, financial condition or results of operations could be materially and adversely affected and you may lose all or part of your investment.

We operate in the highly competitive global electric motor, power generation and mechanical motion control industries.

The global electric motor, power generation and mechanical motion control industries are highly competitive. We encounter a wide variety of domestic and international competitors due in part to the nature of the products we manufacture and the wide variety of applications and customers we serve. In order to compete effectively, we must retain relationships with major customers and establish relationships with new customers, including those in developing countries. Moreover, in certain applications, customers exercise significant power over business terms. It may be difficult in the short-term for us to obtain new sales to replace any decline in the sale of existing products that may be lost to competitors. Our failure to compete effectively may reduce our revenues, profitability and cash flow, and pricing pressures resulting from competition may adversely impact our profitability.

In addition, some of our competitors are larger and have greater financial and other resources than we do. For example, ABB and Nidec recently established or increased their presence in the electric motor, power generation and mechanical motion control industries in North America through acquisitions, and certain other global competitors have recently established facilities in the United States. There can be no assurance that our products will be able to compete successfully with the products of these other companies.

Our ability to establish, grow and maintain customer relationships depends in part on our ability to develop new products and product enhancements based on technological innovation.

The electric motor industry in recent years has seen significant evolution and innovation, particularly with respect to increasing energy efficiency and control enhancements related to motor products. Our ability to effectively compete in the electric motor industry depends in part on our ability to continue to develop new technologies and innovative products and product enhancements. If we are unable to meet the needs of our customers for innovative products, or if our products become technologically obsolete over time due to the development by our competitors of technological breakthroughs or otherwise, our revenues and results of operations may be adversely affected. In addition, we may incur significant costs and devote significant resources to the development of products that ultimately are not accepted in the marketplace, do not provide anticipated enhancements, or do not lead to significant revenue, which may adversely impact our results of operations.

Our dependence on, and the price of, raw materials may adversely affect our gross margins.

Many of the products we produce contain key materials such as steel, copper, aluminum and rare earth metals. Market prices for those materials can be volatile due to changes in supply and demand, manufacturing and other costs, regulations and tariffs, economic conditions and other circumstances, and those prices generally increased significantly in 2010. We may not be able to offset the increase in commodity costs through pricing actions, productivity enhancements or other means, and increasing commodity costs may have an adverse impact on our gross margins, which could adversely affect our results of operations and financial condition.

In our HVAC motor business, we depend on revenues from several significant customers, and any loss, cancellation or reduction of, or delay in, purchases by these customers may have a material adverse effect on our business.

We derive a significant portion of the revenues of our HVAC motor business from several key OEM customers. Our success will depend on our continued ability to develop and manage relationships with these customers. We expect this significant customer concentration will continue for the foreseeable future in our HVAC motor business. Our reliance in the HVAC motor business on sales from a relatively small number of customers makes our relationship with each of these customers important to our business. We cannot assure you that we will be able to retain these key customers. Some of our customers may in the future shift some or all of their purchases of products from us to our competitors or to other sources. The loss of one or more of our largest customers, any reduction or delay in sales to these customers, our inability to develop relationships successfully with additional customers, or future price concessions that we may make could have a material adverse effect on our results of operations and financial condition.

We may encounter difficulties in integrating the operations of acquired businesses that may have a material adverse impact on our future growth and operating performance.

Full realization of the expected benefits and synergies of acquisitions, such as the pending EPC Acquisition, will require integration over time of certain aspects of the manufacturing, engineering, administrative, sales and marketing and distribution functions of the acquired businesses, as well as some integration of information systems platforms and processes. Complete and successful integration of acquired businesses, and realization of expected synergies, can be a long and difficult process and may require substantial attention from our management team and involve substantial expenditures and include additional operational expenses. Even if we are able to successfully integrate the operations of acquired businesses, we may not be able to realize the expected benefits and synergies of the acquisition, either in the amount of time or within the expected time frame, or at all, and the costs of achieving these benefits may be higher than, and the timing may differ from, what we initially expect. Our ability to realize anticipated benefits and synergies from the acquisitions may be affected by a number of factors, including:

- The use of more cash or other financial resources, and additional management time, attention and distraction, on integration and implementation activities than we expect, including restructuring and other exit costs;
- increases in other expenses related to an acquisition, which may offset any potential cost savings and other synergies from the acquisition;
- our ability to realize anticipated levels of sales in emerging markets like China and India;
- our ability to avoid labor disruptions or disputes in connection with any integration; and
- the timing and impact of purchase accounting adjustments.

Any potential cost-saving opportunities may take at least several quarters following an acquisition to implement, and any results of these actions may not be realized for at least several quarters following implementation. We cannot assure you that we will be able to successfully integrate the operations of our acquired businesses, that we will be able to realize any anticipated benefits and synergies from acquisitions or that we will be able to operate acquired businesses as profitably as anticipated.

We may encounter delays or difficulties consummating the pending EPC Acquisition.

On December 12, 2010, we entered into the EPC Purchase Agreement. The closing of the EPC Acquisition is subject to various conditions, including customary regulatory approvals, which are still pending.

On February 4, 2011, we received a request for additional information and documentary material, commonly referred to as a "second request," from the United States Department of Justice regarding the EPC Acquisition. The request is part of the regulatory process under the HSR Act. We are in the process of gathering information to respond to the request and are working cooperatively with the United States Department of Justice as it reviews the proposed transaction.

There can be no assurance that we will consummate the EPC Acquisition in a timely manner, or at all. Various events, regulatory factors or other circumstances related to the EPC Acquisition could delay or prevent the acquisition, or have a negative impact on our results of operations, including:

- The inability to close the acquisition in a timely manner;
- the inability or the failure to satisfy conditions to complete the acquisition, including required regulatory approvals such as that required under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended;
- disruption of our current business plans and operations;
- diversion of management's attention from ongoing business concerns;
- the effect of the announcement of the acquisition on our business relationships, operating results and business generally;

- actions taken or conditions imposed by governmental or regulatory authorities pursuant to a required regulatory approval or otherwise, including any requirement to divest of any operations or assets of EPC;
- the possibility that the acquisition may be more expensive to complete than anticipated, including as a result of unexpected factors or events;
- the occurrence of any event, change or other circumstance that could give rise to the termination of the purchase agreement; or
- the failure of the acquisition to close for any other reason.

We depend on certain key suppliers, and any loss of those suppliers or their failure to meet commitments may adversely affect our business and results of operations.

We are dependent on a single or limited number of suppliers for some materials or components required in the manufacture of our products. If any of those suppliers fail to meet their commitments to us in terms of delivery or quality, we may experience supply shortages that could result in our inability to meet our customers' requirements, or could otherwise experience an interruption in our operations that could negatively impact our business and results of operations.

Infringement of our intellectual property by third parties may harm our competitive position, and we may incur significant costs associated with the protection and preservation of our intellectual property.

We own or otherwise have rights in a number of patents and trademarks relating to the products we manufacture, which have been obtained over a period of years, and we continue to actively pursue patents in connection with new product development and to acquire additional patents and trademarks through the acquisitions of other businesses. These patents and trademarks have been of value in the growth of our business and may continue to be of value in the future. With the exception of the ECM patents, we do not regard any of our patents essential to our businesses. However, an inability to protect this intellectual property generally, or the illegal breach of some or a large group of our intellectual property rights, would have an adverse effect on our business. In addition, there can be no assurance that our intellectual property will not be challenged, invalidated, circumvented or designed-around, particularly in countries where intellectual property rights are not highly developed or protected. We have incurred in the past and may incur in the future significant costs associated with defending challenges to our intellectual property or enforcing our intellectual property rights, which could adversely impact our cash flow and results of operations.

Third parties may claim that we are infringing their intellectual property rights and we could incur significant costs and expenses or be prevented from selling certain products.

We may be subject to claims from third parties that our products or technologies infringe on their intellectual property rights or that we have misappropriated intellectual property rights. If we are involved in a dispute or litigation relating to infringement of third party intellectual property rights, we could incur significant costs in defending against those claims. Our intellectual property portfolio may not be useful in asserting a counterclaim, or negotiating a license, in response to a claim of infringement or misappropriation. In addition, as a result of such claims of infringement or misappropriation, we could lose our rights to technology that are important to our business, or be required to pay damages or license fees with respect to the infringed rights or be required to redesign our products at substantial cost, any of which could adversely impact our cash flows and results of operations.

As a result of the anticipated increase in our debt levels and debt service obligations in connection with the pending EPC Acquisition, we may have less cash flow available for our business operations, we could become increasingly vulnerable to general adverse economic and industry conditions and interest rate trends, and our ability to obtain future financing may be limited.

As of January 1, 2011, we had $230.9 million in cash and investments and approximately $454.2 million in available borrowings under our current revolving credit facility. We will incur substantially higher debt levels in order to fund a portion of the purchase price for the EPC Acquisition. Our ability to make required payments of principal and interest on our increased debt levels will depend on our future performance, which, to a certain extent, is subject to general economic, financial, competitive and other factors that are beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available under our current credit facilities in an amount sufficient to enable us to service our indebtedness or to fund our other liquidity needs. In addition, our credit facilities contain financial and restrictive covenants that could limit our ability to, among other things, borrow additional funds or take advantage of business opportunities. Our failure to comply with such covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all our indebtedness or otherwise have a material adverse effect on our business, financial condition, results of operations and debt service capability. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources." Our anticipated increased indebtedness may have important consequences. For example, it could:

- Make it more challenging for us to obtain additional financing to fund our business strategy and acquisitions, debt service requirements, capital expenditures and working capital;
- increase our vulnerability to interest rate changes and general adverse economic and industry conditions;

- require us to dedicate a substantial portion of our cash flow from operations to service our indebtedness, thereby reducing the availability of our cash flow to finance acquisitions and to fund working capital, capital expenditures, manufacturing capacity expansion, business integration, research and development efforts and other general corporate activities;
- limit our flexibility in planning for, or reacting to, changes in our business and our markets; and
- place us at a competitive disadvantage relative to our competitors that have less debt.

In addition, our credit facility and senior notes require us to maintain specified financial ratios and satisfy certain financial condition tests, which may require that we take action to reduce our debt or to act in a manner contrary to our business strategies. If an event of default under our credit facility or senior notes, the lenders could elect to declare all amounts outstanding under the applicable agreement, together with accrued interest, to be immediately due and payable.

We are subject to litigation, including product liability and warranty claims that may adversely affect our financial condition and results of operations.

We are, from time to time, a party to litigation that arises in the normal course of our business operations, including product warranty and liability claims, contract disputes and environmental, asbestos, employment and other litigation matters. We face an inherent business risk of exposure to product liability and warranty claims in the event that the use of our products is alleged to have resulted in injury or other damage. While we currently maintain general liability and product liability insurance coverage in amounts that we believe are adequate, we cannot assure you that we will be able to maintain this insurance on acceptable terms or that this insurance will provide sufficient coverage against potential liabilities that may arise. Any claims brought against us, with or without merit, may have an adverse effect on our business and results of operations as a result of potential adverse outcomes, the expenses associated with defending such claims, the diversion of our management's resources and time and the potential adverse effect to our business reputation.

We sell certain products for high volume applications, and any failure of those products to perform as anticipated could result in significant liability that may adversely affect our business and results of operations.

We manufacture and sell a number of products for high volume applications, including motors used in pools and spas, residential and commercial heating, ventilation, air conditioning and refrigeration equipment. Any failure of those products to perform as anticipated could result in significant product liability, product recall or rework, or other costs. The costs of product recalls and reworks are not generally covered by insurance. If we were to experience a product recall or rework in connection with products of high volume applications, our financial condition or results of operations could be materially adversely affected.

Commodity, currency and interest rate hedging activities may adversely impact our financial performance as a result of changes in global commodity prices, interest rates and currency rates.

We use derivative financial instruments in order to reduce the substantial effects of currency and commodity fluctuations and interest rate exposure on our cash flow and financial condition. These instruments may include foreign currency and commodity forward contracts, currency swap agreements and currency option contracts, as well as interest rate swap agreements. We have entered into, and expect to continue to enter into, such hedging arrangements. While limiting to some degree our risk fluctuations in currency exchange, commodity price and interest rates by utilizing such hedging instruments, we potentially forgo benefits that might result from other fluctuations in currency exchange, commodity and interest rates. We also are exposed to the risk that counterparties to hedging contracts will default on their obligations. We manage exposure to counterparty credit risk by limiting the counterparties to major international banks and financial institutions meeting established credit guidelines. However, any default by such counterparties might have an adverse effect on us.

Worldwide economic conditions may adversely affect our industry, business and results of operations.

General economic conditions and conditions in the global financial markets can affect our results of operations. Deterioration in the global economy could lead to higher unemployment, lower consumer spending and reduced investment by businesses, and could lead our customers to slow spending on our products or make it difficult for our customers, our vendors and us to accurately forecast and plan future business activities. Worsening economic conditions could also affect the financial viability of our suppliers, some of which we may consider key suppliers. If the commercial and industrial, residential HVAC, power generation and mechanical power transmission markets significantly deteriorate, our business, financial condition and results of operations will likely be materially and adversely affected. Additionally, our stock price could decrease if investors have concerns that our business, financial condition and results of operations will be negatively impacted by a worldwide economic downturn.

Goodwill comprises a significant portion of our total assets, and if we determine that goodwill has become impaired in the future, our results of operations and financial condition in such years may be materially and adversely affected.

Goodwill represents the excess of cost over the fair market value of net assets acquired in business combinations. We review goodwill and other intangibles at least annually for impairment and any excess in carrying value over the estimated fair value is charged to the results of operations. The Company's estimates of fair value are based on assumptions about the future operating cash flows, growth rates, discount rates applied to these cash flows and current market estimates of value. A reduction in net income resulting from the write down or impairment of goodwill would affect financial results and could have a material and adverse impact upon the market price of our common stock. If we are required to record a significant charge to earnings in our consolidated financial statements because an impairment of goodwill is determined, our results of operations and financial condition could be materially and adversely affected.

Businesses that we have acquired or may acquire may have liabilities which are not known to us.

If we consummate the EPC Acquisition, pursuant to the terms of the EPC Purchase Agreement we will assume the majority of EPC's liabilities and risks after the closing, subject to certain representations and warranties of, and indemnification rights against A.O. Smith Corporation. Similarly, we have assumed liabilities of other acquired businesses, and may assume liabilities of businesses that we acquire in the future. There may be liabilities or risks that we fail, or are unable, to discover, or that we underestimate, in the course of performing our due diligence investigations of EPC and other acquired businesses. Additionally, businesses that we have acquired or may acquire in the future may have made previous acquisitions, and we will be subject to certain liabilities and risks relating to these prior acquisitions as well. We cannot assure you that our rights to indemnification contained in definitive acquisition agreements that we have entered or may enter into will be sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business or property acquired. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition or results of operations. As we begin to operate acquired businesses, we may learn additional information about them that adversely affects us, such as unknown or contingent liabilities, issues relating to compliance with applicable laws or issues related to ongoing customer relationships or order demand.

We may incur costs or suffer reputational damage due to improper conduct of our employees, agents or business partners.

We are subject to a variety of domestic and foreign laws, rules and regulations relating to improper payments to government officials, bribery, anti-kickback and false claims rules, competition, export and import compliance, money laundering and data privacy. If our employees, agents or business partners engage in activities in violation of these laws, rules or regulations, we may be subject to civil or criminal fines or penalties or other sanctions, may incur costs associated with government investigations, or may suffer damage to our reputation.

Sales of products incorporated into HVAC systems are seasonal and affected by the weather; mild or cooler weather could have an adverse effect on our operating performance.

Many of our motors are incorporated into HVAC systems that OEMs sell to end users. The number of installations of new and replacement HVAC systems or components is higher during the spring and summer seasons due to the increased use of air conditioning during warmer months. Mild or cooler weather conditions during the spring and summer season often result in end users deferring the purchase of new or replacement HVAC systems or components. As a result, prolonged periods of mild or cooler weather conditions in the spring or summer season in broad geographical areas could have a negative impact on the demand for our HVAC motors and, therefore, could have an adverse effect on our operating performance. In addition, due to variations in weather conditions from year to year, our operating performance in any single year may not be indicative of our performance in any future year.

We increasingly manufacture our products outside the United States, which may present additional risks to our business.

As a result of our recent acquisitions, a significant portion of our net sales are attributable to products manufactured outside of the United States, principally in Mexico, India, Thailand and China. Approximately 13,900 of our approximate 18,500 total employees and 30 of our 51 principal manufacturing facilities are located outside the United States. In addition, if we consummate the EPC Acquisition, the number of facilities located in foreign jurisdictions will increase, particularly in China and Mexico, which will increase our exposure to risks specific to those jurisdictions. International operations generally are subject to various risks, including political, societal and economic instability, local labor market conditions, the imposition of foreign tariffs and other trade restrictions, the impact of foreign government regulations, and the effects of income and withholding taxes, governmental expropriation and differences in business practices. We may incur increased costs and experience delays or disruptions in product deliveries and payments in connection with international manufacturing and sales that could cause loss of revenue. Unfavorable changes in the political, regulatory, and business climates in countries where we have operations could have a material adverse effect on our financial condition, results of operations and cash flows.

We may be adversely impacted by an inability to identify and complete acquisitions.

A substantial portion of our growth has come through acquisitions, and an important part of our growth strategy is based upon our ability to execute future acquisitions. We may not be able to identify and successfully negotiate suitable acquisitions, obtain financing for future acquisitions on satisfactory terms or otherwise complete acquisitions in the future. If we are unable to successfully complete acquisitions, our ability to grow our company may be limited.

Our success is highly dependent on qualified and sufficient staffing. Our failure to attract or retain qualified personnel could lead to a loss of revenue or profitability.

Our success depends, in part, on the efforts and abilities of our senior management team and key employees. Their skills, experience and industry contacts significantly benefit our operations and administration. The failure to attract or retain members of our senior management team and key employees could have a negative effect on our operating results.

Our operations are highly dependent on information technology infrastructure and failures could significantly affect our business.

We depend heavily on our information technology infrastructure in order to achieve our business objectives. If we experience a problem that impairs this infrastructure, such as a computer virus, a problem with the functioning of an important IT application, or an intentional disruption of our IT systems by a third party, the resulting disruptions could impede our ability to record or process orders, manufacture and ship in a timely manner, or otherwise carry on our business in the ordinary course. Any such events could cause us to lose customers or revenue and could require us to incur significant expense to eliminate these problems and address related security concerns.

We are in the process of implementing a global Enterprise Resource Planning (ERP) system that will redesign and deploy a common information system over a period of several years. The process of implementation can be costly and can divert the attention of management from the day-to-day operations of the business. As we implement the ERP system, the new system may not perform as expected. This could have an adverse effect on our business.

We may be adversely affected by environmental, health and safety laws and regulations.

We are subject to various laws and regulations relating to the protection of the environment and human health and safety and have incurred and will continue to incur capital and other expenditures to comply with these regulations. Failure to comply with any environmental regulations, including more stringent environmental laws that may be imposed in the future, could subject us to future liabilities, fines or penalties or the suspension of production.

We may suffer losses as a result of foreign currency fluctuations.

The net assets, net earnings and cash flows from our foreign subsidiaries are based on the U.S. dollar equivalent of such amounts measured in the applicable functional currency. These foreign operations have the potential to impact our financial position due to fluctuations in the local currency arising from the process of re-measuring the local functional currency in the U.S. dollar. Any increase in the value of the U.S. dollar in relation to the value of the local currency will adversely affect our revenues from our foreign operations when translated into U.S. dollars. Similarly, any decrease in the value of the U.S. dollar in relation to the value of the local currency will increase our operating costs in foreign operations, to the extent such costs are payable in foreign currency, when translated into U.S. dollars.

Our operations can be negatively impacted by natural disasters, terrorism, acts of war, international conflict, political and governmental actions which could harm our business.

Natural disasters, acts or threats of war or terrorism, international conflicts, and the actions taken by the United States and other governments in response to such events could cause damage or disrupt our business operations, our suppliers, or our customers, and could create political or economic instability, any of which could have an adverse effect on our business. Although it is not possible to predict such events or their consequences, these events could decrease demand for our products, could make it difficult or impossible for us to deliver products, or could disrupt our supply chain. We may also be negatively impacted by actions by foreign governments, including currency devaluation, tariffs and nationalization, where our facilities are located which could disrupt manufacturing and commercial operations.

We are subject to changes in legislative, regulatory and legal developments involving income taxes.

We are subject to U.S. federal, state, and international income, payroll, property, sales and use, fuel, and other types of taxes. Changes in tax rates, enactment of new tax laws, revisions of tax regulations, and claims or litigation with taxing authorities could result in substantially higher taxes and, therefore, could have a significant adverse effect on our results or operations, financial conditions and liquidity. Currently, a significant amount of our revenue is generated from customers located outside of the United States, and an increasingly greater portion of our assets and employees are located outside of the United States. U.S. income tax and foreign withholding taxes have not been provided on undistributed earnings for certain non-U.S. subsidiaries, because such earnings are intended to be indefinitely reinvested in the operations of those subsidiaries.

Future legislation may substantially reduce (or have the effect of substantially reducing) our ability to defer U.S. taxes on profit permanently reinvested outside the United States. Additionally, they could have a negative impact on our ability to compete in the global marketplace.

We are subject to tax laws and regulations in many jurisdictions and the inability to successfully defend claims from taxing authorities related to our current and/or acquired businesses could adversely affect our operating results and financial position.

We conduct business in many countries, which requires us to interpret the income tax laws and rulings in each of those taxing jurisdictions. Due to the subjectivity of tax laws between those jurisdictions as well as the subjectivity of factual interpretations, our estimates of income tax liabilities may differ from actual payments or assessments. Claims from taxing authorities related to these differences could have an adverse impact on our operating results and financial position.

Our stock may be subject to significant fluctuations and volatility.

The market price of shares of our common stock may be volatile. Among the factors that could affect our common stock price are those discussed above under **"Risks Factors"** as well as:

- domestic and international economic and political factors unrelated to our performance;
- quarterly fluctuation in our operating income and earnings per share results;
- decline in demand for our products;
- significant strategic actions by our competitors, including new product introductions or technological advances;
- fluctuations in interest rates;
- cost increases in energy, raw materials, intermediate components or materials, or labor; and

- changes in revenue or earnings estimates or publication of research reports by analysts.

In addition, stock markets may experience extreme volatility that may be unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock.

ITEM 1B – UNRESOLVED STAFF COMMENTS

None.

ITEM 2 – PROPERTIES

We have manufacturing, sales and service facilities throughout the United States and in Canada, Mexico, India, China, Australia, Thailand and Europe.

Our Electrical segment currently includes 108 manufacturing, service and distribution facilities, of which 45 are principal manufacturing facilities. The Electrical segment's present operating facilities contain a total of approximately 8.1 million square feet of space of which approximately 44% are leased.

Our Mechanical segment currently includes 11 manufacturing, service and distribution facilities, of which six are principal manufacturing facilities. The Mechanical segment's present operating facilities contain a total of approximately 0.8 million square feet of space of which approximately 5% are leased.

At January 1, 2011, the Mechanical segment had one building and the Electrical segment had four buildings totaling approximately 0.5 million square feet that were available for sale due to consolidation of manufacturing in other locations.

Our principal executive offices are located in Beloit, Wisconsin in an owned approximately 54,000 square foot office building. We believe our equipment and facilities are well maintained and adequate for our present needs.

Electrical Segment

Location	Sq Footage	Status	Use
Wuxi, China	623,268	Owned	Manufacturing
Wausau, WI	498,329	Owned	Manufacturing
Kolkata, India	472,708	Owned	Manufacturing
Juarez, Mexico - 2	412,000	Owned & Leased	Manufacturing
Shanghai, China – 3	321,472	Owned & Leased	Manufacturing
Reynosa, Mexico	320,000	Owned	Manufacturing
Hengli, China	292,757	Leased	Manufacturing
Springfield, MO	290,000	Owned	Manufacturing
Eldon, MO - 2	276,000	Owned	Warehouse
Milan, Italy	244,091	Leased	Manufacturing
Cassville, MO	238,838	Owned & Leased	Manufacturing
Changzhou, China	235,755	Owned	Manufacturing
Monterrey, Mexico – 2	235,624	Leased	Manufacturing
Indianapolis, IN	220,832	Leased	Warehouse
Faridabad, India	220,000	Leased	Manufacturing
Piedras, Mexico – 2	210,155	Leased	Manufacturing
Lebanon, MO	186,900	Owned	Manufacturing
Bangkok, Thailand – 2	169,660	Owned	Manufacturing & Warehouse
Rowville, Australia – 3	168,552	Leased	Manufacturing & Warehouse
Dandenong, South Australia – 4	162,693	Leased	Manufacturing & Warehouse
Eibergen, Netherlands	146,874	Owned	Warehouse
Erwin, TN – 4	130,630	Owned	Manufacturing
Auckland, New Zealand – 3	120,857	Leased	Warehouse
Pharr, TX	120,000	Leased	Warehouse
Lincoln, MO	120,000	Owned	Manufacturing
McAllen, TX	116,288	Owned	Manufacturing
Tomago, Australia	114,937	Leased	Warehouse
Blytheville, AR	107,000	Leased	Manufacturing
West Plains, MO	106,000	Owned	Manufacturing
Black River Falls, WI	103,000	Owned	Manufacturing
All Other – 61	1,116,314	(1)	(1)

Mechanical Segment

Location	Sq Footage	Status	Use
Liberty, SC	173,516	Owned	Manufacturing
Aberdeen, SD	164,960	Owned	Manufacturing
Shopiere, WI	132,000	Owned	Manufacturing
Union Grove, WI	122,000	Owned	Manufacturing
All Other - 7	255,180	(2)	(2)

(1) Less significant manufacturing, service and distribution and engineering facilities located in North America, Europe, Asia, Australia, South America, and Africa: Electrical leased square footage 3,534,491.

(2) Mechanical leased square footage 45,680.

ITEM 3 - Legal Proceedings

In July 2009, we filed a response and counterclaims in an action initiated by Nordyne, Inc. ("Nordyne") on February 4, 2009, in the U.S. District Court for the Eastern District of Missouri. In the action, Nordyne is seeking a judgment declaring that neither Nordyne's G7 furnace systems nor its iQ Drive 23-seer air conditioning systems infringe on our ECM (electronically commutated motor) systems patent U.S. Patent No. 5,592,058 ("the '058 Patent") and/or that the '058 Patent is invalid. In our response and counterclaims against Nordyne, we deny that Nordyne is entitled to relief and we seek a judgment that Nordyne has, in fact, infringed and continues to infringe the '058 Patent by making, using, offering for sale and selling it G7 furnace systems and iQ Drive 23-seer air conditioning systems. We also have requested the U.S. District Court to enjoin Nordyne and all persons working in concert with Nordyne from further infringement of the '058 Patent and to award us compensatory and other damages caused by such infringement. On February 2, 2011, the Court issued a claim construction order in which it held that some of the claims in the '058 Patent contain limitations that are indefinite and thus invalid. However, other claims of the '058 Patent were not affected by this ruling and remain to be litigated in the action. We intend to defend our intellectual property vigorously against the claims asserted by Nordyne and against any infringement by Nordyne or any other person. We do not currently believe that the litigation will have a material effect on the Company's financial position or its results of operations.

One of our subsidiaries that we acquired in 2007 is subject to numerous claims filed in various jurisdictions relating to certain sub-fractional motors that were primarily manufactured through 2004 and that were included as components of residential and commercial ventilation units marketed by a third party. These claims generally allege that the ventilation units were the cause of fires. Based on the current facts, we do not believe these claims, individually or in the aggregate, will have a material adverse effect on our results of operations or financial condition. However, we cannot predict the outcome of these claims, the nature or extent of remedial actions, if any, we may need to undertake with respect to motors that remain in the field, or the costs we may incur, some of which could be significant.

We are, from time to time, party to other litigation that arises in the normal course of our business operations, including product warranty and liability claims, contract disputes and environmental, asbestos, employment and other litigation matters. Our products are used in a variety of industrial, commercial and residential applications that subject us to claims that the use of our products is alleged to have resulted in injury or other damage. We accrue for anticipated costs in defending against such lawsuits in amounts that we believe are adequate, and we do not believe that the outcome of any such lawsuit will have a material effect on our results of operations or financial position.

ITEM 4 - REMOVED AND RESERVED

PART II

ITEM 5 - MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

General

Our common stock, $.01 par value per share, is traded on the New York Stock Exchange under the symbol "RBC." The following table sets forth the range of high and low closing sales prices for our common stock for the period from December 28, 2008 through January 1, 2011.

	2010			2009		
	Price Range			Price Range		
	High	Low	Dividends Declared	High	Low	Dividends Declared
1st Quarter	**$60.78**	**$47.40**	**$0.16**	$38.83	$25.81	$0.16
2nd Quarter	**65.63**	**55.48**	**0.17**	42.65	29.99	0.16
3rd Quarter	**65.07**	**55.09**	**0.17**	49.26	38.76	0.16
4th Quarter	**69.54**	**55.27**	**0.17**	53.76	43.43	0.16

We have paid 202 consecutive quarterly dividends through January 2011. The number of record holders of common stock as of February 22, 2011 was 547.

The following table contains detail related to the repurchase of our common stock based on the date of trade during the quarter ended January 1, 2011.

2010 Fiscal Month	**Total Number of Shares Purchased**	**Average Price Paid per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**Maximum Number of Shares that May be Purchased Under the Plan or Programs**
October 3 to November 6	1,728	$55.27	-	2,115,900
November 7 to December 4		-	-	2,115,900
December 5 to January 1, 2011		-	-	2,115,900
Total	1,728		-	

Under our equity incentive plans, participants may pay the exercise price or satisfy all or a portion of the federal, state and local withholding tax obligations arising in connection with plan awards by electing to a) have us withhold shares of common stock otherwise issuable under the award, b) tender back shares received in connection with such award or c) deliver previously owned shares of common stock, in each case having a value equal to the exercise price or the amount to be withheld. The shares listed under "Total Number of Shares Purchased" relate to our repurchases under these equity incentive plans.

Our Board of Directors has approved repurchase programs of up to 3,000,000 shares of common stock. Management is authorized to effect purchases from time to time in the open market or through privately negotiated transactions. Through January 1, 2011, we repurchased 884,100 shares at an average purchase price of $21.96 per share under this program. (See Note 10 of Notes to the Consolidated Financial Statements.)

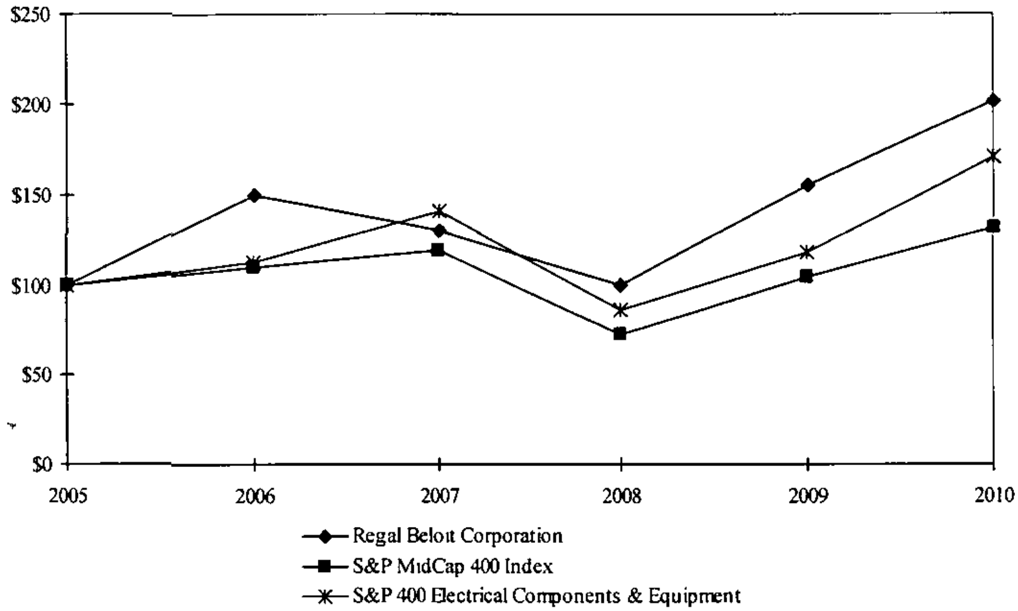
Item 12 of this Annual Report on Form 10-K contains certain information relating to our equity compensation plans.

Stock Performance

The following information in this Item 5 of this Annual Report on Form 10-K is not deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934 (the "Exchange Act") or to the liabilities of Section 18 of the Exchange Act, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act.

The following graph compares the hypothetical total shareholder return (including reinvestment of dividends) on an investment in (1) our common stock, (2) the Standard & Poor's Mid Cap 400 Index, and (3) the Standard & Poor's 400 Electrical Components and Equipment Index, for the period December 31, 2005 through January 1, 2011. In each case, the graph assumes the investment of $100.00 on December 31, 2005.

Comparison of Cumulative Five Year Total Return



	2006	2007	2008	2009	2010
Regal Beloit Corporation	150.14	130.17	99.95	155.21	201.74
S&P MidCap 400 Index	110.32	119.12	72.66	104.35	132.15
S&P 400 Electrical Components & Equipment	112.38	141.06	86.03	118.45	171.31

ITEM 6 - SELECTED FINANCIAL DATA

The selected statement of income data for fiscal 2010, 2009, and 2008, and the selected balance sheet data at January 1, 2011 and January 2, 2010 are derived from, and are qualified by reference to, the audited financial statements included elsewhere in this Annual Report on Form 10-K. The selected statement of income data for fiscal 2007 and 2006 and the selected balance sheet data at December 27, 2008, December 29, 2007 and December 30, 2006 are derived from audited financial statements not included herein.

	(In Thousands, Except Per Share Data)				
	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
Net Sales	$2,237,978	$1,826,277	$2,246,249	$1,802,497	$1,619,545
Income from Operations	237,735	159,520	230,431	206,060	194,017
Net Income Attributable to Regal Beloit	149,379	95,048	125,525	115,499	107,156
Total Assets	2,449,136	2,112,237	2,023,496	1,862,247	1,437,559
Long-Term Debt	428,256	468,065	560,127	552,917	313,351
Regal Beloit Shareholders' Equity	1,361,960	1,167,824	825,987	861,750	755,984
Per Share Data:					
Earnings - Basic	3.91	2.76	4.00	3.70	3.47
Earnings - Assuming Dilution	3.84	2.63	3.78	3.40	3.20
Cash Dividends Declared	0.67	0.64	0.63	0.59	0.55
Shareholders' Equity	35.27	33.85	26.35	27.57	24.51
Weighted Average Shares Outstanding (in 000's):					
Basic	38,236	34,499	31,343	31,252	30,847
Assuming Dilution	38,922	36,132	33,251	33,921	33,504

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

We operate on a 52/53 week fiscal year ending on the Saturday closest to December 31. We refer to the fiscal year ended January 1, 2011 as "fiscal 2010," the fiscal year ended January 2, 2010 as "fiscal 2009," and the fiscal year ended December 27, 2008 as "fiscal 2008." Fiscal 2010 had 52 weeks, fiscal 2009 had 53 weeks, and fiscal 2008 had 52 weeks.

Overview

We are a global manufacturer of electric motors and controls, electric generators and controls, and mechanical motion control products. Many of our products feature energy efficient technology, and electronics. Our energy efficiency products can offer lower operating costs to our customers and promote sustainability. Our products are used in a variety of essential commercial, industrial, commercial refrigeration and heating, ventilation, and air conditioning ("HVAC"), applications, and we believe we have one of the most comprehensive product lines in the industries we serve. We sell our products to a diverse global customer base using more than 30 recognized brand names through a multi-channel distribution model to leading original equipment manufacturers ("OEMs"), distributors and end users for a wide variety of applications. We believe this strategy, coupled with a high level of customer service, provides us with a competitive selling advantage and allows us to more fully serve our customers.

We have two reporting segments: Electrical and Mechanical. Our electrical products primarily include HVAC motors, a full line of AC and DC commercial and industrial electric motors, electric generators and controls, high-performance drives and controls, and capacitors. Our mechanical products primarily include gears and gearboxes, marine transmissions, high-performance automotive transmissions and ring and pinions, manual valve actuators, and electrical connectivity devices.

On an ongoing basis, we focus on a variety of key indicators to monitor business performance. These indicators include organic and total sales growth (including volume and price components), gross profit margin, operating profit, net income and earnings per share, and measures to optimize the management of working capital, capital expenditures, cash flow and Return On Invested Capital (ROIC). We monitor these indicators, as well as our corporate governance practices (including the Company's Code of Business Conduct and Ethics), to ensure that we maintain business health and strong internal controls.

To achieve our financial objectives, we are focused on initiatives to drive and fund growth. We seek to capture significant opportunities for growth by identifying and meeting customer product needs within our core product categories, developing new products, and identifying category expansion opportunities. We meet these customer product needs through focused product research and development efforts as well as through a disciplined acquisition strategy. Our acquisition strategy emphasizes acquiring companies that offer market growth potential as a result of geographic base, technology or industry expansion. The cash flow needed to fund our growth is developed through continuous, corporate-wide initiatives to lower costs and increase effective asset utilization.

We also prioritize investments that generate higher return on capital businesses. Our management team is compensated based on a modified Economic Value Added (EVA) program which reinforces capital allocation disciplines that drive increases in shareholder value. The key metrics in our program include total sales growth, organic sales growth, operating margin percent, operating cash flow as a percent of net income and ROIC.

Given the global economic uncertainty, we anticipate that the near-term operating environment will remain challenging. Specifically, we are experiencing continued increases in the costs for commodity inputs, including copper, steel and aluminum, which are the primary materials used in manufacturing our products. We are unable to predict the future costs of these commodities, and continued increases in these costs may adversely affect our operating margins if we are unable to offset cost increases through price, productivity or other means.

Results of Operations

Net Sales

	(In millions)		
	Fiscal 2010	Fiscal 2009	Fiscal 2008
Net Sales	$2,238.0	$1,826.3	$2,246.2
Sales growth rate	22.5%	(18.7%)	24.6%
Net Sales by Segment:			
Electrical segment	$2,002.0	$1,637.7	$1,998.6
Sales growth rate	22.3%	(18.1%)	28.2%
Mechanical segment	$236.0	$188.6	$247.6
Sales growth rate	25.1%	(23.8%)	1.7%

Fiscal 2010 Compared to Fiscal 2009

Net sales for fiscal 2010 were $2.2 billion, a 22.5% increase over fiscal 2009 net sales of $1.8 billion. Net sales for fiscal 2010 included $119.5 million of incremental net sales related to the acquisitions of CMG Engineering Group Pty, Ltd., Air-Con Technology, Rotor B.V., Elco Group B.V., South Pacific Rewinders, and Unico, Inc. that occurred in fiscal 2010 (we refer to these businesses as the "2010 acquired businesses"; see Note 5 of Notes to the Consolidated Financial Statements).

In the Electrical segment, net sales for fiscal 2010 were $2.0 billion, a 22.3% increase over fiscal 2009 net sales of $1.6 billion. Fiscal 2010 net sales for the Electrical segment included $92.6 million of incremental net sales related to the 2010 acquired businesses. The increase in net sales in the Electrical segment was primarily due to volume increases, the effects of product price increases we implemented in an effort to offset increasing raw material costs, and new product introductions, resulting in (i) an 11.8% increase from fiscal 2009 in U.S. sales of residential HVAC products for the replacement market benefitting from the effects of the economic stimulus providing a tax credit to consumers for the purchase of certain energy-efficient products, (ii) a 16.8% increase from fiscal 2009 in sales of commercial and industrial motors driven by improving industrial demand in the U.S., and (iii) 14.1% increase from fiscal 2009 in generator sales due primarily to generally improving economic conditions.

In the Mechanical segment, net sales for fiscal 2010 were $236.0 million, a 25.1% increase over fiscal 2009 net sales of $188.6 million. The increase in net sales in the Mechanical segment was primarily due to improved business conditions in the industrial markets. Fiscal 2010 net sales for the Mechanical segment included $26.9 million of incremental net sales related to the 2010 acquired businesses.

High efficiency product sales across our business represented 17.9% of net sales for fiscal 2010, a $73.5 million increase from fiscal 2009. High efficiency product sales also represented 17.9% of net sales for fiscal 2009.

From a geographic perspective, Asia-based net sales increased 55.3% for fiscal 2010 compared to fiscal 2009. In total, net sales to regions outside of the United States were 31.6% of total net sales for fiscal 2010 compared to 26.9% of total net sales for fiscal 2009. The positive impact of foreign currency exchange rates increased total net sales by 0.4% for fiscal 2010 compared to fiscal 2009.

Fiscal 2009 Compared to Fiscal 2008

Net sales for fiscal 2009 were $1.8 billion, an 18.7% decrease over fiscal 2008 net sales of $2.2 billion. Net sales for fiscal 2009 included $57.8 million of incremental net sales related to the 2008 acquired businesses and the CPT acquisition completed on January 2, 2009.

In the Electrical segment, sales decreased 18.1% including the impact of the acquisitions noted above. Exclusive of the acquired businesses, Electrical segment sales decreased 21.0%. Sales for the residential HVAC motor business were negatively impacted by weak housing markets; however, economic stimulus related spending, higher efficiency product mix, and low prior year comparables resulted in a 6.8% decrease during fiscal 2009 for the HVAC residential market.

Driven by weak end markets, commercial and industrial motor sales in North America for fiscal 2009 decreased 25.5% over sales for fiscal 2008. Global generator sales decreased 42.6% for fiscal 2009 compared to fiscal 2008.

Sales in the Mechanical segment decreased 23.8% from fiscal 2008. Weakness in end markets for all Mechanical segment businesses was experienced in fiscal 2009 as a result of weak industrial markets.

High efficiency product sales represented 17.9% of net sales for fiscal 2009 compared to 12.8% for fiscal 2008.

From a geographic perspective, Asia-based net sales decreased 23.5% for fiscal 2009 compared to fiscal 2008. In total, net sales to regions outside of the United States were 26.9% of total net sales for fiscal 2009 compared to 27.3% of total net sales for fiscal 2008. The negative impact of foreign currency exchange rates decreased total net sales by 0.3% for fiscal 2009 compared to fiscal 2008.

Gross Profit

	(In thousands)		
	Fiscal 2010	Fiscal 2009	Fiscal 2008
Gross Profit	$549,350	$424,224	$500,680
Gross profit percentage	24.5%	23.2%	22.3%
Gross Profit by Segment:			
Electrical segment	$486,117	$379,017	$428,778
Gross profit percentage	24.3%	23.1%	21.5%
Mechanical segment	$63,233	$45,207	$71,902
Gross profit percentage	26.8%	24.0%	29.0%

Fiscal 2010 Compared to Fiscal 2009

The gross profit margin for fiscal 2010 was 24.5% compared to 23.2% for fiscal 2009.

The gross profit margin for the Electrical segment was 24.3% for fiscal 2010 compared to 23.1% for fiscal 2009. The increase in Electrical segment gross margins was primarily due to (i) volume increases, (ii) the effects of product price increases implemented in an effort to offset increasing raw material costs, (iii) cost reduction efforts, including the benefit from plant consolidations, and (iv) a mix change toward higher efficiency products. The increase in Electrical segment gross margins was partially offset by (i) higher costs for raw materials such as copper, aluminum, energy, and other material inputs (in particular, the accelerating prices for copper in 2010, which is a key commodity input in the production of electrical motors and generators), (ii) incremental costs incurred in an effort to mitigate the impact to customers of supply chain disruptions experienced in the second and third quarters, including incremental costs associated with expedited transportation expenses, plant labor inefficiencies and costs to qualify new vendors, and (iii) the impact of purchase accounting adjustments related to the 2010 acquired businesses.

The gross profit margin for the Mechanical segment was 26.8% for fiscal 2010 compared to 24.0% for fiscal 2009. The increase in Mechanical segment gross margins was primarily due to positive fixed cost absorption impacts of higher production volumes.

Fiscal 2009 Compared to Fiscal 2008

The gross profit margin for fiscal 2009 was 23.2% compared to 22.3% for fiscal 2008.

The gross profit margin for the Electrical segment was 23.1% for fiscal 2009 compared to 21.5% for fiscal 2008. The increase in Electrical segment gross margins was primarily due to (i) cost reduction efforts, including the benefit from plant consolidations, (ii) a mix change toward higher efficiency products, and (iii) short term net material cost savings. The increase in Electrical segment gross margins was partially offset by negative fixed cost absorption due to lower sales and production levels.

The gross profit margin for the Mechanical segment was 24.0% for fiscal 2009 compared to 29.0% for fiscal 2008. The decrease in Mechanical segment gross margins was primarily due to negative fixed cost absorption impacts of lower production volumes.

Operating Expenses

	(In thousands)		
	Fiscal 2010	Fiscal 2009	Fiscal 2008
Operating Expenses	$311,615	$264,704	$270,249
As a percentage of net sales	13.9%	14.5%	12.0%
Operating Expenses by Segment:			
Electrical segment	$275,886	$234,117	$237,246
As a percentage of Electrical segment net sales	13.8%	14.3%	11.9%
Mechanical segment	$35,729	$30,587	$33,003
As a percentage of Mechanical segment net sales	15.1%	16.2%	13.3%

Fiscal 2010 Compared to Fiscal 2009

Operating expenses were $311.6 million, or 13.9% of net sales, for fiscal 2010 compared to $264.7 million, or 14.5% of net sales, for fiscal 2009. Operating expenses for the Electrical segment were $275.9 million, or 13.8% of Electrical segment net sales, for fiscal 2010 compared to $234.1 million, or 14.3% of Electrical segment net sales, for fiscal 2009. Operating expenses for the Mechanical segment were $35.7 million, or 15.1% of Mechanical segment net sales, for fiscal 2010 compared to $30.6 million, or 16.2% of Mechanical segment net sales, for fiscal 2009.

The increases in operating expenses for fiscal 2010 in both the Electrical segment and the Mechanical segment were primarily due to higher variable compensation and other expenses related to higher sales volume. Operating expenses for fiscal 2010 also included (i) an incremental $28.4 million related to the 2010 acquired businesses, and (ii) $6.6 million of acquisition and diligence related expenses compared to $0.3 million for fiscal 2009.

Fiscal 2009 Compared to Fiscal 2008

Operating expenses were $264.7 million, or 14.5% of net sales, for fiscal 2009 compared to $270.2 million, or 12.0% of net sales, for fiscal 2008. Operating expenses for the Electrical segment were $234.1 million, or 14.3% of Electrical segment net sales, for fiscal 2009 compared to $237.2 million, or 11.9% of Electrical segment net sales, for fiscal 2008. Operating expenses for the Mechanical segment were $30.6 million, or 16.2% of Mechanical segment net sales, for fiscal 2009 compared to $33.0 million, or 13.3% of Mechanical segment net sales, for fiscal 2008.

The decreases in operating expenses for fiscal 2009 in both the Electrical segment and the Mechanical segment were primarily due to significant operating cost reductions as sales volumes decreased due to the economic slowdown.

Income from Operations

	(In thousands)		
	2010	2009	2008
Income from Operations	$237,735	$159,520	$230,431
As a percentage of net sales	10.6%	8.7%	10.3%
Income from Operations by Segment:			
Electrical segment	$210,231	$144,901	$191,532
As a percentage of net sales	10.5%	8.8%	9.6%
Mechanical segment	$27,504	$14,619	$38,899
As a percentage of net sales	11.7%	7.8%	15.7%

Fiscal 2010 Compared to Fiscal 2009

Income from operations was $237.7 million, or 10.6% of net sales, for fiscal 2010 compared to $159.5 million, or 8.7% of net sales, for fiscal 2009. Income from operations for the Electrical segment was $210.2 million, or 10.5% of Electrical segment net sales, for fiscal 2010 compared to $144.9 million, or 8.8% of Electrical segment net sales, for fiscal 2009. Income from operations for the Mechanical segment was $27.5 million, or 11.7% of Mechanical segment net sales, for fiscal 2010 compared to $14.6 million, or 7.8% of Mechanical segment net sales for fiscal 2009.

The increases in income from operations for fiscal 2010 in both the Electrical segment and the Mechanical segment were primarily due to volume and price increases, partially offset by higher commodity input costs and higher operating expenses from the 2010 acquired businesses.

Fiscal 2009 Compared to Fiscal 2008

Income from operations was $159.5 million, or 8.7% of net sales, for fiscal 2009 compared to $230.4 million, or 10.3% of net sales, for fiscal 2008. Income from operations for the Electrical segment was $144.9 million, or 8.8% of Electrical segment net sales, for fiscal 2009 compared to $191.5 million, or 9.6% of Electrical segment net sales, for fiscal 2009. Income from operations for the Mechanical segment was $14.6 million, or 7.8% of Mechanical segment net sales, for fiscal 2009 compared to $38.9 million, or 15.7% of Mechanical segment net sales, for fiscal 2008.

Income from operations declined, but was partially offset by cost reduction efforts, including the benefit from plant consolidations, a mix toward higher efficiency products in fiscal 2009, and short term net material cost savings. Offsetting these factors were negative impacts from lower fixed cost absorption.

Interest Expense, Net

	(In thousands)		
	Fiscal 2010	Fiscal 2009	Fiscal 2008
Interest Expense, Net	$17,006	$21,565	$31,168
Year End Weighted Average Interest Rate	4.1%	3.6%	4.1%

Fiscal 2010 Compared to Fiscal 2009

Net interest expense for fiscal 2010 was $17.0 million compared to $21.6 million for fiscal 2009 due to lower debt levels in fiscal 2010. Interest income increased for fiscal 2010 due to higher cash balances as a result of our operating cash flow (see "- Liquidity and Capital Resources").

Fiscal 2009 Compared to Fiscal 2008

Net interest expense for fiscal 2009 was $21.6 million compared to $31.2 million for fiscal 2008. During fiscal 2009, interest expense decreased driven by the redemption of $75.8 million of convertible notes (see Note 8 of Notes to the Consolidated Financial Statements). Interest income increased in fiscal 2009 due to higher cash balances as a result of operating cash flow and the proceeds from the public offering of common stock in May 2009 (see "- Liquidity and Capital Resources").

Effective Tax Rate

	(In thousands)		
	Fiscal 2010	Fiscal 2009	Fiscal 2008
Income Taxes	$66,045	$39,276	$70,349
Effective Tax Rate	29.9%	28.5%	35.3%

Fiscal 2010 Compared to Fiscal 2009

The effective tax rate for fiscal 2010 was 29.9% compared to 28.5% for fiscal 2009. The increase in the effective tax rate was primarily due to changes in the global distribution of income (see Note 11 of Notes to the Consolidated Financial Statements).

Fiscal 2009 Compared to Fiscal 2008

The effective tax rate for fiscal 2009 was 28.5% compared to 35.3% for fiscal 2008. The decrease in the effective tax rate was primarily due to changes in the global distribution of income, as well as adjustments to tax reserves due to a statutory expiration (see Note 11 of Notes to the Consolidated Financial Statements).

Net Income Attributable to Regal Beloit Corporation

	(In millions, except per share data)		
	Fiscal 2010	Fiscal 2009	Fiscal 2008
Net Income Attributable to Regal Beloit Corporation	$149.4	$95.0	$125.5
Fully Diluted Earnings per Share	$3.84	$2.63	$3.78
Average Number of Diluted Shares	38.9	36.1	33.3

Fiscal 2010 Compared to Fiscal 2009

Net Income Attributable to Regal Beloit Corporation for fiscal 2010 was $149.4 million, an increase of 57.2% compared to $95.0 million for fiscal 2009. Fully diluted earnings per share were $3.84 for fiscal 2010 compared to $2.63 for fiscal 2009. The average number of diluted shares was 38,921,699 during fiscal 2010 compared to 36,131,607 during fiscal 2009.

Fiscal 2009 Compared to Fiscal 2008

Net Income Attributable to Regal Beloit Corporation for fiscal 2009 was $95.0 million, a decrease of 24.3% compared to $125.5 million for fiscal 2008. Fully diluted earnings per share were $2.63 for fiscal 2009 compared to $3.78 for fiscal 2008. The average number of diluted shares was 36,131,607 during fiscal 2009 compared to 33,250,689 during fiscal 2008.

Liquidity and Capital Resources

General

Our principal source of liquidity is operating cash flow which we target to equal or exceed our net income. In addition to operating income, other significant factors affecting our liquidity management include working capital levels, capital expenditures, dividends, acquisitions, availability of debt financing and the ability to attract long term capital at acceptable terms.

Our working capital was $688.7 million at January 1, 2011, an increase of 2.7% from $670.3 million at year-end 2009. At January 1, 2011, our current ratio (which is the ratio of our current assets to current liabilities) was 2.7:1 compared to 3.2:1 at January 2, 2010.

Cash flow provided by operating activities ("operating cash flow") was $175.4 million for fiscal 2010, a $139.5 million decrease from fiscal 2009. The decrease was driven by a combined $158.5 increase in the level of accounts receivable, inventory and accounts payable as a result of the increased level of sales. These working capital components used $62.3 million of operating cash in fiscal 2010 compared to providing $96.2 million in fiscal 2009.

Cash flow used in investing activities was $194.7 million for fiscal 2010, $43.1 million more than in fiscal 2009, driven by $211.9 of acquisition costs and partially offset by the net sales of investment securities of $60.7 million. In addition, capital spending increased to $45.0 million for fiscal 2010 from $33.6 million for fiscal 2009. Our commitments for property, plant and equipment as of January 1, 2011 were approximately $5.5 million. In fiscal 2011, we anticipate capital spending will increase to approximately $90.0 million, as we fund (i) the purchase of our factory in Faridabad, India, which is currently leased, and (ii) the construction and relocation of two of our factories in China as required by the Chinese government. We believe that our present manufacturing facilities, augmented by these planned capital expenditures in fiscal 2011, will be sufficient to provide adequate capacity for our operations in 2011.

Cash flow used in financing activities was $70.3 million for fiscal 2010, compared to cash flow provided of $32.9 million for fiscal 2009. On May 22, 2009, we completed a public offering of 4,312,500 shares of our common stock at a price of $36.25 per share, resulting in $150.4 million of net proceeds. We paid $25.1 million in dividends to shareholders in fiscal 2010.

At January 1, 2011, we have $250.0 million of senior notes (the "Notes") outstanding. The Notes were sold pursuant to a Note Purchase Agreement (the "Agreement") by and among us and the purchasers of the Notes. The Notes were issued and sold in two series: $150.0 million in Floating Rate Series 2007A Senior Notes, Tranche A, due August 23, 2014, and $100.0 million in Floating Rate Series 2007A Senior Notes, Tranche B, due August 23, 2017. The Notes bear interest at a margin over the London Inter-Bank Offered Rate ("LIBOR"). These interest rates vary as LIBOR varies. The Agreement permits us to issue and sell additional note series, subject to certain terms and conditions described in the Agreement, up to a total of $600.0 million in combined Notes. At January 1, 2011 the interest rate of 0.9% was based on a margin over LIBOR.

Our $500.0 million revolving credit facility (the "Facility") permits us to borrow at interest rates based upon a margin above LIBOR, which margin varies with the ratio of senior funded debt to EBITDA as defined in the Facility. These interest rates also vary as LIBOR varies. We pay a commitment fee on the unused amount of the Facility, which also varies with the ratio of our senior funded debt to our EBITDA. As of January 1, 2011, we had approximately $45.8 million in standby letters of credit issued under the Facility and $454.2 million in available borrowings under the Facility. The average balance outstanding in direct borrowings under the Facility in fiscal 2010 was $1.4 million. The Facility matures in April 2012.

On June 16, 2008, we entered into a Term Loan Agreement ("Term Loan") with certain financial institutions, pursuant to which we borrowed an aggregate principal amount of $165.0 million. The Term Loan matures in June 2013, and borrowings generally bear interest at a variable rate equal to a margin over LIBOR which varies with the ratio of our consolidated debt to consolidated earnings before interest, taxes, depreciation, and amortization ("EBITDA") as defined in the Agreement. These interest rates also vary as LIBOR varies. At January 1, 2011, the interest rate of 1.0% was based on a margin over LIBOR. The Notes, the Term Loan and the Facility require us to meet specified financial ratios and to satisfy certain financial condition tests. We were in compliance with all debt covenants as of January 1, 2011.

We have interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk. (See also Note 14 to Notes to the Consolidated Financial Statements).

As of January 1, 2011, we have no convertible notes that remain outstanding. During fiscal 2010, the final $39.2 million face value bonds were converted. We paid the par value in cash and issued approximately 0.9 million shares for the conversion premium. During fiscal 2009, several bondholders exercised their conversion right for a total of $75.8 million of convertible notes. The par value of the convertible notes was paid in cash and the conversion premium was paid through issuance of approximately 1.4 million shares of stock.

As part of the acquisitions made during fiscal 2010 (see note 5 of Notes to the Consolidated Financial Statements), we assumed $11.1 million of short-term and long-term debt. At January 1, 2011, $1.5 million of the short-term acquired debt remains outstanding and $2.4 million of the long-term acquired debt remains outstanding.

At January 1, 2011, one of our foreign subsidiaries had outstanding short-term borrowings of $7.0 million denominated in local currency with a fixed interest rate of 5.6%. At January 2, 2010 one of our foreign subsidiaries had outstanding short-term borrowings of $8.2 million, denominated in local currency with a weighted average interest rate of 1.9%.

At January 1, 2011, additional notes payable of approximately $14.9 million were outstanding with a weighted average interest rate of 4.7 %.

We are exposed to interest rate risk on certain of our short-term and long-term debt obligations used to finance our operations and acquisitions. At January 1, 2011, net of interest rate swaps, we had $266.4 million of fixed rate debt and $170.5 million of variable rate debt. The variable rate debt is primarily under our Term Loan with an interest rate based on a margin above LIBOR. As a result, interest rate changes impact future earnings and cash flow assuming other factors are constant. A hypothetical 10% change in our weighted average borrowing rate on outstanding variable rate debt at January 1, 2011 would result in a change in net income of approximately $0.1 million.

Predominately, all of our expenses are paid in cash, often with payment term provisions that include early payment discounts and time elements. We believe that our ability to generate positive cash flow, coupled with our available revolver balance will be sufficient to fund our operations for the foreseeable future. We focus on optimizing our investment in working capital through improved and enforced payment terms and operational efficiencies. Additionally, we believe that our capital expenditures for maintenance of equipment and facilities will be consistent with prior levels and not present a funding challenge.

We were in compliance with all of our financial covenants at the end of fiscal 2010. We believe that we will continue to be in compliance with these covenants for the foreseeable future.

The primary financial covenants on our Notes, Term Loan, and the Facility include ratios of debt to EBITDA (as defined in each agreement) and minimum interest coverage ratios of EBITDA to interest expense. The debt to EBITDA covenant ratio requires us to be less than 3.75:1, and our ratio at January 1, 2011 was approximately 1.4:1. The minimum interest coverage ratio requires us to be greater than 3.0:1, and our ratio at January 1, 2011 was approximately 16.3:1.

We will, from time to time, maintain excess cash balances which may be used to fund operations, repay outstanding debt and will be available for other investments which may include acquisitions of businesses or product lines, dividends, investments in new product development programs and the repurchase of our commons stock.

Our projections are based on all information known to us, which may change based on global economic events, our financial performance, actions by our customers and competitors and other factors discussed in "Risk Factors."

EPC Acquisition

We plan to fund the $700 million cash consideration in the EPC Acquisition with a combination of existing cash, borrowings under the Facility and additional debt.

Litigation

In July 2009, we filed a response and counterclaims in an action initiated by Nordyne, Inc. ("Nordyne") on February 4, 2009, in the U.S. District Court for the Eastern District of Missouri. In the action, Nordyne is seeking a judgment declaring that neither Nordyne's G7 furnace systems nor its iQ Drive 23-seer air conditioning systems infringe on our ECM (electronically commutated motor) systems patent U.S. Patent No. 5,592,058 ("the '058 Patent") and/or that the '058 Patent is invalid. In our response and counterclaims against Nordyne, we deny that Nordyne is entitled to relief and we seek a judgment that Nordyne has, in fact, infringed and continues to infringe the '058 Patent by making, using, offering for sale and selling it G7 furnace systems and iQ Drive 23-seer air conditioning systems. We also have requested the U.S. District Court to enjoin Nordyne and all persons working in concert with Nordyne from further infringement of the '058 Patent and to award us compensatory and other damages caused by such infringement. On February 2, 2011, the Court issued a claim construction order in which it held that some of the claims in the '058 Patent contain limitations that are indefinite and thus invalid. However, other claims of the '058 Patent were not affected by this ruling and remain to be litigated in the action. We intend to defend our intellectual property vigorously against the claims asserted by Nordyne and against any infringement by Nordyne or any other person. We do not currently believe that the litigation will have a material effect on the Company's financial position or its results of operations.

One of our subsidiaries that we acquired in 2007 is subject to numerous claims filed in various jurisdictions relating to certain sub-fractional motors that were primarily manufactured through 2004 and that were included as components of residential and commercial ventilation units marketed by a third party. These claims generally allege that the ventilation units were the cause of fires. Based on the current facts, we do not believe these claims, individually or in the aggregate, will have a material adverse effect on our results of operations or financial condition. However, we cannot predict the outcome of these claims, the nature or extent of remedial actions, if any, we may need to undertake with respect to motors that remain in the field, or the costs we many incur, some of which could be significant.

We are, from time to time, party to other litigation that arises in the normal course of our business operations, including product warranty and liability claims, contract disputes and environmental, asbestos, employment and other litigation matters. Our products are used in a variety of industrial, commercial and residential applications that subject us to claims that the use of our products is alleged to have resulted in injury or other damage. We accrue for anticipated costs in defending against such lawsuits in amounts that we believe are adequate, and we do not believe that the outcome of any such lawsuit will have a material effect on our results of operations or financial position.

Off-Balance Sheet Arrangements, Contractual Obligations and Commercial Commitments

The following is a summary of our contractual obligations and payments due by period as of January 1, 2011 (in millions):

Payments due by Period [1]	Debt Including Estimated Interest Payments [2]	Operating Leases	Pension Obligations	Purchase and Other Obligations	Total Contractual Obligations
Less than 1 Year	$24.7	$22.4	$2.2	$273.0	$322.3
1 - 3 Years	197.0	30.9	-	-	227.9
3 - 5 Years	168.6	13.4	-	-	182.0
More than 5 Years	116.5	9.4	-	-	125.9
Total	$506.8	$76.1	$2.2	$273.0	$858.1

[1] The timing and future spot prices affect the settlement values of our hedge obligations related to commodities, currency and interest rate swap agreements. Accordingly, these obligations are not included above in the table of contractual obligations The timing of settlement of our tax contingent liabilities cannot be reasonably determined and they are not included above in the table of contractual obligations Future pension obligation payments after 2010 are subject to revaluation based on changes in the benefit population and/or changes in the value of pension assets based on market conditions that are not determinable as of January 1, 2011

[2] Variable rate debt based on January 1, 2011 rates.

We utilize blanket purchase orders ("blankets") to communicate expected annual requirements to many of our suppliers. Requirements under blankets generally do not become "firm" until a varying number of weeks before our scheduled production. The purchase obligations shown in the above table represent the value we consider "firm."

At January 1, 2011, we had outstanding standby letters of credit totaling approximately $45.8 million. We had no other material commercial commitments.

We did not have any material variable interest entities as of January 1, 2011 and January 2, 2010. Other than disclosed in the table above and the previous paragraph, we had no other material off-balance sheet arrangements.

Critical Accounting Policies

The preparation of our consolidated financial statements in accordance with accounting principles generally accepted in the United States requires us to make estimates and assumptions affecting the reported amounts of assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the periods reported. Actual results could differ from those estimates. We believe the following critical accounting policies could have the most significant effect on our reported results.

Goodwill

We evaluate the carrying amount of goodwill annually or more frequently if events or circumstances indicate that an asset might be impaired. When applying the accounting guidance, we use estimates to determine when it might be necessary to take an impairment charge. Factors that could trigger an impairment review include significant underperformance relative to historical or forecasted operating results, a significant decrease in the market value of an asset or significant negative industry or economic trends. We perform our required annual goodwill impairment test as of the end of the October fiscal month each year.

The key assumptions used in the discounted cash flow valuation model used to estimate fair value include discount rates, growth rates, cash flow projections and terminal value rates. Discount rates, growth rates and cash flow projections are the most sensitive and susceptible to change as they require significant management judgment. Discount rates are determined by using a weighted average cost of capital ("WACC"). The WACC considers market and industry data as well as company-specific risk factors for each reporting unit in determining the appropriate discount rate to be used. The discount rate utilized for each reporting unit is indicative of the return an investor would expect to receive for investing in such a business. Terminal value rate determination follows common methodology of capturing the present value of perpetual cash flow estimates beyond the last projected period assuming a constant WACC and long term growth rates. The calculated fair values for our 2010 impairment testing exceed the carrying values of the reporting units. The two reporting units that compromise approximately 82% of the total consolidated carrying value at January 1, 2011 had a combined excess of approximately 90% estimated fair value over carrying value. We had two reporting units with a total of $27.3 million of goodwill at January 1, 2011 that had an estimated fair value that was less than 15% over carrying value.

Intangible Assets

We evaluate the recoverability of the carrying amount of intangible assets whenever events or changes in circumstance indicate that the carrying amount of an asset may not be fully recoverable through future cash flows. When applying the accounting guidance we use estimates to determine when an impairment is necessary. Factors that could trigger an impairment review include a significant decrease in the market value of an asset or significant negative or economic trends. (See also Note 7 of Notes to the Consolidated Financial Statements).

Derivatives

We periodically enter into commodity hedging transactions to reduce the impact of changing prices for certain commodities such as copper and aluminum based upon forecasted purchases of such commodities. We also use a cash hedging strategy to protect against an increase in the cost of forecasted foreign currency denominated transactions. Finally, we also have certain LIBOR-based floating rate borrowings that expose us to variability in interest rates that have been swapped into a pay fixed/receive LIBOR based interest rate swap agreement.

The fair value of derivatives is recorded on the consolidated balance sheet and the value is determined based on level 2 inputs. (See Note 14 of Notes to the Consolidated Financial Statements.)

Retirement Plans

Approximately half of our domestic employees are covered by defined benefit pension plans with the remaining employees covered by defined contribution plans. The defined benefit pension plans covering a majority of our domestic employees were frozen to new employees as of January 1, 2009. Most of our foreign employees are covered by government sponsored plans in the countries in which they are employed. Our obligations under our defined benefit pension plans are determined with the assistance of actuarial firms. The actuaries make certain assumptions regarding such factors as withdrawal rates and mortality rates. The actuaries also provide information and recommendations from which management makes further assumptions on such factors as the long-term expected rate of return on plan assets, the discount rate on benefit obligations and where applicable, the rate of annual compensation increases.

Based upon the assumptions made, the investments made by the plans, overall conditions and movement in financial markets, particularly the stock market and how actual withdrawal rates, life-spans of benefit recipients and other factors differ from assumptions, annual expenses and recorded assets or liabilities of these defined benefit pension plans may change significantly from year to year. Based on the annual review of actuarial assumptions as well as historical rates of return on plan assets and existing long-term bond rates, we set the long-term rate of return on plan assets at 8.25% and used a discount rate ranging from 5.2% to 5.9% for its defined benefit pension plans as of January 1, 2011. (See also Note 9 of the Consolidated Financial Statements).

Income Taxes

We operate in numerous taxing jurisdictions and are subject to regular examinations by various U.S. Federal, state and foreign jurisdictions for various tax periods. Our income tax positions are based on research and interpretations of the income tax laws and rulings in each of the jurisdictions in which we do business. Due to the subjectivity of interpretations of laws and rulings in each jurisdiction, the differences and interplay in tax laws between those jurisdictions as well as the inherent uncertainty in estimating the final resolution of complex tax audit matters, our estimates of income tax liabilities may differ from actual payments or assessments.

Additional information regarding income taxes is contained in Note 11 of Notes to the Consolidated Financial Statements.

Further discussion of our accounting policies is contained in Note 3 of Notes to the Consolidated Financial Statements.

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk relating to our operations due to changes in interest rates, foreign currency exchange rates and commodity prices of purchased raw materials. We manage the exposure to these risks through a combination of normal operating and financing activities and derivative financial instruments such as interest rate swaps, commodity cash flow hedges and foreign currency forward exchange contracts. All hedging transactions are authorized and executed pursuant to clearly defined polices and procedures, which strictly prohibit the use of financial instruments for speculative purposes.

All hedges are recorded on the balance sheet at fair value and are accounted for as cash flow hedges, with changes in fair value recorded in accumulated other comprehensive income (loss) ("AOCI") in each accounting period. An ineffective portion of the hedges change in fair value, if any, is recorded in earnings in the period of change.

Interest Rate Risk

We are exposed to interest rate risk on certain of our short-term and long-term debt obligations used to finance our operations and acquisitions. At January 1, 2011, net of interest rate swaps, we had $266.4 million of fixed rate debt and $170.5 million of variable rate debt. As a result, interest rate changes impact future earnings and cash flow assuming other factors are constant. We utilize interest rate swaps to manage fluctuations in cash flows resulting from exposure to interest rate risk on forecasted variable rate interest payments. We have LIBOR-based floating rate borrowings, which expose us to variability in interest payments due to changes in interest rates. A hypothetical 10% change in our weighted average borrowing rate on outstanding variable rate debt at January 1, 2011, would result in a change in after-tax annualized earnings of approximately $0.1 million. We have entered into pay fixed/receive LIBOR-based floating interest rate swaps to manage fluctuations in cash flows resulting from interest rate risk. These interest rate swaps have been designated as cash flow hedges against forecasted LIBOR-based interest payments. Details regarding the instruments, as of January 1, 2011, are as follows:

Instrument	Notional Amount	Maturity	Rate Paid	Rate Received	Fair Value (Loss)
Swap	$150.0 million	August 23, 2014	5.3%	LIBOR (3 month)	($21.1) million
Swap	$100.0 million	August 23, 2017	5.4%	LIBOR (3 month)	($18.0) million

As of January 1, 2011 and January 2, 2010, the interest rate swap liability of ($39.1) million and ($31.2) million was included in Hedging Obligations, respectively. The unrealized loss on the effective portion of the contracts of ($24.2) million and ($19.3) million, net of tax as of January 1, 2011 and January 2, 2010, respectively, was recorded in AOCI.

Foreign Currency Risk

We are also exposed to foreign currency risks that arise from normal business operations. These risks include the translation of local currency balances of foreign subsidiaries, intercompany loans with foreign subsidiaries and transactions denominated in foreign currencies. Our objective is to minimize our exposure to these risks through a combination of normal operating activities and the utilization of foreign currency exchange contracts to manage our exposure on the transactions denominated in currencies other than the applicable functional currency. Contracts are executed with creditworthy banks and are denominated in currencies of major industrial countries. We do not hedge our exposure to the translation of reported results of foreign subsidiaries from local currency to United States dollars.

As of January 1, 2011, derivative currency assets (liabilities) of $7.3 million, $1.4 million, ($0.1) million, and ($0.1) million are recorded in Prepaid Expenses, Other Noncurrent Assets, Accrued Expenses, and Hedging Obligations, respectively. As of January 2, 2010, derivative currency assets (liabilities) of $0.2 million, $1.1 million, and ($5.5) million are recorded in Prepaid Expenses, Other Noncurrent Assets, and Hedging Obligations, respectively. The unrealized gain (loss) on the effective portion of the contracts of $5.1 million net of tax, and ($2.7) million net of tax, as of January 1, 2011 and January 2, 2010, was recorded in AOCI. At January 1, 2011, we had an additional immaterial amount of currency gains on closed hedge instruments in AOCI that will be realized in earnings when the hedged items impact earnings. At January 2, 2010, we had an additional ($0.6) million, net of tax, of derivative currency losses on closed hedge instruments in AOCI that were realized in earnings when the hedged items impacted earnings.

The following table quantifies the outstanding foreign exchange contracts intended to hedge non-U.S. dollar denominated receivables and payables and the corresponding impact on the value of these instruments assuming a hypothetical 10% appreciation/depreciation of their counter currency on January 1, 2011 (dollars in millions):

			Foreign Exchange Gain/(Loss) From:	
Currency	Notional Amount	Fair Value	10% Appreciation of Counter Currency	10% Depreciation of Counter Currency
Mexican Peso	$ 86.3	$ 7.9	$ 8.6	$ (8.6)
Australian Dollar	2.4	(0.1)	0.2	(0.2)
Indian Rupee	36.4	0.5	3.6	(3.6)
Chinese Renminbi	8.9	0.2	0.9	(0.9)

It is important to note that gains and losses indicated in the sensitivity analysis would be offset by gains and losses on the underlying receivables and payables.

Commodity Price Risk

We periodically enter into commodity hedging transactions to reduce the impact of changing prices for certain commodities such as copper and aluminum based upon forecasted purchases of such commodities. These transactions are designated as cash flow hedges and the contract terms of commodity hedge instruments generally mirror those of the hedged item, providing a high degree of risk reduction and correlation.

Derivative commodity assets (liabilities) of $24.9 million, $4.2 million, and ($0.1) are recorded in Prepaid Expenses, Other Noncurrent Assets, and Accrued Expenses, respectively, at January 1, 2011. Derivative commodity assets of $4.4 million are recorded in Prepaid Expenses at January 2, 2010. The unrealized gain on the effective portion of the contracts of $17.8 million net of tax and $2.2 million net of tax, as of January 1, 2011 and January 2, 2010, respectively, was recorded in AOCI. At January 1, 2011, we had an additional $4.1 million, net of tax, of derivative commodity gains on closed hedge instruments in AOCI that will be realized in earnings when the hedged items impact earnings. At January 2, 2010, we had an additional $2.1 million, net of tax, of derivative commodity gains on closed hedge instruments in AOCI that were realized in earnings when the hedged items impacted earnings.

The following table quantifies the outstanding commodity contracts intended to hedge raw material commodity prices and the corresponding impact on the value of these instruments assuming a hypothetical 10% appreciation/depreciation of their prices on January 1, 2011 (dollars in millions):

			Commodity Purchase Price Gain/(Loss) From:	
Commodity	Notional Amount	Fair Value	10% Increase of Commodity Prices	10% Decrease of Commodity Prices
Copper	$ 106.3	$ 28.5	$ 10.6	$ (10.6)
Aluminum	4.2	0.6	0.4	(0.4)
Zinc	0.2	-	-	-
Natural Gas	0.7	(0.1)	-	-

It is important to note that gains and losses indicated in the sensitivity analysis would be offset by the actual prices of the commodities.

The net AOCI balance of $2.8 million gain at January 1, 2011 includes $13.0 million of net current deferred gains expected to be realized in the next twelve months.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Quarterly Financial Information

(Unaudited)

	(In Thousands, Except Per Share Data)							
	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
Net Sales	**$507,318**	$443,274	**$584,181**	$454,550	**$590,801**	$465,192	**$555,678**	$463,261
Gross Profit	**130,915**	90,570	**143,504**	94,622	**144,664**	113,869	**130,267**	125,163
Income from Operations	**62,765**	28,192	**66,799**	29,467	**69,883**	48,318	**38,288**	53,543
Net Income Attributable to Regal Beloit Corporation	**37,762**	12,787	**41,720**	16,452	**44,654**	31,150	**25,243**	34,659
Earnings Per Share [1]:								
Basic	**1.10**	0.41	**1.09**	0.49	**1.16**	0.86	**0.65**	0.94
Assuming Dilution	**0.98**	0.39	**1.07**	0.47	**1.14**	0.82	**0.65**	0.90
Weighted Average Number of Shares Outstanding								
Basic	**37,446**	31,457	**38,310**	33,256	**38,581**	36,056	**38,607**	37,031
Assuming Dilution	**38,622**	32,595	**38,954**	35,105	**39,023**	38,183	**39,052**	38,410
Net Sales								
Electrical	**$457,245**	$391,362	**$522,790**	$407,244	**$527,789**	$422,006	**$494,165**	$417,056
Mechanical	**50,073**	51,912	**61,391**	47,306	**63,012**	43,186	**61,513**	46,205
Income from Operations								
Electrical	**56,340**	21,906	**58,835**	25,339	**62,038**	45,796	**33,016**	51,860
Mechanical	**6,425**	6,286	**7,964**	4,128	**7,845**	2,522	**5,272**	1,683

(1) Due to the weighting of both earnings and the weighted average number of shares outstanding, the sum of the quarterly earnings per share may not equal the annual earnings per share.

Management's Annual Report on Internal Control Over Financial Reporting

The management of Regal Beloit Corporation (the "Company") is responsible for the accuracy and internal consistency of the preparation of the consolidated financial statements and footnotes contained in this annual report.

The Company's management is also responsible for establishing and maintaining adequate internal control over financial reporting. The Company operates under a system of internal accounting controls designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of published financial statements in accordance with generally accepted accounting principles. The internal accounting control system is evaluated for effectiveness by management and is tested, monitored and revised as necessary. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of January 1, 2011. In making its assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework. Based on the results of its evaluation, the Company's management concluded that, as of January 1, 2011, the Company's internal control over financial reporting is effective at the reasonable assurance level based on those criteria.

Our internal control over financial reporting as of January 1, 2011 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

March 2, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Regal Beloit Corporation
Beloit, Wisconsin

We have audited the accompanying consolidated balance sheets of Regal Beloit Corporation and subsidiaries (the "Company") as of January 1, 2011 and January 2, 2010, and the related consolidated statements of income, equity, comprehensive income (loss), and cash flows for each of the three years in the period ended January 1, 2011. Our audits also included the consolidated financial statement schedule listed in the Index as Item 15. We also have audited the Company's internal control over financial reporting as of January 1, 2011, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and financial statement schedule and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of January 1, 2011 and January 2, 2010, and the results of their operations and their cash flows for each of the three years in the period ended January 1, 2011, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 1, 2011, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/S/ DELOITTE & TOUCHE LLP
Milwaukee, Wisconsin
March 2, 2011

REGAL BELOIT CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in Thousands, Except Per Share Data)

	For the Year Ended		
	January 1, 2011	January 2, 2010	December 27, 2008
Net Sales	**$2,237,978**	$1,826,277	$2,246,249
Cost of Sales	**1,688,628**	1,402,053	1,745,569
Gross Profit	**549,350**	424,224	500,680
Operating Expenses	**311,615**	264,704	270,249
Income From Operations	**237,735**	159,520	230,431
Interest Expense	**19,576**	23,284	32,647
Interest Income	**2,570**	1,719	1,479
Income Before Taxes & Noncontrolling Interests	**220,729**	137,955	199,263
Provision For Income Taxes	**66,045**	39,276	70,349
Net Income	**154,684**	98,679	128,914
Less: Net Income Attributable to Noncontrolling Interests, net of tax	**5,305**	3,631	3,389
Net Income Attributable to Regal Beloit Corporation	**$149,379**	$95,048	$125,525
Earnings Per Share of Common Stock:			
Basic	**$3.91**	$2.76	$4.00
Assuming Dilution	**$3.84**	$2.63	$3.78
Weighted Average Number of Shares Outstanding:			
Basic	**38,236,168**	34,498,674	31,343,330
Assuming Dilution	**38,921,699**	36,131,607	33,250,689

See accompanying Notes to the Consolidated Financial Statements.

REGAL BELOIT CORPORATION
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands, Except Per Share Data)

ASSETS	January 1, 2011	January 2, 2010
Current Assets:		
Cash and Cash Equivalents	$174,531	$262,422
Investments - Trading Securities	56,327	117,553
Trade Receivables, less Allowances of $10,637 in 2010 and of $12,666 in 2009	331,017	240,721
Inventories	390,587	268,839
Prepaid Expenses and Other Current Assets	110,665	59,168
Deferred Income Tax Benefits	24,924	30,673
Total Current Assets	1,088,051	979,376
Net Property, Plant and Equipment:		
Land and Improvements	45,909	42,034
Buildings and Improvements	141,128	127,468
Machinery and Equipment	550,816	484,274
Property, Plant and Equipment, at Cost	737,853	653,776
Less - Accumulated Depreciation	(341,477)	(310,705)
Net Property, Plant and Equipment	396,376	343,071
Goodwill	775,371	663,920
Intangible Assets, Net of Amortization	175,490	116,426
Other Noncurrent Assets	13,848	9,444
Total Assets	$2,449,136	$2,112,237
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	$231,705	$161,902
Dividends Payable	6,562	5,981
Accrued Compensation and Employee Benefits	63,842	50,722
Other Accrued Expenses	88,596	82,076
Current Maturities of Debt	8,637	8,385
Total Current Liabilities	399,342	309,066
Long-Term Debt	428,256	468,065
Deferred Income Taxes	92,858	72,418
Hedging Obligations	39,174	31,232
Pension and other Post Retirement Benefits	51,127	39,306
Other Noncurrent Liabilities	41,217	12,082
Commitments and Contingencies (see Note 12)		
Equity:		
Regal Beloit Corporation Shareholders' Equity:		
Common Stock, $.01 par value, 100,000,000 shares authorized, 38,615,547 issued in 2010, and 37,399,353 shares issued in 2009	386	374
Additional Paid-In Capital	535,807	512,282
Retained Earnings	827,467	703,765
Accumulated Other Comprehensive Loss	(1,700)	(48,597)
Total Regal Beloit Corporation Shareholders' Equity	1,361,960	1,167,824
Noncontrolling Interests	35,202	12,244
Total Equity	1,397,162	1,180,068
Total Liabilities and Equity	$2,449,136	$2,112,237

See accompanying Notes to the Consolidated Financial Statements.

REGAL BELOIT CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY
(Dollars in Thousands, 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 29, 2007	$321	$348,971	$(15,228)	$525,506	$2,180	$10,542	$872,292
Net Income	$ -	$ -	$ -	$125,525	$ -	$3,389	$128,914
Dividends Declared ($.63 per share)	-	-	-	(19,750)	-	-	$(19,750)
Purchase of 110,000 shares of Treasury Stock	-	-	(4,191)	-	-	-	$(4,191)
Stock Options Exercised including income tax benefit and share cancellations	2	2,680	-	-	-	-	$2,682
Stock-based Compensation	-	4,580	-	-	-	-	$4,580
Distribution of Noncontrolling Interests	-	-	-	-	-	(3,044)	$(3,044)
Other Comprehensive Income (Loss) (see detail Comprehensive Income Statement)	-	-	-	-	(144,609)	767	$(143,842)
Balance as of December 27, 2008	$323	$356,231	$(19,419)	$631,281	$(142,429)	$11,654	$837,641
Net Income	$ -	$ -	$ -	$95,048	$ -	$3,631	$98,679
Dividends Declared ($.64 per share)	-	-	-	(22,564)	-	-	$(22,564)
Issuance of 4,312,500 shares of Common Stock	43	150,327		-	-	-	$150,370
Stock Options Exercised including income tax benefit and share cancellations	3	5,817	-	-	-	-	$5,820
Stock-based Compensation	-	4,752	-	-	-	-	$4,752
Issuance of Treasury and Common Stock for conversion premium on Convertible Debt redemption	5	(19,424)	19,419	-	-	-	$-
Reversal of unrecognized tax benefits	-	3,600	-	-	-	-	$3,600
Reversal of tax benefits related to Convertible Debt	-	10,979	-	-	-	-	$10,979
Distribution to Noncontrolling Interests	-	-	-	-	-	(4,468)	$(4,468)
Other Comprehensive Income (Loss) (see detail Comprehensive Income Statement)	-	-	-	-	93,832	1,427	$95,259
Balance as of January 2, 2010	$374	$512,282	$ -	$703,765	$(48,597)	$12,244	$1,180,068
Net Income	$ -	$ -	$ -	$149,379	$ -	$5,305	$154,684
Dividends Declared ($.67 per share)	-	-	-	(25,677)	-	-	$(25,677)
Issuance of 100,000 shares of Common Stock for acquisition	1	6,106		-	-	-	$6,107
Stock Options Exercised including income tax benefit and share cancellations	2	4,127	-	-	-	-	$4,129
Stock-based Compensation	-	6,747	-	-	-	-	$6,747
Issuance of Common Stock for conversion premium on Convertible Debt redemption	9	(9)	-	-	-	-	$-
Reversal of tax benefits related to Convertible Debt	-	6,554	-	-	-	-	$6,554
Additions to Noncontrolling Interests from acquisitions	-	-	-	-	-	16,560	$16,560
Other Comprehensive Income (Loss) (see detail Comprehensive Income Statement)	-	-	-	-	46,897	1,093	$47,990
Balance as of January 1, 2011	$386	$535,807	$ -	$827,467	$(1,700)	$35,202	$1,397,162

See accompanying Notes to the Consolidated Financial Statements.

REGAL BELOIT CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in Thousands)

	For the Year Ended		
	January 1, 2011	January 2, 2010	December 27, 2008
Net Income	**$154,684**	$98,679	$128,914
Other Comprehensive Income (Loss) net of tax:			
Pension and Post Retirement benefits	**(2,637)**	(2,802)	(13,773)
Currency translation adjustments	**29,383**	17,531	(41,717)
Change in fair value of hedging activities	**18,022**	30,738	(89,547)
Hedging Activities Reclassified into Earnings from Other Comprehensive Income	**3,222**	49,792	1,195
Total Other Comprehensive Income (Loss)	**47,990**	95,259	(143,842)
Comprehensive Income (Loss)	**202,674**	193,938	(14,928)
Less: Comprehensive Income Attributable to Noncontrolling Interests	**6,398**	5,058	4,156
Comprehensive Income (Loss)Attributable to Regal Beloit Corporation	**$196,276**	$188,880	$(19,084)

See accompanying Notes to the Consolidated Financial Statements.

REGAL BELOIT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	For the Year Ended		
	January 1, 2011	January 2, 2010	December 27, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	**$154,684**	$98,679	$128,914
Adjustments to Reconcile Net Income to Net Cash			
Provided from Operating Activities:			
Depreciation	**52,918**	49,730	45,963
Amortization	**19,951**	19,414	15,638
Stock-based Compensation	**6,747**	4,752	4,580
Provision for Deferred Income Taxes	**690**	7,718	6,027
Excess Tax Benefits from Stock-based Compensation	**(1,735)**	(2,808)	(2,463)
Losses on Property, Plant and Equipment	**4,659**	5,172	124
Non-Cash Convertible Debt Deferred Financing Costs	**-**	1,063	4,938
Changes in Assets and Liabilities, Net of Acquisitions:			
Receivables	**(30,398)**	48,905	32,420
Inventories	**(56,369)**	86,593	(8,882)
Accounts Payable	**24,457**	(39,327)	(22,553)
Current Liabilities and Other	**(216)**	35,028	(50,507)
Net Cash Provided from Operating Activities	**175,388**	314,919	154,199
CASH FLOW FROM INVESTING ACTIVITIES:			
Additions to Property, Plant and Equipment	**(44,994)**	(33,604)	(52,209)
Purchases of Investment Securities	**(416,797)**	(117,553)	-
Sales of Investment Securities	**477,514**	-	-
Business Acquisitions, Net of Cash Acquired	**(211,916)**	(1,500)	(49,702)
Sale of Property, Plant and Equipment	**1,496**	1,033	2,238
Net Cash Used in Investing Activities	**(194,697)**	(151,624)	(99,673)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Long-Term Debt Proceeds	**-**	-	165,200
Net Proceeds from the Sale of Common Stock	**-**	150,370	-
Net Repayments of Short-Term Borrowings	**(8,448)**	(6,866)	(11,820)
Payments of Long-Term Debt	**(184)**	(215)	(324)
Net Repayments Under Revolving Credit Facility	**(2,863)**	(17,066)	(162,700)
Proceeds from the Exercise of Stock Options	**3,759**	5,767	2,880
Repayments of Convertible Debt	**(39,198)**	(75,802)	-
Excess Tax Benefits from Stock-based Compensation	**1,735**	2,808	2,463
Financing Fees Paid	**-**	-	(454)
Distribution to Noncontrolling Interests	**-**	(4,468)	(3,044)
Purchases of Treasury Stock	**-**	-	(4,191)
Dividends Paid to Shareholders	**(25,096)**	(21,607)	(19,426)
Net Cash (Used in) Provided from Financing Activities	**(70,295)**	32,921	(31,416)
EFFECT OF EXCHANGE RATES ON CASH:	**1,713**	956	(434)
Net (Decrease) Increase in Cash and Cash Equivalents	**(87,891)**	197,172	22,676
Cash and Cash Equivalents at Beginning of Year	**262,422**	65,250	42,574
Cash and Cash Equivalents at End of Year	**$174,531**	$262,422	$65,250
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash Paid During the Year for:			
Interest	**$20,075**	$24,105	$26,877
Income Taxes	**74,533**	22,153	68,653

See accompanying Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Three Years Ended January 1, 2011

(1) Nature of Operations

Regal Beloit Corporation (the "Company") is a United States-based multinational corporation. The Company reports in two segments; the Electrical segment, with its principal line of business in electric motors and power generation products, and the Mechanical segment, with its principal line of business in mechanical products which control motion and torque. The principal markets for the Company's products and technologies are within the United States.

(2) Basis of Presentation

The Company operates on a 52/53 week fiscal year ending on the Saturday closest to December 31. The fiscal year ended January 1, 2011 was 52 weeks as compared to the fiscal year ended January 2, 2010 which was 53 weeks.

(3) Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned and majority owned subsidiaries. In addition, the Company has a 50/50 joint venture in China that is consolidated as over half of the joint venture sales are to Regal Beloit Corporation owned entities. All intercompany accounts and transactions are eliminated.

Use of Estimates

Management's best estimates of certain amounts are required in preparation of the consolidated financial statements in accordance with generally accepted accounting principles, and actual results could differ from those estimates.

Revenue Recognition

The Company recognizes revenue upon transfer of title, which generally occurs upon shipment of the product to the customer. The pricing of products sold is generally supported by customer purchase orders, and accounts receivable collection is reasonably assured at the time of shipment. Estimated discounts and rebates are recorded as a reduction of sales in the same period revenue is recognized. Product returns and credits are estimated and recorded at the time of shipment based upon historical experience. Shipping and handling costs are recorded as revenue when billed to the customers. The costs incurred from shipping and handling are recorded in Cost of Sales.

Research and Development

The Company performs research and development activities relating to new product development and the improvement of current products. Research and development costs are expensed as incurred.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments which are readily convertible to cash, present insignificant risk of changes in value due to interest rate fluctuations and have original or purchased maturities of three months or less. The Company had a material amount of cash held on deposit at two financial institutions as of January 1, 2011. While this constitutes a concentration of credit risk, the Company believes these institutions to be financially stable.

Investments

Investments consist of marketable debt and equity securities with original maturities of greater than three months and remaining maturities of less than one year. Investments with maturities greater than one year may be classified as short term based on their highly liquid nature and their availability to fund future investing activities.

Trade Receivables

Trade receivables are stated at estimated net realizable value. Trade receivables are comprised of balances due from customers, net of estimated allowances. In determining collectability, historical trends are evaluated and specific customer issues are reviewed to arrive at appropriate allowances.

Inventories

The approximate percentage distribution between major classes of inventory at year end is as follows:

	2010	2009
Raw Material and Work in Process	**36%**	34%
Finished Goods and Purchased Parts	**64%**	66%

Inventories are stated at cost, which is not in excess of market. Cost for approximately 46% of the Company's inventory at January 1, 2011 and 56% at January 2, 2010 was determined using the last-in, first-out (LIFO) method. If all inventories were valued on the first-in, first-out (FIFO) method, they would have increased by $58.3 million and $35.8 million as of January 1, 2011 and January 2, 2010, respectively. Material, labor and factory overhead costs are included in the inventories.

The Company reviews inventories for excess and obsolete products or components. Based on an analysis of historical usage and management's evaluation of estimated future demand, market conditions and alternative uses for possible excess or obsolete parts, the Company records inventories at net realizable value.

Property, Plant and Equipment

Property, Plant and Equipment are stated at cost. Depreciation of plant and equipment is provided principally on a straight-line basis over the estimated useful lives (3 to 40 years) of the depreciable assets. Accelerated methods are used for income tax purposes.

Expenditures for repairs and maintenance are charged to expense when incurred. Expenditures which extend the useful lives of existing equipment are capitalized and depreciated.

Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. Leasehold improvements are capitalized and amortized over the lesser of the life of the lease or the estimated useful life of the asset.

Commitments for property, plant, and equipment purchases were $5.5 million at January 1, 2011.

Goodwill and Intangible Assets

Goodwill and Intangibles Assets result from the acquisition of existing businesses by the Company. Goodwill is not amortized; however; it is tested for impairment annually at the fiscal October month end with any resulting adjustment charged to the results of operations. Amortization of Intangible Assets with definite lives is recorded over the estimated life of the asset.

Earnings per Share (EPS)

Diluted earnings per share is computed based upon earnings applicable to common shares divided by the weighted-average number of common shares outstanding during the period adjusted for the effect of other dilutive securities. Options for common shares where the exercise price was above the market price have been excluded from the calculation of effect of dilutive securities shown below; the amount of these shares were 0.3 million in 2010, zero in 2009, and 0.9 million for 2008. The following table reconciles the basic and diluted shares used in the per share calculations for the three years ended January 1, 2011 (in millions):

	2010	2009	2008
Denominator for basic EPS	**38.2**	34.5	31.3
Effect of dilutive securities	**0.7**	1.6	1.9
Denominator for diluted EPS	**38.9**	36.1	33.2

The "Effect of dilutive securities" represents the dilution impact of equity awards and the convertible notes (see Note 10 of the Consolidated Financial Statements). The dilutive effect of conversion of certain of the Company's convertible notes into shares of common stock was approximately, 0.3 million shares, 1.3 million shares, 1.5 million shares for fiscal years 2010, 2009 and 2008, respectively.

Retirement Plans

Approximately half of the Company's domestic employees are covered by defined benefit pension plans with the remaining employees covered by defined contribution plans. The defined benefit pension plans covering a majority of the Company's domestic employees were frozen to new employees as of January 1, 2009. Most of the Company's foreign employees are covered by government sponsored plans in the countries in which they are employed. The Company's obligations under its defined benefit pension plans are determined with the assistance of actuarial firms. The actuaries make certain assumptions regarding such factors as withdrawal rates and mortality rates. The actuaries also provide information and recommendations from which management makes further assumptions on such factors as the long-term expected rate of return on plan assets, the discount rate on benefit obligations and where applicable, the rate of annual compensation increases.

Based upon the assumptions made, the investments made by the plans, overall conditions and movement in financial markets, particularly the stock market and how actual withdrawal rates, life-spans of benefit recipients and other factors differ from assumptions, annual expenses and recorded assets or liabilities of these defined benefit pension plans may change significantly from year to year. Based on the annual review of actuarial assumptions as well as historical rates of return on plan assets and existing long-term bond rates, the Company sets the long-term rate of return on plan assets at 8.25% and used a discount rate ranging from 5.2% to 5.9% for its defined benefit pension plans as of January 1, 2011. (See also Note 9 of the Consolidated Financial Statements).

Income Taxes

The Company operates in numerous taxing jurisdictions and is subject to regular examinations by various U.S. Federal, state and foreign jurisdictions for various tax periods. Its income tax positions are based on research and interpretations of the income tax laws and rulings in each of the jurisdictions in which it does business. Due to the subjectivity of interpretations of laws and rulings in each jurisdiction, the differences and interplay in tax laws between those jurisdictions as well as the inherent uncertainty in estimating the final resolution of complex tax audit matters, estimates of income tax liabilities may differ from actual payments or assessments.

Foreign Currency Translation

For those operations using a functional currency other than the U.S. dollar, assets and liabilities are translated into U.S. dollars at year-end exchange rates, and revenues and expenses are translated at weighted-average exchange rates. The resulting translation adjustments are recorded as a separate component of shareholders' equity.

Impairment of Long-Lived Assets and Amortizable Intangible Assets

Property, Plant and Equipment and Intangible Assets Net of Amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company assesses these assets for impairment when the undiscounted expected future cash flows derived from an asset are less than its carrying value. If the Company determines that an asset is impaired, then it measures the impairment as the amount by which the carrying value exceeds fair value. Such analyses necessarily involve significant estimates.

Product Warranty Reserves

The Company maintains reserves for product warranty to cover the stated warranty periods for its products. Such reserves are established based on an evaluation of historical warranty experience and specific significant warranty matters when they become known and can reasonably be estimated.

Accumulated Other Comprehensive Loss

Foreign currency translation adjustments, unrealized gains and losses on derivative instruments and pension liability adjustments are included in shareholders' equity under accumulated other comprehensive loss. The components of the ending balances of Accumulated Other Comprehensive Loss are as follows (in thousands):

	2010	2009
Translation adjustments	**$23,190**	$(5,100)
Hedging activities, net of tax	**2,842**	(18,402)
Pension and post retirement benefits, net of tax	**(27,732)**	(25,095)
Total	**$(1,700)**	$(48,597)

Derivative Instruments

Derivative instruments are recorded on the consolidated balance sheet at fair value as determined under accounting guidance that establishes criteria for designation and effectiveness of the hedging relationships. Any fair value changes are recorded in net earnings or Accumulated Other Comprehensive Income (Loss).

The Company uses derivative instruments to manage its exposure to fluctuations in certain raw material commodity pricing, fluctuations in the cost of forecasted foreign currency transactions, and variability in interest rate exposure on floating rate borrowings. These derivative instruments have been designated as cash flow hedges. (See Note 14 to the Consolidated Financial Statements.)

Legal Claims

The Company records expenses and liabilities when the Company believes that an obligation of the Company on a specific matter is probable and there is a basis to reasonably estimate the value of the obligation. This methodology is used for legal claims that are filed against the Company from time to time. The uncertainty that is associated with such matters frequently requires adjustments to the liabilities previously recorded.

Fair Values

The fair values of cash equivalents, receivables, inventories, prepaid expenses, accounts payable, and accrued expenses approximate the carrying values due to the short period of time to maturity. The fair value of long-term debt is estimated using discounted cash flows based on the Company's current incremental borrowing rates, except for the convertible senior subordinated debt discussed in Note 8, and the fair value of investments, pension assets, and derivative instruments is determined based on inputs as defined in Note 15 of the Consolidated Financial Statements.

(4) Convertible Debt

As of the beginning of fiscal 2009, the Company adopted accounting guidance, which requires an adjustment of convertible debt, equity, and interest expense. The guidance requires that a fair value be assigned to the equity conversion option of the Company's $115.0 million original par value and then outstanding, 2.75% convertible senior subordinated notes (the "Convertible Notes") as of April 5, 2004, the date of issuance of the Convertible Notes. This change results in a corresponding decrease in the value assigned to the debt portion of the instrument.

The value assigned to the debt portion of the Convertible Notes was determined based on market interest rates for similar debt instruments without the conversion feature as of April 5, 2004, the issuance date of the Convertible Notes. The difference in this interest rate versus the coupon rate on the Convertible Notes is then amortized into interest expense over the expected term of the Convertible Notes. For purposes of the valuation, the Company used an expected term of five years, which represents the first anniversary date at which holders of the Convertible Notes may put their Convertible Notes back to the Company.

In 2009, bondholders exercised their conversion right for a total of $75.8 million face value of bonds. The remaining $39.2 million face value of bonds were redeemed in fiscal 2010. The Company paid cash to redeem the par value and the conversion premium was paid through issuance of approximately 2.3 million shares of stock for the total redemption of $115.0 million. (See Note 8 of the Consolidated Financial Statements.)

(5) Acquisitions

The results of operations for acquired businesses are included in the Consolidated Financial Statements from the dates of acquisition.

On December 23, 2010, the Company acquired Unico, Inc. ("Unico"), located in Franksville, Wisconsin. Unico manufactures a full range of AC and DC drives, motor controllers and other accessories for most industrial and commercial applications. Unico has developed proprietary technology in the fields of oil and gas recovery technology, commercial HVAC technology, test stand automation and other applications. The preliminary purchase price of $105.1 million was paid in cash, net of acquired debt and cash. In addition to the cash paid, the Company agreed to pay an additional amount should certain performance thresholds be met. At January 1, 2011, the Company has recorded a liability of $11.0 million for this consideration. Unico is reported as part of the Company's Electrical segment.

On December 1, 2010, the Company acquired South Pacific Rewinders ("SPR"), located in Auckland, New Zealand. SPR operates as a motor rewinder and distributor in the Pacific region.

On November 1, 2010, the Company acquired 55% of Elco Group B.V. ("Elco"), located in Milan, Italy. Elco manufactures and sells motors, fans and blowers and has manufacturing facilities in Italy, China and Brazil. The purchase price was $26.9 million, net of acquired debt and cash. The purchase price includes $4.6 million in cash, net of acquired debt and cash, paid at closing and $22.3 million which will be paid in four semi-annual payments. Elco is reported as part of the Company's Electrical segment.

On September 1, 2010, the Company acquired Rotor B.V. ("Rotor"), located in Eibergen, the Netherlands. Rotor sells standard and special electric motors to a variety of industries including the marine industry, ship building and offshore oil and gas. In addition to the Netherlands, Rotor also sells throughout Europe, the United Kingdom and Japan. The purchase price of $36.4 million was paid in cash, net of acquired debt and cash. Rotor is reported as part of the Company's Electrical segment.

On May 4, 2010, the Company acquired Air-Con Technology ("Air-Con"), located in Mississauga, Ontario, Canada. Air-Con is a distributor of HVACR electric motors.

On April 6, 2010, the Company acquired CMG Engineering Group Pty, Ltd. ("CMG"), located in Melbourne, Australia. CMG manufactures and sells fractional horsepower industrial motors, blower systems, and industrial metal products with operations in Australia, New Zealand, South Africa, Malaysia, Singapore, the United Kingdom and the Middle East. The business also distributes integral horsepower industrial motors, mechanical power transmission products, material handling equipment, electrical insulation materials, magnet wire and specialty conductors in Australia and New Zealand. The purchase price was $82.6 million, net of acquired debt and cash. The purchase price was paid $76.5 million in cash and $6.1 million in shares of Company common stock. CMG is reported as part of our Electrical and Mechanical segments.

In January 2009, the Company acquired Custom Power Technologies ("CPT"), a custom power electronics business located in Menomonee Falls, Wisconsin.

Pending Acquisition

On December 12, 2010, Regal Beloit Corporation and A.O. Smith Corporation (NYSE: AOS) entered into an agreement where Regal Beloit Corporation will acquire 100% of the stock and assets of the Electrical Products Company ("EPC") of A.O. Smith Corporation. The total consideration for the transaction is $875 million, including $700 million of cash and $175 million in shares of Regal Beloit common stock. Closing on the transaction is subject to all customary regulatory approvals, which are still pending as of the date of this filing.

(6) Investments

The Company has cash invested in trading securities as of January 1, 2011 and January 2, 2010. These securities are generally short term in duration and are reported at fair value with gains and losses, which were insignificant in 2010 and 2009, included in earnings. As of January 1, 2011 and January 2, 2010, the Company had $56.3 and $117.6 million of trading securities recorded at fair value (see Note 15 of the Consolidated Financial Statements for description of the fair value hierarchy).

January 1, 2011	**Total**	**Level 1**	**Level 2**	**Level 3**
Municipal Debt Securities	$29,844	$ -	$29,844	$ -
Asset Backed Securities	20,464	-	20,464	-
Other Securities	6,019	-	6,019	-
Total	$56,327	$ -	$56,327	$ -

January 2, 2010	**Total**	**Level 1**	**Level 2**	**Level 3**
Commercial Paper	$37,473	$ -	$37,473	$-
U.S. Government Securities	4,202	-	4,202	-
Municipal Debt Securities	48,294	-	48,294	-
Asset Backed Securities	5,773	-	5,773	-
Corporate Debt Securities	21,811	-	21,811	-
Total	$117,553	$ -	$117,553	$ -

(7) Goodwill and Intangible Assets

Goodwill

As required, the Company performs an annual impairment test of goodwill during the fourth quarter or more frequently if events or circumstances change that would more likely than not reduce the fair value of its reporting units below their carrying value.

As a result of its 2009 annual goodwill impairment review process, the Company recorded a $0.5 million impairment for its Mechanical reporting unit, primarily related to auto and marine products that are dependent on consumer discretionary spending that did not meet their performance plans.

As described in Note 5 of the Consolidated Financial Statements, the Company acquired six businesses in 2010 and one business in 2009. The excess of purchase price over estimated fair value was assigned to goodwill.

The Company believes that substantially all of the goodwill is deductible for tax purposes. The following information presents changes to goodwill during the periods indicated (in thousands):

	Electrical Segment	Mechanical Segment	Total Company
Balance, December 27, 2008	$671,945	$530	$672,475
Net Acquisitions and Fair Value Adjustments	$(7,243)	$ -	$(7,243)
Impairment	-	(530)	(530)
Translation Adjustments	(782)	-	(782)
Balance, January 2, 2010	**$663,920**	**$-**	**$663,920**
Acquisitions	90,875	11,040	101,915
Translation Adjustments	8,340	1,196	9,536
Balance, January 1, 2011	**$763,135**	**$12,236**	**$775,371**

Intangible Assets

Intangible assets consists of the following (in thousands):

Gross Intangibles

Asset Description	Useful Life (years)	January 2, 2010	Acquisitions	Translation Adjustments	January 1, 2011
Non-Compete Agreements	3 - 5	$6,348	$1,100	$102	$7,550
Trademarks	3 - 20	21,200	9,213	566	30,979
Patents	10	15,410	-	-	15,410
Engineering Drawings	10	1,200	-	-	1,200
Customer Relationships	3 - 17	98,064	39,385	1,899	139,348
Technology	3 - 9	33,183	26,542	875	60,600
Total Gross Intangibles		$175,405	$76,240	$3,442	$255,087

Accumulated Amortization

Asset Description	Useful Life (years)	January 2, 2010	Amortization	Translation Adjustments	January 1, 2011
Non-Compete Agreements	3 - 5	$(4,997)	$(789)	$(93)	$(5,879)
Trademarks	3 - 20	(7,658)	(1,980)	(121)	(9,759)
Patents	10	(7,732)	(1,542)	-	(9,274)
Engineering Drawings	10	(607)	(120)	-	(727)
Customer Relationships	3 - 17	(29,325)	(11,349)	(167)	(40,841)
Technology	3 - 9	(8,660)	(4,171)	(286)	(13,117)
Total Accumulated Amortization		$(58,979)	$(19,951)	$(667)	$(79,597)
Intangible Assets, Net of Amortization		$116,426			$175,490

Amortization expense was $20.0 million in fiscal 2010, $19.4 million in fiscal 2009, and $15.6 million in fiscal 2008.

Estimated Amortization (in millions)

2011	2012	2013	2014	2015
$26.8	$26.4	$26.1	$25.0	$17.6

(8) Debt and Bank Credit Facilities

The Company's indebtedness as of January 1, 2011 and January 2, 2010 was as follows (in thousands):

	January 1, 2011	January 2, 2010
Senior notes	**$250,000**	$250,000
Term Loan	**165,000**	165,000
Revolving credit facility	**-**	2,863
Convertible senior subordinated debt	**-**	39,198
Other	**21,893**	19,389
	436,893	476,450
Less: Current maturities	**(8,637)**	(8,385)
Non-current portion	**$428,256**	$468,065

At January 1, 2011, the Company has $250.0 million of senior notes (the "Notes") outstanding. The Notes were sold pursuant to a Note Purchase Agreement (the "Agreement") by and among the Company and the purchasers of the Notes. The Notes were issued and sold in two series: $150.0 million in Floating Rate Series 2007A Senior Notes, Tranche A, due August 23, 2014, and $100.0 million in Floating Rate Series 2007A Senior Notes, Tranche B, due August 23, 2017. The Notes bear interest at a margin over the London Inter-Bank Offered Rate ("LIBOR"). These interest rates vary as LIBOR varies. The Agreement permits the Company to issue and sell additional note series, subject to certain terms and conditions described in the Agreement, up to a total of $600.0 million in combined Notes. At January 1, 2011 the interest rate of 0.9% was based on a margin over LIBOR.

On June 16, 2008, the Company entered into a Term Loan Agreement ("Term Loan") with certain financial institutions, whereby the Company borrowed an aggregate principal amount of $165.0 million. The Term Loan matures in June 2013, and borrowings generally bear interest at a variable rate equal to a margin over LIBOR, this margin varies with the ratio of the Company's consolidated debt to consolidated earnings before interest, taxes, depreciation, and amortization ("EBITDA") as defined in the Agreement. These interest rates also vary as LIBOR varies. At January 1, 2011, the interest rate of 1.0% was based on a margin over LIBOR.

The Company's $500.0 million revolving credit facility (the "Facility") permits the Company to borrow at interest rates based upon a margin above LIBOR, which margin varies with the ratio of senior funded debt to EBITDA as defined in the Facility. These interest rates also vary as LIBOR varies. The Company pays a commitment fee on the unused amount of the Facility, which also varies with the ratio of senior funded debt to EBITDA. The Facility matures in April 2012. The average balance outstanding under the Facility in 2010 was $1.4 million and in 2009 was $11.4 million. The average interest rate paid under the Facility was 1.2% in 2010 and 1.3% in 2009. The Company had $454.2 million of available borrowing capacity under the Facility at January 1, 2011.

The Notes, the Term Loan and the Facility require us to meet specified financial ratios and to satisfy certain financial condition tests. The Company was in compliance with all financial covenants as of January 1, 2011.

The Company has interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk. (See also Note 14 to the Consolidated Financial Statements).

As of January 1, 2011, the Company has no Convertible Notes that remain outstanding. During the year ended January 1, 2011, the final $39.2 million face value bonds were converted. The Company paid the par value in cash and issued approximately 0.9 million shares for the conversion premium. During 2009, bondholders exercised their conversion right for a total of $75.8 million of Convertible Notes. The par value of those Convertible Notes were paid in cash and the conversion premium was paid through issuance of approximately 1.4 million shares of stock.

The Company had $39.2 million of convertible senior subordinated notes outstanding at January 2, 2010. The fair value of these notes at January 2, 2010 was approximately $82.8 million.

At January 1, 2011, a foreign subsidiary of the Company had outstanding short-term borrowings of $7.0 million, denominated in local currency with a fixed interest rate of 5.6%. At January 2, 2010, a foreign subsidiary of the Company had outstanding short-term borrowings of $8.2 million, denominated in local currency with a weighted average interest rate of 1.9%.

At January 1, 2011, additional notes payable of approximately $14.9 million were outstanding with a weighted average interest rate of 4.7%.

Maturities of long-term debt are as follows (in thousands):

Year	
2011	$8,637
2012	508
2013	165,524
2014	150,514
2015	539
Thereafter	111,171
Total	$436,893

(9) Retirement Plans

The Company has a number of retirement plans that cover most of its domestic employees. The defined benefit pension plans covering a majority of the Company's domestic employees were frozen to new employees as of January 1, 2009. Most foreign employees are covered by government sponsored plans in the countries in which they are employed. The domestic employee plans include defined contribution plans and defined benefit pension plans. The defined contribution plans provide for Company contributions based, depending on the plan, upon one or more of participant contributions, service and profits. Company contributions to defined contribution plans totaled $4.3 million, $4.9 million, and $4.8 million in 2010, 2009, and 2008, respectively.

Benefits provided under defined benefit pension plans are based, depending on the plan, on employees' average earnings and years of credited service, or a benefit multiplier times years of service. Funding of these qualified defined benefit pension plans is in accordance with federal laws and regulations. The actuarial valuation measurement date for pension plans is as of fiscal year end for all periods.

The Company's defined benefit pension assets are invested in equity securities and fixed income investments based on the Company's overall strategic investment direction as follows:

	Target	
	Allocation	Return
Equity investments	75%	9-10%
Fixed income	25%	5.5-6.5%
Total	100%	8.25%

The Company's investment strategy for its defined benefit pension plans is to achieve moderately aggressive growth, earning a long-term rate of return sufficient to allow the plans to reach fully funded status. Accordingly, allocation targets have been established to fit this strategy, with a heavier long-term weighting of investments in equity securities. The long-term rate of return assumptions consider historic returns and volatilities adjusted for changes in overall economic conditions that may affect future returns and a weighting of each investment class.

The following table presents a reconciliation of the funded status of the defined benefit pension plans (in thousands):

	2010	2009
Change in projected benefit obligation:		
Obligation at beginning of period	**$116,833**	$103,039
Service cost	**2,164**	2,262
Interest cost	**6,899**	6,956
Actuarial loss	**8,527**	9,938
Plan amendments	**1,120**	-
Benefits paid	**(4,862)**	(4,788)
Foreign currency translation	**(38)**	973
Acquisitions/other	**16,532**	(1,547)
Obligation at end of period	**$147,175**	$116,833
Change in fair value of plan assets:		
Fair value of plan assets at beginning of period	**$76,460**	$58,063
Actual return on plan assets	**9,227**	14,001
Employer contributions	**4,052**	10,110
Benefits paid	**(4,862)**	(4,788)
Foreign currency translation	**(368)**	549
Acquisitions/other	**9,975**	(1,475)
Fair value of plan assets at end of period	**$94,484**	$76,460
Funded status	**$(52,691)**	$(40,373)

The fair value of plan assets is based on inputs used to measure fair value as described in Note 15 of the Consolidated Financial Statements (in thousands):

January 1, 2011	Total	Level 1	Level 2	Level 3
Cash	$1,431	$1,431	$ -	$ -
Money Market Funds	3,881	3,881	-	-
U.S. Government Obligations	1,794	-	1,794	-
Common Stocks				
Domestic Equities	15,146	15,146	-	-
International Equities	6,622	-	6,622	-
Common Collective Trust Funds				
Fixed Income Funds	18,563	-	18,563	-
U.S. Equity Funds	27,084	-	27,084	-
International Equity Funds	7,494	-	7,494	
Mutual Funds				
Fixed Income Funds	659	-	659	-
U.S. Equity Funds	2,072	2,072	-	-
International Equity Funds	9,738	9,738	-	-
Total	$94,484	$32,268	$62,216	$ -

January 2, 2010	Total	Level 1	Level 2	Level 3
Cash	$1,169	$1,169	$ -	$ -
Money Market Funds	1,220	1,220	-	-
Common Stocks				
Domestic Equities	21,883	21,883	-	-
International Equities	5,915	3,403	2,512	-
Common Collective Trust Funds				
Fixed Income Funds	17,777	-	17,777	-
U.S. Equity Funds	13,127	-	13,127	-
International Equity Funds	7,377	-	7,377	-
Mutual Funds				
International Equity Funds	7,992	-	7,992	-
Total	$76,460	$27,675	$48,785	$ -

The Company recognized the funded status of its defined benefit pension plans on the balance sheet as follows (in thousands):

	2010	2009
Other Accrued Expenses	**$(1,564)**	$(1,067)
Pension and Other Post Retirement Benefits	**(51,127)**	(39,306)
	$(52,691)	$(40,373)

Amounts Recognized in Accumulated Other Comprehensive Income		
Net actuarial loss	**$36,600**	$37,497
Prior service cost	**2,108**	1,531
Acquisitions	**2,398**	-
	$41,106	$39,028

The accumulated benefit obligation for all defined benefit pension plans was $110.7 million and $96.6 million at January 1, 2011 and January 2, 2010, respectively.

The following table presents information for defined benefit pension plans with accumulated benefit obligations in excess of plan assets (in thousands):

	2010	2009
Projected benefit obligation	**$147,175**	$116,833
Accumulated benefit obligation	**$110,683**	$96,625
Fair value of plan assets	**$94,484**	$76,460

The following weighted-average assumptions were used to determine the projected benefit obligation at year end:

	2010	2009
Discount rate	**5.15% to 5.93%**	5.67% to 6.27%
Expected long-term rate of return of assets	**8.25%**	8.25%

Certain of the Company's defined benefit pension plan obligations are based on years of service rather than on projected compensation percentage increases. For those plans that use compensation increases in the calculation of benefit obligations and net periodic pension cost, the Company used an assumed rate of compensation increase of 3.0% for the years ended January 1, 2011 and January 2, 2010.

Net periodic pension benefit costs for the defined benefit pension plans were as follows (in thousands):

	2010	2009	2008
Service cost	**$2,164**	$2,420	$4,051
Interest cost	**6,899**	5,778	5,831
Expected return on plan assets	**(6,448)**	(5,068)	(5,482)
Amortization of net actuarial loss	**2,401**	759	716
Amortization of prior service cost	**399**	189	199
Net periodic benefit cost	**$5,415**	$4,078	$5,315

For fiscal 2010, the net actuarial loss and prior service cost for the defined benefit pension plans that was amortized into periodic pension benefit cost was $2.4 million and $0.4 million, respectively.

The estimated net actuarial loss and prior service cost for the defined benefit pension plans that will be amortized from AOCI into net periodic benefit cost during the 2011 fiscal year are $3.3 million and $0.2 million, respectively.

As permitted under relevant accounting guidance, the amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the plans.

The following assumptions were used to determine net periodic pension cost for fiscal years 2010, 2009 and 2008, respectively.

	2010	2009	2008
Discount rate	**5.67% to 6.27%**	6.85% to 6.95%	6.36% to 6.68%
Expected long-term rate of return on assets	**8.25%**	8.25%	8.25%

The Company estimates that in 2011, it will make contributions in the amount of $2.2 million to fund its defined benefit pension plans.

The following pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in millions):

Year	Expected Payments
2011	$6.2
2012	6.4
2013	8.3
2014	8.6
2015	9.1
2016-2020	53.9

(10) Shareholders' Equity

The Company recognized approximately $6.7 million, $4.8 million, and $4.6 million in share-based compensation expense in 2010, 2009 and 2008, respectively. The Company recognizes compensation expense on grants of share-based compensation awards on a straight-line basis over the vesting period of each award. As of January 1, 2011, total unrecognized compensation cost related to share-based compensation awards was approximately $17.6 million, net of estimated forfeitures, which the Company expects to recognize over a weighted average period of approximately 2.8 years. The total income tax benefit recognized relating to share-based compensation for the year ended January 1, 2011 was approximately $1.7 million.

Under the Company's stock plans, the Company was authorized as of January 1, 2011 to deliver up to 5.0 million shares of common stock upon exercise of non-qualified stock options or incentive stock options, or upon grant or in payment of stock appreciation rights, and restricted stock. Approximately 1.8 million shares were available for future grant or payment under the various plans at January 1, 2011.

On May 22, 2009, the Company completed the sale of 4,312,500 shares of common stock to the public at a price of $36.25 per share. Net proceeds of $150.4 million were received by the Company.

During fiscal 2010, the Company issued approximately 0.9 million shares to former Convertible Note holders in settlement of the conversion premium of their redemption. During fiscal 2009, the Company issued approximately 1.4 million shares, including all 884,100 shares of treasury stock, to former Convertible Note holders in settlement of the conversion premium of their redemption. (See Note 8 of the Notes to Consolidated Financial Statements.)

During fiscal 2008, the Company repurchased 110,000 shares at a total cost of $4.2 million pursuant to authorization by the Board of Directors. The Company did not repurchase any shares in 2010 or 2009 pursuant to this authorization.

Share-based Incentive Awards

The Company uses several forms of share-based incentive awards including non-qualified stock options, incentive stock options and stock appreciation rights (SARs). All grants are made at prices equal to the fair market value of the stock on the grant dates, and expire ten years from the grant date.

The per share weighted average fair value of share-based incentive awards granted (options and SARs) was $22.62 and $15.28 for fiscal 2010 and 2009, respectively. The fair value of the awards for fiscal 2010 and 2009 were estimated on the date of grant using the Black-Scholes pricing model and the following weighted average assumptions; expected life of seven years; risk-free interest rate of 2.8% and 2.6%; expected dividend yield of 1.1% and 1.5%; and expected volatility of 34.8% and 36.8%, respectively.

The average risk-free interest rate is based on U.S. Treasury security rates in effect as of the grant date. The expected dividend yield is based on the projected annual dividend as a percentage of the estimated market value of our common stock as of the grant date. The Company estimated the expected volatility using a weighted average of daily historical volatility of our stock price over the expected term of the award. The Company estimated the expected term using historical data adjusted for the estimated exercise dates of unexercised awards.

Following is a summary of share-based incentive plan grant activity (options and SARs) for fiscal 2010, fiscal 2009 and fiscal 2008:

	Shares	Wtd. Avg. Exercise Price	Wtd. Avg. Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Number of shares under option:				
Outstanding at December 29, 2007	1,484,775	$31.40		
Granted	306,000	42.30		
Exercised	(329,000)	23.77		
Forfeited	(18,150)	35.35		
Outstanding at December 27, 2008	1,443,625	35.46	7.1	$5.3
Exercisable at December 27, 2008	660,792	27.82	5.6	4.9
Outstanding at December 27, 2008	1,443,625	$35.46		
Granted	373,500	42.66		
Exercised	(225,450)	22.74		
Forfeited	(15,750)	42.25		
Outstanding at January 2, 2010	1,575,925	38.86	7.2	$20.4
Exercisable at January 2, 2010	585,025	33.34	5.5	10.9
Outstanding at January 2, 2010	1,575,925	$38.86		
Granted	289,250	61.21		
Exercised	(265,940)	32.97		
Forfeited	(145,185)	46.70		
Outstanding at January 1, 2011	1,454,050	43.50	6.9	$33.5
Exercisable at January 1, 2011	561,150	36.93	5.3	16.7

The amount of options expected to vest is materially consistent with those outstanding and not yet exercisable.

The table below presents share-based compensation activity for the three fiscal years ended 2010, 2009 and 2008 (in millions):

	2010	2009	2008
Total intrinsic value of share-based incentive awards exercised	$7.4	$5.7	$6.3
Cash received from stock option exercises	3.8	5.8	2.9
Income tax benefit from the exercise of stock options	1.7	2.8	2.5
Total fair value of share-based incentive awards vested	7.0	3.5	6.5

Restricted Stock

The Company also granted restricted stock awards to certain employees. The Company restrictions lapse two to three years after the date of the grant. The Company values restricted stock awards at the closing market value of its common stock on the date of grant.

A summary of restricted stock activity for fiscal 2010, fiscal 2009 and fiscal 2008:

	Shares	Wtd. Avg. Share Fair Value	Aggregate Intrinsic Value (in millions)
Restricted stock balance at December 29, 2007:	95,450	$38.27	$3.8
Granted	32,850	42.28	1.4
Vested	(10,200)	29.75	(0.3)
Restricted stock balance at December 27, 2008:	118,100	$41.72	$4.9
Granted	53,550	42.65	2.3
Vested	(50,700)	37.55	(1.9)
Restricted stock balance at January 2, 2010:	120,950	$43.88	$5.3
Granted	111,377	61.12	6.8
Vested	(37,100)	47.06	(1.7)
Forfeited	(14,050)	49.07	(0.7)
Restricted stock balance at January 1, 2011:	181,177	$53.44	$9.7

Treasury Stock

The Board of Directors has approved repurchase programs of up to 3,000,000 common shares of Company stock. Management is authorized to effect purchases from time to time in the open market or through privately negotiated transactions. Through December 27, 2008, the Company has repurchased 884,100 shares at an average purchase price of $21.96 per share. During fiscal 2008 the Company repurchased 110,000 shares for a total cost of $4.2 million. During 2009, approximately 1.4 million shares, including all 884,100 treasury shares, were issued in settlement of the conversion premium for certain Convertible Notes. (See also Note 8 of the Consolidated Financial Statements.)

(11) Income Taxes

Income before Taxes and Noncontrolling Interest consisted of the following (in thousands):

	2010	2009	2008
United States	**$170,466**	$103,929	$165,137
Foreign	**50,263**	34,026	34,126
Total	**$220,729**	$137,955	$199,263

The provision for income taxes is summarized as follows (in thousands):

	2010	2009	2008
Current			
Federal	**$44,742**	$16,583	$45,187
State	**6,348**	2,387	7,795
Foreign	**14,265**	12,588	11,340
	65,355	31,558	64,322
Deferred	**690**	7,718	6,027
Total	**$66,045**	$39,276	$70,349

A reconciliation of the statutory Federal income tax rate and the effective tax rate reflected in the consolidated statements of income follows:

	2010	2009	2008
Federal statutory tax rate	**35.0 %**	35.0 %	35.0 %
State income taxes, net of federal benefit	**2.2**	2.3	2.6
Domestic production activities deduction	**(1.0)**	(0.7)	(0.9)
Foreign rate differential	**(3.9)**	(4.2)	0.3
Adjustments to tax accruals and reserves	**(0.9)**	(1.7)	0.2
Other, net	**(1.5)**	(2.2)	(1.9)
Effective tax rate	**29.9 %**	28.5 %	35.3 %

Deferred taxes arise primarily from differences in amounts reported for tax and financial statement purposes. The Company's net deferred tax liabilities as of January 1, 2011 of $67.9 million is classified on the consolidated balance sheet as a net current deferred income tax benefit of $24.9 million and a net non-current deferred income tax liability of $92.8 million. The components of this net deferred tax asset (liability) are as follows (in thousands):

	January 1, 2011	January 2, 2010
Accrued employee benefits	**$31,682**	$28,017
Bad debt reserve	**2,007**	3,623
Warranty reserve	**5,836**	4,446
Inventory	**5,318**	4,625
Accrued liabilities	**14,225**	9,655
Derivative instruments	**-**	10,941
Other	**10,514**	7,705
Deferred tax assets	**69,582**	69,012
Property related	**(35,432)**	(38,498)
Intangible items	**(100,264)**	(66,420)
Derivative instruments	**(1,821)**	-
Convertible debt interest	**-**	(5,839)
Deferred tax liabilities	**(137,517)**	(110,757)
Net deferred tax asset (liability)	**$(67,935)**	$(41,745)

Following is a reconciliation of the beginning and ending amount of unrecognized tax benefits (in millions):

	January 1, 2011	January 2, 2010	December 27, 2008
Unrecognized tax benefits - beginning of year	**$6.6**	$7.1	$6.8
Gross increases - tax positions in prior periods	**0.8**	4.1	-
Gross increases - tax positions in the current period	**0.1**	0.4	0.3
Settlements with taxing authorities	**-**	(0.4)	-
Lapse of statute of limitations	**(2.0)**	(4.6)	-
Unrecognized tax benefits end of year	**$5.5**	$6.6	$7.1

Unrecognized tax benefits as of January 1, 2011 amount to $5.5 million, all of which would impact the effective income tax rate if recognized.

Potential interest and penalties related to unrecognized tax benefits are recorded in income tax expense. During fiscal 2010, 2009 and 2008, the Company recognized approximately $0.1 million, $0.7 million and $0.2 million in net interest expense, respectively. The Company had approximately $1.0 million, $1.0 million and $1.1 million of accrued interest included in the tax contingency reserve as of January 1, 2011, January 2, 2010 and December 27, 2008, respectively.

Due to statute expirations, approximately $1.4 million of the unrecognized tax benefits, including accrued interest, could reasonably change in the coming year.

With few exceptions, the Company is no longer subject to U.S. federal and state/local income tax examinations by tax authorities for years prior to 2006, and the Company is no longer subject to non-U.S. income tax examinations by tax authorities for years prior to 2005.

The Company has approximately $5.2 million of net operating losses in various jurisdictions which expire over a period up to 15 years.

At January 1, 2011 the estimated amount of total unremitted non-U.S. subsidiary earnings was $130.7 million. No U.S. deferred taxes have been provided on the undistributed non-U.S. subsidiary earnings because they are considered to be permanently invested given our acquisition and growth initiatives.

(12) Contingencies and Commitments

On July 30, 2009, the Company filed a response and counterclaims to an action filed by Nordyne, Inc. ("Nordyne") in the U.S. District Court for the Eastern District of Missouri in which action Nordyne is seeking a judgment declaring that neither Nordyne's G7 furnace systems nor its iQ Drive 23-seer air conditioning systems infringe on the Company's ECM (electronically commutated motor) systems patents (U.S. Patent No. 5,592,058) ("the '058 Patent") and/or that the '058 Patent is invalid. In its response and counterclaims against Nordyne the Company is seeking a judgment that the '058 Patent is valid and that Nordyne has, in fact, infringed and continues to infringe the '058 Patent by making, using, offering for sale and selling it's G7 furnace systems and iQ Drive 23-seer air conditioning systems. The Company has also requested the U.S. District Court to enjoin Nordyne and all persons working in concert with Nordyne from further infringement of the '058 Patent and to award us compensatory and other damages caused by such infringement. The Company intends to defend its intellectual property vigorously against the claims asserted by Nordyne and against any infringement by Nordyne or any other person. The Company does not currently believe that the litigation will have a material effect on the Company's financial position or its results of operations.

One of the Company's subsidiaries that it acquired in 2007 is subject to numerous claims filed in various jurisdictions relating to certain sub-fractional motors that were primarily manufactured through 2004 and that were included as components of residential and commercial ventilation units marketed by a third party. These claims generally allege that the ventilation units were the cause of fires. Based on the current facts, the Company does not believe these claims, individually or in the aggregate, will have a material adverse effect on its results of operations or financial condition. However, the Company cannot predict the outcome of these claims, the nature or extent of remedial actions, if any, it may need to undertake with respect to motors that remain in the field, or the costs it may incur, some of which could be significant.

The Company is, from time to time, party to litigation that arises in the normal course of our business operations, including product warranty and liability claims, contract disputes and environmental, asbestos, employment and other litigation matters. The Company's products are used in a variety of industrial, commercial and residential applications that subject us to claims that the use of our products is alleged to have resulted in injury or other damage. The Company accrues for anticipated costs in defending against such lawsuits in amounts that we believe are adequate, and the Company does not believe that the outcome of any such lawsuit will have a material effect on the Company's financial position or its results of operations.

The Company recognizes the cost associated with its standard warranty on its products at the time of sale. The amount recognized is based on historical experience. The following is a reconciliation of the changes in accrued warranty costs for 2010 and 2009 (in thousands):

	2010	2009
Balance, beginning of year	**$13,298**	$11,022
Payments	**(14,420)**	(12,102)
Provision	**13,793**	14,465
Translation	**160**	(87)
Balance, end of year	**$12,831**	$13,298

(13) Leases and Rental Commitments

Rental expenses charged to operations amounted to $24.6 million in 2010, $18.9 million in 2009, and $16.3 million in 2008. The Company has future minimum rental commitments under operating leases as shown in the following table (in millions):

Year	**Expected Payments**
2011	$22.4
2012	19.0
2013	11.9
2014	7.6
2015	5.8
Thereafter	9.4

(14) Derivative Financial Instruments

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are commodity price risk, currency exchange risk, and interest rate risk. Forward contracts on certain commodities are entered into to manage the price risk associated with forecasted purchases of materials used in the Company's manufacturing process. Forward contracts on certain currencies are entered into to manage forecasted cash flows in certain foreign currencies. Interest rate swaps are entered into to manage interest rate risk associated with the Company's floating rate borrowings.

The Company recognizes all derivative instruments as either assets or liabilities at fair value in the statement of financial position. Accordingly, the Company designates commodity forward contracts as cash flow hedges of forecasted purchases of commodities, currency forward contracts as cash flow hedges of forecasted foreign currency cash flows and interest rate swaps as cash flow hedges of forecasted LIBOR-based interest payments. There were no significant collateral deposits on derivative financial instruments as of January 1, 2011.

Cash flow hedges

For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of accumulated other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or changes in market value of derivatives not designated as hedges are recognized in current earnings. At January 1, 2011, and January 2, 2010 the Company had an additional $4.1 million and $1.5 million, net of tax, of derivative gains on closed hedge instruments in AOCI that will be realized in earnings when the hedged items impact earnings.

As of January 1, 2011, the Company had outstanding the following commodity forward contracts (with maturities extending through September 2012) to hedge forecasted purchases of commodities (in millions):

	Notional Amount
Copper	$106.3
Aluminum	4.2
Natural Gas	0.7
Zinc	0.2

As of January 1, 2011, the Company had outstanding the following currency forward contracts (with maturities extending through December 2012) to hedge forecasted foreign currency cash flows (in millions):

	Notional Amount
Mexican Peso	$86.3
Indian Rupee	36.4
Chinese Renminbi	8.9
Australian Dollar	2.4

As of January 1, 2011, the total notional amount of the Company's receive-variable/pay-fixed interest rate swaps was $250.0 million (with maturities extending to August 2017).

Fair values of derivative instruments were (in millions):

	January 1, 2011			
	Prepaid Expenses	Other Noncurrent Assets	Accrued Expenses	Hedging Obligations
Designated as hedging instruments:				
Interest rate swap contracts	$ -	$ -	$ -	$39.1
Foreign exchange contracts	7.1	1.4	0.1	0.1
Commodity contracts	24.7	4.2	0.1	-
Not designated as hedging instruments:				
Foreign exchange contracts	0.2	-	-	-
Commodity contracts	0.2	-	-	-
Total Derivatives:	$32.2	$5.6	$0.2	$39.2

	January 2, 2010			
	Prepaid Expenses	Other Noncurrent Assets	Accrued Expenses	Hedging Obligations
Designated as hedging instruments:				
Interest rate swap contracts	$ -	$ -	$ -	$31.2
Foreign exchange contracts	-	1.1	5.5	-
Commodity contracts	3.5	-	-	-
Not designated as hedging instruments:				
Foreign exchange contracts	0.2	-	-	-
Commodity contracts	0.9	-	-	-
Total Derivatives:	$4.6	$1.1	$5.5	$31.2

As of January 1, 2011, the Company's fair value for derivative instruments were classified on the consolidated balance sheet as a current asset of $32.2 million, a noncurrent asset of $5.6 million, a current liability of $0.2 million, and a noncurrent liability of $39.2 million.

As of January 2, 2010, the Company's fair value for derivative instruments is classified on the consolidated balance sheet as a current asset of $4.6 million, a noncurrent asset of $1.1 million, a current liability of $5.5 million, and a noncurrent liability of $31.2 million.

The effect of derivative instruments on the consolidated statements of equity and earnings for the year ended January 1, 2011 and January 2, 2010 was (in millions):

Derivatives Designated as Cash Flow Hedging Instruments

	Year Ended January 1, 2011				Year Ended January 2, 2010			
	Commodity Forwards	Currency Forwards	Interest Rate Swaps	Total	Commodity Forwards	Currency Forwards	Interest Rate Swaps	Total
Gain (Loss) recognized in Other Comprehensive Income (Loss)	$38.5	$11.1	$(20.5)	$29.1	$30.6	$12.1	$6.9	$49.6
Amounts reclassified from other comprehensive income (loss) were:								
Loss recognized in Net Sales	-	-	-	-	-	(3.3)	-	(3.3)
Gain (Loss) recognized in Cost of Sales	10.1	(2.7)	-	7.4	(51.4)	(14.1)	-	(65.5)
Loss recognized in Interest Expense	-	-	(12.7)	(12.7)	-	-	(11.5)	(11.5)

The ineffective portion of hedging instruments recognized during the year ended January 1, 2011 was immaterial.

Derivatives Not Designated as Cash Flow Hedging Instruments

	Year Ended January 1, 2011			Year Ended January 2, 2010		
	Commodity Forwards	Currency Forwards	Total	Commodity Forwards	Currency Forwards	Total
Gain (loss) recognized in Cost of Sales	$(0.6)	$0.2	$(0.4)	$9.4	$(1.4)	$8.0

The ineffective portion of hedging instruments recognized was immaterial for all periods presented.

The net AOCI balance related to hedging activities of $2.8 million gains at January 1, 2011 includes $13.0 million of net current deferred gains expected to be realized in the next twelve months.

(15) Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The inputs used to measure fair value are classified into the following hierarchy:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 Unadjusted quoted prices in active markets for similar assets or liabilities, or

Unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or

Inputs other than quoted prices that are observable for the asset or liability

Level 3 Unobservable inputs for the asset or liability

The Company uses the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following table sets forth the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of January 1, 2011 (in millions):

	2010	2009	
Assets:			
Investments	$ 56.3	117.6	(Level 2)
Prepaid Expenses and Other Current Assets:			
Derivative Currency Contracts	7.3	0.2	(Level 2)
Derivative Commodity Contracts	24.9	4.4	(Level 2)
Other Noncurrent Assets:			
Derivative Currency Contracts	1.4	1.1	(Level 2)
Derivative Commodity Contracts	4.2	-	(Level 2)
Liabilities:			
Other Accrued Expenses:			
Derivative Currency Contracts	0.1	5.5	(Level 2)
Derivative Commodity Contracts	0.1	-	(Level 2)
Hedging Obligations – Long Term:			
Interest Rate Swap	39.1	31.2	(Level 2)
Derivative Currency Contracts	0.1	-	(Level 2)

(16) Industry Segment Information

The following sets forth certain financial information attributable to the Company's reporting segments for fiscal 2010, fiscal 2009 and fiscal 2008, respectively (in thousands):

	Net Sales	Income From Operations	Identifiable Assets	Capital Expenditures	Depreciation and Amortization
2010					
Electrical	**$2,001,989**	**$210,231**	**$2,323,164**	**$41,065**	**$66,746**
Mechanical	**235,989**	**27,504**	**125,972**	**3,929**	**6,123**
Total	**$2,237,978**	**$237,735**	**$2,449,136**	**$44,994**	**$72,869**
2009					
Electrical	$1,637,668	$144,901	$1,990,686	$29,503	$63,749
Mechanical	188,609	14,619	121,551	4,101	5,395
Total	$1,826,277	$159,520	$2,112,237	$33,604	$69,144
2008					
Electrical	$1,998,642	$191,532	$1,896,959	$45,186	$56,337
Mechanical	247,607	38,899	126,537	7,023	5,264
Total	$2,246,249	$230,431	$2,023,496	$52,209	$61,601

The Electrical segment manufactures and markets AC and DC commercial, industrial, commercial refrigeration, and HVAC electric motors and blowers. These products range in size from sub-fractional to small integral horsepower motors to larger commercial and industrial motors from 50 through 6500 horsepower. The Company offers thousands of stock models of electric motors in addition to the motors it produces to specific customer specifications. The Company also produces and markets precision servo motors, electric generators ranging in size from five kilowatts through four megawatts, automatic transfer switches and paralleling switchgear to interconnect and control electric power generation equipment. Additionally, the Electrical segment manufactures and markets a full line of AC and DC variable speed drives and controllers and other accessories for most industrial and commercial applications. The Company manufactures capacitors for use in HVAC systems, high intensity lighting and other applications. It sells its Electrical segment's products to original equipment manufacturers, distributors and end users across many markets.

The Mechanical segment manufactures and markets a broad array of mechanical motion control products including standard and custom worm gears, bevel gears, helical gears and concentric shaft gearboxes; marine transmissions; high-performance after-market automotive transmissions and ring and pinions; custom gearing; gearmotors; manual valve actuators; and electrical connecting devices. Gear and transmission related products primarily control motion by transmitting power from a source, such as an electric motor, to an end use, such as a conveyor belt, usually reducing speed and increasing torque in the process. Valve actuators are used primarily in oil and gas, water distribution and treatment and chemical processing applications. Mechanical products are sold to original equipment manufacturers, distributors and end users across many industry segments.

The Company evaluates performance based on the segment's income from operations. Corporate costs have been allocated to each segment based primarily on the net sales of each segment. The reported net sales of each segment are from external customers.

The following sets forth certain financial information attributable to geographic regions in which the Company operates for fiscal 2010, fiscal 2009 and fiscal 2008, respectively (in thousands):

	Net Sales		
	2010	2009	2008
Geographic Information:			
United States	**$1,530,866**	$1,335,046	$1,634,063
Asia	**414,786**	267,035	348,914
Rest of the World	**292,326**	224,196	263,272
	$2,237,978	$1,826,277	$2,246,249

	Long-Lived Assets		
	2010	2009	2008
Geographic Information:			
United States	**$964,267**	$889,180	$969,722
Asia	**219,230**	145,346	140,059
Rest of the World	**177,588**	98,335	52,453
	$1,361,085	$1,132,861	$1,162,234

(17) Related Party Transactions

As part of the consideration paid for the acquisition of Elco on November 1, 2010, the Company assumed $22.3 million payable to an entity that is affiliated with our Elco Group B.V. joint venture partner resulting from bankruptcy proceeding involving Elco. A portion will be paid during 2011 with the remaining balance paid during 2012. The Company has included the current amounts in Other Accrued Expenses and the long-term amount in Other Noncurrent Liabilities.

ITEM 9 – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A – CONTROLS AND PROCEDURES

In accordance with Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the year ended January 1, 2011. Based upon their evaluation of these disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of January 1, 2011 to ensure that (a) information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and (b) information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting.

The report of management required under this Item 9A is contained in Item 8 of Part II of this Annual Report on Form 10-K under the heading "Management's Annual Report on Internal Control over Financial Reporting."

Report of Independent Registered Public Accounting Firm.

The attestation report required under this Item 9A is contained in Item 8 of Part II of this Annual Report on Form 10-K under the heading "Report of Independent Registered Public Accounting Firm."

Changes in Internal Controls.

There were no changes in the Company's internal control over financial reporting that occurred during the quarter ended January 1, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B – OTHER INFORMATION

None.

PART III

ITEM 10 – DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

See the information in the sections titled "Proposal 1: Election of Directors," "The Board of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in our proxy statement for the 2011 annual meeting of shareholders (the "2011 Proxy Statement"). Information with respect to our executive officers appears in Part I of this Annual Report on Form 10-K.

We have adopted a Code of Business Conduct and Ethics (the "Code") that applies to all our directors, officers and employees. The Code is available on our website, along with our current Corporate Governance Guidelines, at www.regalbeloit.com. The Code and our Corporate Governance Guidelines are also available in print to any shareholder who requests a copy in writing from the Secretary of Regal Beloit Corporation. We intend to disclose through our website any amendments to, or waivers from, the provisions of these codes.

ITEM 11 – EXECUTIVE COMPENSATION

See the information in the sections titled "Compensation Discussion and Analysis," "Executive Compensation," "Report of the Compensation and Human Resources Committee," and "Director Compensation" in the 2011 Proxy Statement.

ITEM 12 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

See the information in the section titled "Stock Ownership" in the 2011 Proxy Statement.

Equity Compensation Plan Information

The following table provides information about our equity compensation plans as of January 1, 2011.

Plan category	Number of securities to be issued upon the exercise of outstanding options, warrants and rights (1)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column) (2)
Equity compensation plans approved by security holders	1,454,050	$43.50	1,802,275
Equity compensation plans not approved by security holders			
Total	1,454,050	$43.50	1,802,275

(1) Represents options to purchase our common stock and stock-settled stock appreciation rights granted under our 1998 Stock Option Plan, 2003 Equity Incentive Plan and 2007 Equity Incentive Plan.

(2) Excludes 181,177 shares of restricted common stock previously issued under our 2003 Equity Incentive Plan and 2007 Equity Incentive Plan for which the restrictions have not lapsed

ITEM 13 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

See the information in the section titled "The Board of Directors" in the 2011 Proxy Statement.

ITEM 14 – PRINCIPAL ACCOUNTANT FEES AND SERVICES

See the information in the section titled "Proposal 5: Ratification of Deloitte & Touche LLP as the Company's Independent Auditors for 2011" in the 2011 Proxy Statement.

PART IV

ITEM 15 – EXHIBITS, FINANCIAL STATEMENT SCHEDULE

(a) 1. Financial statements - The financial statements listed in the accompanying index to financial statements and financial statement schedule are filed as part of this Annual Report on Form 10-K.

2. Financial statement schedule - The financial statement schedule listed in the accompanying index to financial statements and financial statement schedule are filed as part of this Annual Report on Form 10-K.

3. Exhibits - The exhibits listed in the accompanying index to exhibits are filed as part of this Annual Report on Form 10-K.

(b) Exhibits- see Exhibit Index.

(c) See (a)(2) above

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 2nd day of March, 2011.

REGAL BELOIT CORPORATION

By: /s/ CHARLES A. HINRICHS
Charles A. Hinrichs
Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ PETER J. ROWLEY
Peter J. Rowley
Vice President and Corporate Controller
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

/s/ HENRY W. KNUEPPEL Henry W. Knueppel	Chief Executive Officer and Director (Principal Executive Officer)	March 2, 2011
/s/ MARK J. GLIEBE Mark J. Gliebe	Chief Operating Officer and Director (Principal Operating Officer)	March 2, 2011
/s/ STEPHEN M. BURT Stephen M. Burt	Director	March 2, 2011
/s/ CHRISTOPHER L. DOERR Christopher L. Doerr	Director	March 2, 2011
/s/ THOMAS J. FISCHER Thomas J. Fischer	Director	March 2, 2011
/s/ DEAN A. FOATE Dean A. Foate	Director	March 2, 2011
/s/ G. FREDERICK KASTEN, JR. G. Frederick Kasten, Jr.	Director	March 2, 2011
/s/ RAKESH SACHDEV Rakesh Sachdev	Director	March 2, 2011
/s/ CAROL N. SKORNICKA Carol N. Skornicka	Director	March 2, 2011
/s/ CURTIS W. STOELTING Curtis W. Stoelting	Director	March 2, 2011

REGAL BELOIT CORPORATION
Index to Financial Statements
And Financial Statement Schedule

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

SCHEDULE II
REGAL BELOIT CORPORATION
VALUATION AND QUALIFYING ACCOUNTS

	(In Thousands of Dollars)				
	Balance Beginning of Year	Charged to Expenses	Deductions[a]	Adjustments[b]	Balance End of Year
Allowance for receivables:					
Year ended January 1, 2011	$12,666	$1,143	$(3,623)	$451	$10,637
Year ended January 2, 2010	$11,145	$2,487	$(1,875)	$909	$12,666
Year ended December 27, 2008	$10,734	$4,260	$(3,365)	$(484)	$11,145
Allowance for product warranty reserves:					
Year ended January 1, 2011	$13,298	$13,793	$(14,420)	$160	$12,831
Year ended January 2, 2010	$11,022	$14,465	$(12,102)	$(87)	$13,298
Year ended December 27, 2008	$9,872	$8,268	$(7,431)	$313	$11,022

[a] Deductions consist of write offs charged against the allowance for doubtful accounts and warranty claim costs.
[b] Adjustments related to acquisitions and translation.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
2.1	Purchase Agreement, dated as of August 10, 2004, between Regal Beloit Corporation and General Electric Company. [Incorporated by reference to Exhibit 2.1 to Regal Beloit Corporation's Current Report on Form 8-K dated August 30, 2004 (File No. 001-07283)]
2.2	Amendment to Purchase Agreement, dated as of August 30, 2004, between Regal Beloit Corporation and General Electric Company. [Incorporated by reference to Exhibit 2.1 to Regal Beloit Corporation's Current Report on Form 8-K dated August 30, 2004 (File No. 001-07283)]
2.3	Purchase Agreement, dated as of November 14, 2004, between Regal Beloit Corporation and General Electric Company. [Incorporated by reference to Exhibit 2.1 to Regal Beloit Corporation's Current Report on Form 8-K dated December 31, 2004 (File No. 001-07283)]
2.4	Amendment to Purchase Agreement, dated as of December 31, 2004, between Regal Beloit Corporation and General Electric Company. [Incorporated by reference to Exhibit 2.1 to Regal Beloit Corporation's Current Report on Form 8-K dated December 31, 2004 (File No. 001-07283)]
2.5	Purchase Agreement, dated as of July 3, 2007, by and among Regal Beloit Corporation, Tecumseh Products Company, Fasco Industries, Inc. and Motores Fasco de Mexico, S. de R.L. de C.V. [Incorporated by reference to Exhibit 2.1 to Regal Beloit Corporation's Current Report on Form 8-K filed on September 7, 2007]
2.6	Asset and Stock Purchase Agreement, dated as of December 12, 2010, by and between Regal Beloit Corporation and A.O. Smith Corporation. [Incorporated by reference to Exhibit 2.1 to Regal Beloit Corporation's Current Report on Form 8-K filed on December 15, 2010]
3.1	Articles of Incorporation of Regal Beloit Corporation, as amended through April 20, 2007. [Incorporated by reference to Exhibit 3.1 to Regal Beloit Corporation's Current Report on Form 8-K filed on April 25, 2007 (File No. 001-07283)]
3.2	Amended and Restated Bylaws of Regal Beloit Corporation. [Incorporated by reference to Exhibit 3.2 to Regal Beloit Corporation's Current Report on Form 8-K filed on April 25, 2007 (File No. 001-07283)]
4.1	Articles of Incorporation, as amended, and Amended and Restated Bylaws of Regal Beloit Corporation [Incorporated by reference to Exhibits 3.1 and 3.2 hereto]
4.2	Indenture, dated April 5, 2004, between Regal Beloit Corporation and U.S. Bank National Association, as Trustee. [Incorporated by reference to Exhibit 4.3 to Regal Beloit Corporation's Registration Statement on Form S-3 filed on June 21, 2004 (Reg. No. 333-116706)]
4.3	First Supplemental Indenture, dated December 9, 2004, between Regal Beloit Corporation and U.S. Bank National Association, as Trustee. [Incorporated by reference to Exhibit 4 to Regal Beloit Corporation's Current Report on Form 8-K filed on December 14, 2004 (File No. 001-07283)]
4.4	Form of 2.75% Convertible Senior Subordinated Note due 2024 (included in Exhibit 4.2).
4.5	Second Amended and Restated Credit Agreement, dated as of April 30, 2007, among Regal Beloit Corporation, the financial institutions party thereto and Bank of America, N.A., as administrative agent. [Incorporated by reference to Exhibit 4.1 to Regal Beloit Corporation's Current Report on Form 8-K dated April 30, 2007 (File No. 001-07283)]
4.6	First Amendment, dated as of August 23, 2007, to the Second Amended and Restated Credit Agreement, dated as of April 30, 2007, by and among Regal Beloit Corporation, various financial institutions and Bank of America, N.A., as Administrative Agent. [Incorporated by reference to Exhibit 4.3 to Regal Beloit Corporation's Current Report on Form 8-K filed on August 24, 2007 (File No. 001-07283)]
4.7	Note Purchase Agreement, dated as of August 23, 2007, by and among Regal Beloit Corporation and Purchasers listed in Schedule A attached thereto. [Incorporated by reference to Exhibit 4.1 to Regal Beloit Corporation's Current Report on Form 8-K filed on August 24, 2007 (File No. 001-07283)]
4.8	Subsidiary Guaranty Agreement, dated as of August 23, 2007, from certain subsidiaries of Regal Beloit Corporation. [Incorporated by reference to Exhibit 4.2 to Regal Beloit Corporation's Current Report on Form 8-K filed on August 24, 2007] (File No. 001-07283)]
4.9	Term Loan Agreement, dated as of June 16, 2008, between Regal Beloit Corporation, various Financial Institutions, US Bank, National Association, Wells Fargo Bank, N.A., Bank of America, N.A., JP Morgan Chase Bank, N.A., JP Morgan Securities Inc. and Banc of America Securities LLC. [Incorporated by referenced to Exhibit 4.1 to Regal Beloit's Corporation's Current Report on Form 8-K filed on June 16, 2008 (File No. 001-2783)]
10.1*	1991 Flexible Stock Incentive Plan [Incorporated by reference to Exhibit 10.4 to Regal Beloit Corporation's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 001-07283)]
10.2*	1998 Stock Option Plan, as amended [Incorporated by reference to Exhibit 99 to Regal Beloit Corporation's Registration Statement on Form S-8 (Reg. No. 333-84779)]

Exhibit Number	Exhibit Description
10.3*	2003 Equity Incentive Plan [Incorporated by reference to Exhibit B to Regal Beloit Corporation's Definitive Proxy Statement on Schedule 14A for the 2003 Annual Meeting of Shareholders (File No. 001-07283)]
10.4*	Regal Beloit Corporation 2007 Equity Incentive Plan (incorporated by reference to Appendix B to Regal Beloit Corporation's definitive proxy statement on Schedule 14A for the Regal Beloit Corporation 2007 annual meeting of shareholders held April 20, 2007 (File No. 1-07283))
10.5*	Form of Key Executive Employment and Severance Agreement between Regal Beloit Corporation and each of Henry W. Knueppel and Mark J. Gliebe. [Incorporated by reference to Exhibit 10.6 to Regal Beloit Corporation's Annual Report on Form 10-K for the year ended December 29, 2007. (File No. 001-07283)]
10.6*	Form of Key Executive Employment and Severance Agreement between Regal Beloit Corporation and Terry R. Colvin. [Incorporated by reference to Exhibit 10.7 to Regal Beloit Corporation's Annual Report on Form 10-K for the year ended December 29, 2007. (File No. 001-07283)]
10.7*	Form of Key Executive Employment and Severance Agreement between Regal Beloit Corporation and each of Charles A Hinrichs, Peter C. Underwood and John M. Avampato. [Incorporated by reference to Exhibit 10.1 to Regal Beloit Corporation's Current Report on Form 8-K filed on November 2, 2010 (File No. 001-07283)]
10.8*	Form of Agreement for Stock Option Grant. [Incorporated by reference to Exhibit 10.9 to Regal Beloit Corporation's Annual Report on Form 10-K for the year ended December 31, 2005. (File No. 001-07283)]
10.9*	Form of Restricted Stock Agreement. [Incorporated by reference to Exhibit 10.10 to Regal Beloit Corporation's Annual Report on Form 10-K for the year ended December 31, 2005. (File No. 001-07283)]
10.10*	Form of Restricted Stock Unit Award Agreement under the Regal Beloit Corporation 2003 Equity Incentive Plan. [Incorporated by reference to Exhibit 10.10 to Regal Beloit Corporation's Annual Report on Form 10-K for the year ended December 29, 2007. (File No. 001-07283)]
10.11*	Form of Stock Option Award Agreement under the Regal Beloit Corporation 2007 Equity Incentive Plan. [Incorporated by reference to Exhibit 10.2 to Regal Beloit Corporation's Current Report on Form 8-K filed on April 25, 2007 (File No. 001-07283)]
10.12*	Form of Restricted Stock Award Agreement under the Regal Beloit Corporation 2007 Equity Incentive Plan. [Incorporated by reference to Exhibit 10.3 to Regal Beloit Corporation's Current Report on Form 8-K filed on April 25, 2007 (File No. 001-07283)]
10.13*	Form of Restricted Stock Unit Award Agreement under the Regal Beloit Corporation 2007 Equity Incentive Plan. [Incorporated by reference to Exhibit 10.4 to Regal Beloit Corporation's Current Report on Form 8-K filed on April 25, 2007 (File No. 001-07283)]
10.14*	Form of Stock Appreciation Right Award Agreement under the Regal Beloit Corporation 2007 Equity Incentive Plan. [Incorporated by reference to Exhibit 10.5 to Regal Beloit Corporation's Current Report on Form 8-K filed on April 25, 2007 (File No. 001-07283)]
10.15*	Target Supplemental Retirement Plan for designated Officers and Key Employees, as amended and restated. [Incorporated by reference to Exhibit 10.2 to Regal Beloit Corporation's Current Report on Form 8-K dated November 2, 2010]
10.16*	Form of Participation Agreement for Target Supplemental Retirement Plan. [Incorporated by reference to Exhibit 10.12 to Regal Beloit Corporation's Annual Report on Form 10-K for the year ended December 31, 2005. (File No. 001-07283)]
10.17	Regal Beloit Corporation Shareholder Value Added (SVA) Executive Officers Incentive Compensation Plan.
12	Computation of Ratio of Earnings to Fixed Charges.
21	Subsidiaries of Regal Beloit Corporation.
23	Consent of Independent Auditors.
31.1	Certificate of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Section 1350 Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Proxy Statement of Regal Beloit Corporation for the 2011 Annual Meeting of Shareholders [The Proxy Statement for the 2011 Annual Meeting of Shareholders will be filed with the Securities and Exchange Commission under Regulation 14A within 120 days after the end of the Company's fiscal year. Except to the extent specifically incorporated by reference, the Proxy Statement for the 2011 Annual Meeting of Shareholders shall not be deemed to be filed with the Securities and Exchange Commission as part of this Annual Report on Form 10-K.]

* A management contract or compensatory plan or arrangement.

EXHIBIT 12

REGAL BELOIT CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006
Earnings available for fixed charges:					
Income before taxes and Noncontrolling interests	$220,729	$137,955	$199,263	$180,343	$170,568
Interest expense	19,576	23,284	32,647	26,650	24,160
Estimated interest component of rental expense	6,594	6,297	5,318	4,433	2,500
Total earnings available for fixed charges	$246,899	$167,536	$237,228	$211,426	$197,228
Fixed charges:					
Interest expense	$19,576	$23,284	$32,647	$26,650	$24,160
Estimated interest component of rental expense	6,594	6,297	5,318	4,433	2,500
Total fixed charges	$26,170	$29,581	$37,965	$31,083	$26,660
Ratio of earnings to fixed charges	9.4	5.7	6.3	6.8	7.4

BOARD OF DIRECTORS

HENRY W. KNUEPPEL
Chairman and Chief Executive Officer
Regal Beloit Corporation
Director since 1987

MARK J. GLIEBE
President and Chief Operating Officer
Regal Beloit Corporation
Director since 2007

CHRISTOPHER L. DOERR (3)
Formerly Co-Chairman,
Co-Chief Executive Officer
LEESON Electric Corporation
Director since 2003

THOMAS J. FISCHER (1)(2)
Former Managing Partner,
Milwaukee Office
Arthur Andersen LLP
Director since 2004

DEAN A. FOATE (2*)
President and Chief Executive Officer
Plexus Corporation
Director since 2005

G. FREDERICK KASTEN, JR. (4)
Former Chairman and Director
Robert W. Baird & Co., Inc.
Director since 1995

RAKESH SACHDEV (1)(3)
Sr. Vice President and President of Asia Pacific
ArvinMeritor, Inc.
Director since 2007

CURTIS W. STOELTING (1*)
Chief Executive Officer
RC2 Corporation
Director since 2005

CAROL N. SKORNICKA (3*)
Retired Sr. Vice President-Corporate Affairs,
Secretary and General Counsel
Midwest Air Group
Director since 2006

STEPHEN M. BURT (1)(3)
Managing Director
Duff & Phelps
Director since 2010

COMMITTEE ASSIGNMENTS AS OF JANUARY 2009
(1) Member of Audit Committee
(2) Member of Compensation and Human Resources Committee
(3) Member of Corporate Governance and Director Affairs Committee
(4) Presiding Director
* Committee Chairman

We have filed as exhibits to our Annual Report on Form 10-K for the fiscal year ended December 27, 2008 the certifications of our Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act. We submitted to the New York Stock Exchange during fiscal 2008 the Annual CEO Certification required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual.

Regal-Beloit Corporation
World Headquarters
200 State Street
Beloit, Wisconsin 53511-6254
www.regalbeloit.com

DEF 14A 1 rbcproxystatement2011.htm REGAL BELOIT CORPORATION PROXY STATEMENT

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☑

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☑ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

REGAL BELOIT CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☑ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:
2) Aggregate number of securities to which transaction applies:
3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
4) Proposed maximum aggregate value of transaction:
5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:
2) Form, Schedule or Registration Statement No.:
3) Filing Party:
4) Date Filed:

REGAL BELOIT CORPORATION
200 State Street
Beloit, Wisconsin 53511

Notice of 2011 Annual Meeting of Shareholders
To Be Held May 2, 2011

To the Shareholders of Regal Beloit Corporation:

You are hereby notified that the 2011 Annual Meeting of shareholders of Regal Beloit Corporation will be held at the James L. Packard Learning Center located at the Company's corporate headquarters, 200 State Street, Beloit, Wisconsin 53511, on Monday, May 2, 2011, at 9:00 a.m., Central Daylight Time, for the following purposes:

1. To elect three Class C Directors for terms expiring at the 2014 Annual Meeting of Shareholders and one Class A Director for a term expiring at the 2012 Annual Meeting of Shareholders.

2. To hold a shareholder advisory vote on the compensation of the Company's named executive officers as disclosed in the accompanying proxy statement.

3. To hold a shareholder advisory vote on the frequency of the advisory vote on the compensation of the Company's named executive officers.

4. To seek shareholder approval of the Company's Shareholder Value Added (SVA) Executive Officers Incentive Compensation Plan.

5. To ratify the selection of Deloitte & Touche LLP as the independent auditors for the Company for the year ending December 31, 2011.

6. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on March 10, 2011 as the record date for the determination of the shareholders entitled to notice of and to vote at the annual meeting.

We hope that you will be able to attend the meeting in person, but if you are unable to do so, please complete, sign and promptly mail back the enclosed proxy form, using the return envelope provided. You also have the option to vote your shares by the Internet or telephone by following the instructions printed on the enclosed proxy card. If, for any reason, you should subsequently change your plans, you may, of course, revoke your proxy at any time before it is actually voted.

By Order of the Board of Directors
REGAL BELOIT CORPORATION

Peter C. Underwood
Vice President, General Counsel and Secretary

Beloit, Wisconsin
March 30, 2011

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 2, 2011. The Regal Beloit Corporation proxy statement for the 2011 Annual Meeting of Shareholders and 2010 Annual Report to Shareholders are available at www.proxydocs.com/rbc.

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PROXY STATEMENT

This proxy statement and accompanying proxy card are being mailed to holders of Regal Beloit Corporation ("we" or the "Company") common stock beginning on or about March 30, 2011. The Company, on behalf of its Board of Directors (the "Board"), is soliciting your proxy to vote your shares of the Company's common stock at the 2011 annual meeting of shareholders, and all adjournments or postponements thereof (the "Annual Meeting"). We solicit proxies to give all shareholders of record an opportunity to vote on matters that will be presented at the Annual Meeting. In this proxy statement, you will find information on these matters, which is provided to assist you in voting your shares.

COMMONLY ASKED QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Q: ***What am I being asked to vote on?***

A:

- The election of directors;
- An advisory vote on the compensation of our named executive officers as disclosed in this proxy statement;
- An advisory vote on the frequency of the advisory vote on the compensation of our named executive officers;
- Approval of our Shareholder Value Added (SVA) Executive Officers Incentive Compensation Plan (the "SVA Plan"); and
- Ratification of the selection of Deloitte & Touche LLP as our independent auditors for 2011.

Q: ***Who can vote?***

A: Holders of our common stock as of the close of business on the record date, March 10, 2011, may vote at the Annual Meeting, either in person or by proxy. Each share of common stock is entitled to one vote.

Q: ***How do I vote?***

A: *By Proxy*—Before the Annual Meeting, you can give a proxy to vote your shares of common stock in one of the following ways:

- by telephone;
- by using the Internet; or
- by completing and signing your proxy card and mailing it in time to be received prior to the Annual Meeting.

The telephone and Internet voting procedures are designed to confirm your identity, to allow you to give your voting instructions and to verify that your instructions have been properly recorded. If you wish to vote by telephone or Internet, please follow the instructions that are printed on the enclosed proxy card.

If you mail to us your properly completed and signed proxy card, or vote by telephone or the Internet, then your shares of common stock will be voted according to the choices that you specify. If you sign and mail your proxy card to us without making any choices, your proxy will be voted:

- FOR the election of all persons nominated by the Board for election as directors;
- FOR the approval of the compensation of our named executive officers;

- To hold a shareholder advisory vote on the frequency of the advisory vote on the compensation of our named executive officers once every three years;
- FOR approval of the SVA Plan; and
- FOR the ratification of the selection of Deloitte & Touche LLP as our independent auditors for 2011.

Other than the election of directors, approval of the compensation of our named executive officers, recommending the frequency with which advisory votes on the compensation of our named executive officers are held, approval of the SVA Plan and the ratification of the selection of our independent auditors, we are not currently aware of any other matters that will be brought before the Annual Meeting. However, by giving your proxy, you appoint the persons named as proxies as your representatives at the Annual Meeting. If a matter comes up for a vote at the Annual Meeting that is not included in the proxy materials, then the proxy holders will vote your shares in accordance with their best judgment.

In Person—You may come to the Annual Meeting and cast your vote there. If your shares are held in the name of your broker, bank or other nominee and you wish to vote at the Annual Meeting, then your broker, bank or other nominee will provide you with instructions for voting your shares.

Q: May I change or revoke my vote?

A: You may change your vote or revoke your proxy at any time prior to your shares being voted by:

- notifying our Secretary in writing that you are revoking your proxy;
- giving another signed proxy that is dated after the date of the proxy that you wish to revoke;
- using the telephone or Internet voting procedures; or
- attending the Annual Meeting and voting in person (attendance at the Annual Meeting alone will not revoke your proxy).

Q: Will my shares be voted if I do not provide my proxy?

A: It depends on whether you hold your shares in your own name or in the name of a brokerage firm. If you hold your shares directly in your name, then they will not be voted unless you provide a proxy or vote in person at the Annual Meeting. Brokerage firms or other nominees generally have the authority to vote customers' unvoted shares on certain "routine" matters. If your shares are held in the name of a brokerage firm, the brokerage firm has the discretionary authority to vote your shares in connection with the ratification of our independent auditors if you do not timely provide your proxy because this matter is considered "routine" under the New York Stock Exchange ("NYSE") listing standards.

However, if you have not provided directions to your broker, your broker will not be able to vote your shares with respect to the election of directors, approval of the compensation of our named executive officers, the frequency of the advisory vote on the compensation of our named executive officers or approval of the SVA Plan. **We strongly encourage you to submit your proxy card and exercise your right to vote as a shareholder.**

Q: What constitutes a quorum?

A: As of the record date, March 10, 2011, 38,633,463 shares of our common stock were issued and outstanding and entitled to vote at the Annual Meeting. To conduct the Annual Meeting, a majority of the shares entitled to vote must be present in person or by proxy. This is referred to as a "quorum." If you submit a properly executed proxy card or vote by telephone or the Internet, then you will be considered present at the Annual Meeting for purposes of determining the presence of a quorum. Abstentions and broker "non-votes" will be counted as present and entitled to vote for purposes of determining the presence of a quorum. A broker "non-vote" occurs when a broker or other nominee who holds shares for another person has not received voting instructions from the owner of the shares and, under NYSE rules, does not have discretionary authority to vote on a proposal.

Q: What vote is needed for these proposals to be adopted?

A: *Proposal 1*—The affirmative vote of the holders of a majority of the shares of our common stock represented in person or by proxy at the Annual Meeting is required to elect each director (assuming a quorum is present). Withhold votes, abstentions and broker "non-votes" will have the effect of votes against.

Proposal 2— The affirmative vote of the holders of a majority of the shares of our common stock represented in person or by proxy at the Annual Meeting is required to approve the compensation of our named executive officers (assuming a quorum is present). Because this vote is advisory, the results of the vote are not binding on our Board of Directors or our Compensation and Human Resources Committee. However, if there is a significant vote against the compensation of our named executive officers, our Board of Directors and our Compensation and Human Resources Committee will carefully evaluate whether any actions are necessary to address those concerns. Abstentions and broker non-votes will have the effect of votes against this proposal.

Proposal 3— The frequency of the advisory vote on the compensation of our named executive officers receiving the greatest number of votes cast in favor of such frequency, whether every year, every two years or every three years, will be the frequency of the advisory vote on executive compensation that shareholders are deemed to have approved. Because this vote is also advisory, the results of the vote are not binding on our Board of Directors or our Compensation and Human Resources Committee. Our Board of Directors and our Compensation and Human Resources Committee intend to consider the results of this advisory vote in making a determination concerning the frequency of advisory shareholder votes on the compensation of our named executive officers. Abstentions and broker non-votes will have no effect on this proposal.

Proposal 4— The affirmative vote of the holders of a majority of the shares of our common stock represented and voted at the Annual Meeting (assuming a quorum is present) is required to approve the SVA Plan. Abstentions and broker non-votes will have the effect of votes against this proposal.

Proposal 5—The affirmative vote of the holders of a majority of the shares of our common stock represented and voted at the Annual Meeting (assuming a quorum is present) is required to ratify the selection of Deloitte & Touche LLP as our independent auditors for 2011. Abstentions will have the effect of votes against this proposal.

Q: Who conducts the proxy solicitation and how much will it cost?

A: We are requesting your proxy for the Annual Meeting and will pay all costs of soliciting shareholder proxies. In addition to soliciting proxies by mail, we may request proxies personally and by telephone, fax or other means. We can use our directors, officers and regular employees to request proxies. These people do not receive additional compensation for these services. We will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket and clerical expenses for forwarding solicitation materials to beneficial owners of our common stock.

Q: Are the Company's proxy materials available on the Internet?

A: Yes. The Company's proxy statement for the 2011 Annual Meeting of Shareholders and 2010 Annual Report to Shareholders are available at www.proxydocs.com/rbc.

PROPOSAL 1: ELECTION OF DIRECTORS

The Board is currently comprised of ten directors, divided into three classes of four, three and three members, respectively, with the terms of one class of directors expiring each year. The Board has nominated Thomas J. Fischer, Carol N. Skornicka and Rakesh Sachdev, each of whom is currently serving as a director, for election at the Annual Meeting as Class C directors to serve until the 2014 annual meeting of shareholders and until their successors are duly elected and qualified. In addition, the Board has nominated Stephen M. Burt, who is currently serving as a director, for election at the Annual Meeting as a Class A director to serve until the 2012 annual meeting of shareholders and until his successor is duly elected and qualified. Mr. Burt was appointed to the Board in July 2010 in connection with an increase in the size of the Board from nine to ten directors, and our Corporate Governance Guidelines require that any individual who is appointed by the Board to serve as a director must stand for re-election by our shareholders at the next annual meeting following that director's appointment.

All of our other directors are expected to serve on the Board until their respective terms expire as indicated below, except that Mr. Kasten will retire from the Board effective at the Annual Meeting, at which time the size of our Board will be reduced to nine directors. Mr. Kasten is retiring because he has reached the mandatory retirement age of 72 as specified in our Corporate Governance Guidelines.

Unless shareholders otherwise specify, the shares represented by the proxies received will be voted in favor of the election as directors of the persons named as nominees herein. The Board has no reason to believe that any of the listed nominees will be unable or unwilling to serve as a director if elected. However, in the event that any nominee should be unable or unwilling to serve, the shares represented by proxies received will be voted for another nominee selected by the Board.

The following sets forth certain information, as of March 10, 2011, about each of the Board nominees for election at the Annual Meeting and each director whose term will continue after the Annual Meeting. Except as otherwise noted, each nominee has engaged in the principal occupation or employment and has held the offices shown for more than the past five years.

Nominees for Election at the Annual Meeting

Name	Age	Director Since	Principal Occupation; Office, if any, Held in the Company; Other Directorships
Class C Directors—Terms Expiring at the 2011 Annual Meeting of Shareholders			
Thomas J. Fischer	63	2004	Corporate financial, accounting and governance consultant since 2002; retired Deputy Managing Partner for the Great Plains Region and Milwaukee office managing partner, Arthur Andersen LLP; director, Badger Meter Inc., Actuant Corporation and Wisconsin Energy Corporation. Mr. Fischer has experience in financial matters as a certified public accountant, as a consultant in corporate financial, accounting and corporate governance matters and as a former senior partner of an international independent public accounting firm. The skills Mr. Fischer acquired through these positions in the areas of financial matters, accounting and auditing matters including financial reporting, corporate transactions and enterprise risk management, as well as his background as a director and audit committee member of several publicly-traded companies, led to the conclusion that he should serve as a director of the Company.
Carol N. Skornicka	69	2006	Retired Sr. Vice President-Corporate Affairs, Secretary and General Counsel of Midwest Air Group (a holding company for a commercial airline company); employed by Midwest from 1996 to her retirement in February 2008. In addition to her private sector experience, Ms. Skornicka served as Secretary of the State of Wisconsin Department of Industry, Labor and Human Relations from 1991 to 1996. Ms. Skornicka's experience in leadership roles in the public and private sectors, her career as an executive of a publicly-traded company, and her resulting skills in the areas of government relations, legal matters, corporate communications and enterprise risk management led to the conclusion that she should serve as a director of the Company.
Rakesh Sachdev	54	2007	President and Chief Executive Officer of Sigma-Aldrich Corporation (a life science and technology company that develops and sells biochemical and organic chemical products and kits) since November 2010; prior thereto served as Vice President and Chief Financial Officer of Sigma-Aldrich Corporation since October 2008; prior thereto worked in various positions with ArvinMeritor, Inc. since 1999, including Senior Vice President and President of Asia Pacific from 2007 to October 2008, Senior Vice President-Strategy and Corporate Development from 2005 to 2007 and Vice President and Corporate Controller/Interim CFO from 2003 to 2005. Mr. Sachdev has held varied executive positions at publicly-traded manufacturing companies over his career, giving him experience in the areas of corporate transactions, operations and manufacturing, international business, corporate communications and enterprise risk management. Mr. Sachdev also has significant financial expertise as a chief financial officer and an educational background in mechanical engineering. These skills led to the conclusion that Mr. Sachdev should serve as a director of the Company.
Class A Director—Term Expiring at the 2012 Annual Meeting of Shareholders			
Stephen M. Burt	46	2010	Managing Director of Duff & Phelps (a provider of independent financial advisory and investment banking services) and President of Duff & Phelps Securities, LLC (a provider of merger and acquisition advisory services) since 1994. Mr. Burt's experience in global mergers and acquisitions, business development and capital raising, as well as his background in corporate banking and advisory services, experience with manufacturing industries and education in finance, led to the conclusion that he should serve as a director of the Company.

THE BOARD RECOMMENDS THE FOREGOING NOMINEES FOR ELECTION AS DIRECTORS AND URGES EACH SHAREHOLDER TO VOTE "FOR" ALL NOMINEES.

Directors Continuing in Office:

Name	Age	Director Since	Principal Occupation; Office, if any, Held in the Company; Other Directorships
Class A Directors—Terms Expiring at the 2012 Annual Meeting of Shareholders			
Henry W. Knueppel	62	1987	Chairman of the Board and Chief Executive Officer of the Company since April 2006; elected Chief Executive Officer April 2005; President and Chief Operating Officer from 2002-2005; Executive Vice President from 1987-2002; employed by the Company since 1979; director, Harsco Corporation. Mr. Knueppel's experience as an executive of the Company and his resulting skills in the areas of corporate transactions, operations and manufacturing, international business, brand marketing, corporate communications and enterprise risk management, along with his familiarity with our business and industry and his role as our Chief Executive Officer, led to the conclusion that he should serve as a director of the Company and Chairman of the Board.
Dean A. Foate	52	2005	President and Chief Executive Officer of Plexus Corporation (an electronics manufacturing services company) since 2002; served as Chief Operating Officer of Plexus Corporation from 2001-2002; director of Plexus Corporation. Mr. Foate's experience in business development and corporate transactions, operations and manufacturing, international business, brand marketing and enterprise risk management gained as an executive and a director of a publicly-traded company, as well as his background in electrical engineering, led to the conclusion that he should serve as a director of the Company.

Name	Age	Director Since	Principal Occupation; Office, if any, Held in the Company; Other Directorships
Class B Directors—Terms Expiring at the 2013 Annual Meeting of Shareholders			
Christopher L. Doerr	61	2003	Executive Chairman and Chief Executive Officer of Karl's Rental, Inc. (global manufacturer and supplier of portable event structures and related equipment) since 2009; Co-CEO of Sterling Aviation Holdings, Inc. (aircraft management and charter company) since 2004 and Co-CEO of Passage Partners, LLC (a private investment company) since 2001; former President and Co-CEO, Leeson Electric Corporation from 1986-2001. Mr. Doerr is currently a director of Roadrunner Transportation Systems, Inc., and has served a director of several privately-held and publicly-traded companies and as a chief executive officer of a number of privately-held companies. Mr. Doerr's leadership experience and operations and manufacturing, international business and brand marketing expertise garnered from these positions, as well as his familiarity with our industry from his time as co-chief executive officer of Leeson Electric Corporation, which manufactures electric motors, gear boxes and drives, led to the conclusion that he should serve as a director of the Company.
Mark J. Gliebe	50	2007	President and Chief Operating Officer of the Company since December 2006; Vice President and President-Electric Motors Group of the Company from January 2005 to December 2005; prior thereto employed by General Electric Company (a diversified industrial and commercial manufacturing corporation) as the General Manager of GE Motors & Controls in the GE Consumer & Industrial business unit from 2000-2004. Mr. Gliebe's skills in corporate transactions, operations and manufacturing, international business, brand marketing and enterprise risk management, and his familiarity with the industry in which we compete, acquired through his prior background as a manager and executive at a publicly-traded company and as an executive of the Company, led to the conclusion that he should serve as a director of the Company.
Curtis W. Stoelting	50	2006	Chief Executive Officer of RC2 Corporation (a designer, producer and marketer of high-quality toys, collectibles and infant and toddler products) since 2003; prior thereto as Chief Operating Officer from 2000-2003 and Executive Vice President from 1998-2003 of RC2 Corporation. Mr. Stoelting's skills in business development and corporate transactions, operations and manufacturing, international business, brand marketing and

enterprise risk management gained as a chief executive officer and director of a privately-held company, as well as his financial expertise as a certified public accountant, led to the conclusion that he should serve as a director of the Company.

Directors Not Continuing in Office:

G. Frederick Kasten, Jr.	72	1995	Retired Chairman and director, Robert W. Baird & Co., Inc.; served as President of Robert W. Baird & Co., Inc. from 1979-1999; as Chief Executive Officer from 1983-2000; and as Chairman and director from 2000-2005. Mr. Kasten's career as president, chief executive officer and chairman of a large financial firm and as a director of numerous other financial and regulatory entities, and his resulting expertise in corporate transactions, financial markets and corporate communications, led to the conclusion that he should serve as a director of the Company.

BOARD OF DIRECTORS

Corporate Governance and Independent Directors

The Board has in effect Corporate Governance Guidelines that, in conjunction with the Board committee charters, establish processes and procedures to help ensure effective and responsive governance by the Board. The Corporate Governance Guidelines are available, free of charge, on our website at www.regalbeloit.com. We are not including the information contained on or available through our website as a part of, or incorporating such information by reference into, this Proxy Statement.

The Corporate Governance Guidelines provide that a majority of the members of the Board must be independent directors under the listing standards of the NYSE. The Board has also adopted certain categorical standards of director independence to assist it in making determinations of director independence and which are contained in the Corporate Governance Guidelines. The categorical standards of director independence adopted by the Board are available on our website at www.regalbeloit.com.

Based on these standards, the Board has affirmatively determined by resolution that Messrs. Burt, Doerr, Fischer, Foate, Kasten, Sachdev and Stoelting and Ms. Skornicka have no material relationship with the Company, and, therefore, each is independent in accordance with the NYSE listing standards and with the categorical standards of director independence adopted by the Board. The Board will regularly review the continuing independence of the directors.

Code of Business Conduct and Ethics

The Board has adopted the Regal Beloit Corporation Code of Business Conduct and Ethics, which applies to our directors, officers and employees. The Code is available, free of charge, on our website at www.regalbeloit.com.

Leadership Structure; Board's Role in Oversight of Risk

Our Board does not have a policy on whether or not the roles of CEO and Chairman should be separate. Our Board reserves the right to vest the responsibilities of the CEO and Chairman in different individuals or in the same individual if in the Board's judgment a combined CEO and Chairman position is in the best interest of our company. In the circumstance where the responsibilities of the CEO and Chairman are vested in the same individual, or where the Chairman is not considered independent, the Board will designate a Presiding Director from among the independent directors to preside at the meetings of the non-employee director executive sessions.

In 2010, the positions of Chairman and CEO were combined. Our Board determined that this combined role most appropriately suited our company at that time because we believe Mr. Knueppel is the person best qualified to serve as Chairman given his past leadership of our Board, his long history with our company and his skills and experience within the industries in which we operate. Effective at the Annual Meeting, Mr. Knueppel will retire as our CEO, and Mr. Gliebe will become our CEO. Mr. Knueppel will remain as an executive employee of the Company through the end of 2011 to aid in the transition, and will remain our Chairman at least through the end of that transition period.

Our Board believes that there is no single best organizational model that would be most effective in all circumstances and therefore retains the authority to modify this structure to best address our company's unique circumstances as and when appropriate. Accordingly, for 2011, our Board has determined that retaining Mr. Knueppel as Chairman, while Mr. Gliebe assumes the position of CEO, will best serve the needs of the Board and our shareholders. Our Board made this determination because Mr. Knueppel is uniquely qualified at this time to serve as Chairman in light of his past leadership of our Board, his long history with our company, including his history as our CEO, and his skills and experience within the industries in which we operate. Our Board also believes that the split in the Chairman and CEO roles will allow Mr. Gliebe to focus more of his energies on the management of our company's business during the transition period.

Presiding Director

To supplement the combined Chairman and CEO position, our Board created a Presiding Director role. The position of the Presiding Director rotates periodically among the non-employee directors as determined by the Board upon the recommendation of the Corporate Governance and Director Affairs Committee. Mr. Kasten currently serves as the Presiding Director, and Mr. Doerr will serve as the Presiding Director commencing after the Annual Meeting. The Presiding Director is an independent and empowered director who is appointed by the independent directors and who works closely with the Chairman. We have determined to continue maintaining a Presiding Director while Mr. Knueppel remains our Chairman because Mr. Knueppel will not be considered independent under the rules of the New York Stock Exchange.

In addition to serving as the principal liaison between the independent directors and the Chairman in matters relating to the Board as a whole, the primary responsibilities of the Presiding Director are as follows:

- Preside at all meetings of the Board at which the Chairman is not present, including any executive sessions of the independent directors and establish agendas for such executive sessions in consultation with the other directors and the Chairman;

- Review proposed Board meeting agendas;

- Review Board meeting schedule to help assure that there is sufficient time for discussion of all agenda items;

- Have the authority to call meetings of the independent directors as appropriate; and

- Be available, as deemed appropriate by the Board, for consulation and direct communication with shareholders.

Oversight of Risk Management

Our full Board is responsible for the oversight of our company's operational and strategic risk management process. In furtherance of the Board's risk management oversight goals, the Board has created a Risk Committee comprised of senior management and key managers of each of our company's business units and functions around the world. The Risk Committee is charged with identifying, assessing and developing a mitigation strategy for significant risks that could impact our ability to meet our objectives and execute our strategies. The management-based Risk Committee identifies and clarifies significant risks that may impact our company and assesses those risks, resulting in the establishment of a plan response/mitigation strategy for significant risks. The management-based Risk Committee delivers a summary of its activities and findings directly to our CEO, the Audit Committee, and our full Board. Our Board relies on our Audit Committee to address significant financial risk exposures facing our company and the steps management has taken to monitor, control and report such exposures, with appropriate reporting of these risks to be made to the full Board. Our Board relies on our Compensation and Human Resources Committee to address significant risk exposures facing our company with respect to compensation programs and incentives, also with appropriate reporting of these risks to be made to the full Board. Our Board's role in our company's risk oversight has not affected our leadership structure.

Executive Sessions

The Board will have at least four regularly scheduled meetings a year at which the non-employee directors will meet in executive session without members of our management being present. The non-employee directors may also meet without management present at such other times as they determine appropriate. Members of the Company's senior executive management who are not members of the Board will participate in Board meetings to present information, make recommendations, and be available for direct interaction with members of the Board.

Communications with the Board

Shareholders and other interested parties may communicate with the full Board, the Chairman of the Board, non-management directors as a group or individual directors, including the Presiding Director, by delivering a written communication to Regal Beloit Corporation, Attention: Board of Directors, 200 State Street, Beloit, Wisconsin 53511, or by sending an e-mail communication to board.inquiry@regalbeloit.com. The communications should be addressed to the specific director or directors whom the shareholder or interested party wishes to contact and should specify the subject matter of the communication. The Company's Secretary will deliver appropriate communication directly to the director or directors to whom it is addressed. The Secretary will generally not forward to the director or directors communication that he determines to be primarily commercial in nature or concerns our day-to-day business activities, or that requests general information about the Company.

Concerns about accounting or auditing matters or possible violations of the Regal Beloit Corporation Code of Business Conduct and Ethics should be reported pursuant to the procedures outlined in the Code of Business Conduct and Ethics and in our policy regarding Reporting Ethical, Legal and Accounting Concerns, both of which are available on our website at www.regalbeloit.com.

Committees

We have standing Audit, Compensation and Human Resources, and Corporate Governance and Director Affairs Committees of the Board. Each committee is appointed by and reports to the Board. The Board has adopted, and may amend from time to time, a written charter for each of the Audit, Compensation and Human Resources, and Corporate Governance and Director Affairs Committees. We make copies of each of these charters available free of charge on our website at www.regalbeloit.com.

Audit Committee. The Audit Committee consists of Messrs. Stoelting (Chairperson), Burt, Fischer and Sachdev. Each of the members of the committee is independent as defined by the NYSE listing standards and the rules of the Securities and Exchange Commission (the "SEC"). The Board has determined that each of Messrs. Burt, Stoelting, Fischer and Sachdev qualifies as an "audit committee financial expert" as defined in SEC rules and meets the expertise requirements for audit committee members under the NYSE listing standards. The principal functions performed by the Audit Committee, which met four times in person and three times telephonically in 2010, are to assist the Board in monitoring the overall quality of the Company's financial statements and financial reporting, the independent auditor's qualifications and independence, our accounting controls and policies, the performance of our internal audit function and independent auditors, and our compliance with legal and regulatory requirements. The Audit Committee has the sole authority to appoint, retain, compensate and terminate our independent auditors and to approve the compensation paid to the independent auditors. The Audit Committee has presented to shareholders for ratification at the Annual Meeting its selection of independent auditors for 2011. See "Proposal 5: Ratification of Deloitte & Touche LLP as the Company's Independent Auditors for 2011."

One member of the Audit Committee, Mr. Fischer, serves on the audit committees of three other public companies. On January 28, 2011, the Board of Directors considered what it believes to be all of the relevant facts and responsibilities relating to such simultaneous service by Mr. Fischer and affirmatively determined that the simultaneous service would not impair Mr. Fischer's ability to serve effectively on our Audit Committee.

Compensation and Human Resources Committee. The Compensation and Human Resources Committee consists of Messrs. Foate (Chairperson), Doerr and Fischer. Each of the members of the Compensation and Human Resources Committee is independent as defined by the NYSE listing standards. The principal functions of the Compensation and Human Resources Committee, which met four times in 2010, are to help develop our overall compensation philosophy; administer our incentive compensation plans (including our equity incentive plans); either as a committee or together with the other independent directors (as directed by the Board) determine and approve the compensation of the Chief Executive Officer and the other principal corporate officers; review and monitor succession and leadership development planning; and review, formulate, recommend and administer short- and long-range compensation programs for the principal corporate officers and key employees. A more complete description of our Compensation and Human Resources Committee's practices can be found in the Compensation Discussion and Analysis section of this Proxy Statement. The Compensation and Human Resources Committee from time to time uses independent compensation consultants to assist the Committee in the performance of its responsibilities. After selecting an independent compensation consultant, the Committee periodically meets with that consultant throughout the year at such times as the Committee deems appropriate, and receives reports and advice from the consultant on matters of executive compensation. In 2010, the Committee selected The Delves Group to serve as its independent compensation consultant. The Committee also engaged Stern Stewart & Co. in 2010 to assist with the setting of goals under our Shareholder Value Added (SVA) Plan. Neither The Delves Group nor Stern Stewart & Co. perform any other services for us or our named executive officers other than the services provided at the direction of the Committee.

Corporate Governance and Director Affairs Committee. The Corporate Governance and Director Affairs Committee consists of Ms. Skornicka (Chairperson) and Messrs. Burt, Doerr and Sachdev. Each of the members of the Corporate Governance and Director Affairs Committee is independent as defined by the NYSE listing standards. The principal functions of the Corporate Governance and Director Affairs Committee, which met four times in 2010, are to develop and recommend to the Board a set of corporate governance principles applicable to our company, including matters of Board organization, membership, compensation, independence and function, and committee structure and membership; otherwise take a leadership role in shaping our corporate governance; to identify directors qualified to serve on the committees established by the Board; and to recommend to the Board the members and the chairperson for each committee to be filled by the Board. This Committee also serves as the nominating committee of the Board and is responsible for identifying individuals qualified to become directors (consistent with the criteria approved by the Board) and to recommend candidates for all directorships to be filled by the Board or by our shareholders.

Nominations of Directors

The Corporate Governance and Director Affairs Committee will consider persons recommended by shareholders to become nominees for election as directors in accordance with the criteria set forth in the Corporate Governance Guidelines under the heading "Director's Qualifications." The Corporate Governance and Director Affairs Committee will only review recommendations for director nominees from any shareholder or group of shareholders beneficially owning in the aggregate at least 5% of the issued and outstanding shares of our common stock for at least one year as of the date that the recommendation is made. Recommendations with respect to the 2012 annual meeting of shareholders must be submitted by February 14, 2012, for the recommendation to be considered by the Corporate Governance and Director Affairs Committee.

In identifying and evaluating nominees for director, the Corporate Governance and Director Affairs Committee believes that directors must possess the highest personal and professional ethics, integrity and values, and commitment to representing the long-term interest of the shareholders. Directors must also possess a diverse set of skills and experience with a background in areas that are relevant to our activities. Directors should also be inquisitive and have an objective perspective, a practical wisdom and mature judgment. Directors must be willing and able to devote whatever time is necessary to carry out their duties and responsibilities effectively. Directors will not be nominated unless they are willing to serve for an extended period of time.

While the Corporate Governance and Director Affairs Committee does not have a formal policy relating specifically to the consideration of diversity in its process to select and evaluate director nominees, the Committee does consider diversity of viewpoint, background, industry knowledge and perspectives, as well as ethnic and gender diversity, as part of its overall evaluation of candidates for director nominees. Specifically, our criteria for director nominees, included as Appendix A to our Corporate Governance Guidelines, provide that directors should be selected so that our Board represents diverse backgrounds and perspectives.

For a timely recommendation submitted by a shareholder to be considered by the Corporate Governance and Director Affairs Committee, the candidate recommended by a shareholder must be "independent" as defined in the NYSE independence standards and the SEC regulations, and meet the minimum expectations for a director set forth in the Company's Corporate Governance Guidelines. The Corporate Governance and Director Affairs Committee will have sole discretion whether to nominate an individual recommended by a shareholder. As to any candidate identified by the Corporate Governance and Director Affairs Committee to become a nominee, the candidate must possess the requisite qualifications, although the Corporate Governance and Director Affairs Committee need not require such nominee to be independent. Nevertheless, we strive to have all directors, other than those directors who are members of our management, be independent as defined by the NYSE independence standards and the SEC regulations.

Policies and Procedures Regarding Related Person Transactions

Our Board of Directors has adopted written policies and procedures regarding related person transactions. For purposes of these policies and procedures:

- a "related person" means any of our directors, executive officers, nominees for director or greater than 5% shareholder, and any of their immediate family members, as well as any entity in which any of these persons is employed or is a partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest; and

- a "related person transaction" generally is a transaction in which we were or are to be a participant and the amount involved exceeds $120,000, and in which any related person had or will have a direct or indirect interest.

The related person, the director, executive officer, nominee or beneficial owner who is an immediate family member of a related person, or a business unit or function/department leader of the Company responsible for a proposed related person transaction must notify our General Counsel of certain information relating to proposed related person transactions. If our General Counsel determines that a proposed transaction is a related person transaction subject to the policy, then he will submit the transaction to the Corporate Governance and Director Affairs Committee for consideration at the next committee meeting or, if expedited consideration is required, to the committee chairperson. The committee or chairperson, as applicable, will consider all of the relevant facts and circumstances available regarding the proposed related person transaction and will approve only those related person transactions that are in, or are not inconsistent with, the best interests of our company and our shareholders. The chairperson is required to report to the committee at the next committee meeting any approval granted under the policy.

The policy also provides for ongoing review by the General Counsel of any amounts paid or payable to, or received or receivable from, any related person. Additionally, at least annually, the Corporate Governance and Director Affairs Committee is required to review any previously approved or ratified related person transactions that remain ongoing and have a remaining term of more than six months or remaining amounts payable to or receivable from us of more than $60,000. Based on all relevant facts and circumstances, the committee will determine if it is in the best interests of our company and our shareholders to continue, modify or terminate the related person transaction.

If any of our Chief Executive Officer, Chief Financial Officer or General Counsel becomes aware of a pending or ongoing related person transaction that has not been previously approved or ratified under the policy, then the transaction must be disclosed to the Corporate Governance and Director Affairs Committee or its chairperson. The committee or the chairperson must then determine whether to ratify, amend or terminate the related person transaction, or take any other appropriate action. If the related person transaction is complete, then the committee or its chairperson will evaluate the transaction to determine if rescission of the transaction and/or any disciplinary action is appropriate.

In 2010, there were no proposed, pending or ongoing related person transactions subject to review by the Corporate Governance and Director Affairs Committee under the policy.

Meetings and Attendance

The Board held four quarterly meetings in 2010, along with six special telephonic board meetings. Each director attended at least 75% of the aggregate of (a) the total number of meetings of the Board and (b) the total number of meetings held by all committees of the Board on which the director served during 2010, in each case during the period in which the director was serving on the Board or the applicable committee.

Directors are expected to attend our annual meeting of shareholders each year. Aside from Mr. Burt, who was not yet a director, all of our directors attended the 2010 annual meeting.

STOCK OWNERSHIP

Management

The following table sets forth information, as of March 10, 2011, regarding beneficial ownership of our common stock by each director and nominee, each of our current named executive officers as set forth in the Summary Compensation Table, and all of the directors and current executive officers as a group. As of March 10, 2011, no director or executive officer beneficially owned one percent or more of our common stock, other than Mr. Knueppel, who beneficially owned 1.2% of our common stock. On that date, the directors and executive officers as a group beneficially owned 2.25% of our common stock. Except as otherwise indicated in the footnotes, all of the persons listed below have sole voting and investment power over the shares of our common stock identified as beneficially owned.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)(2)(3)(4)
John Avampato	20,193
Stephen Burt	2,000
Terry R. Colvin	24,234
Christopher L. Doerr	32,075
Thomas J. Fischer	18,725
Dean A. Foate	13,800
Mark J. Gliebe	169,132
Chuck Hinrichs	3,618
G. Frederick Kasten, Jr.	55,684
Henry W. Knueppel	479,540
Rakesh Sachdev.	11,000
Carol N. Skornicka.	15,000
Curtis W. Stoelting.	24,500
All directors and executive officers as a group (13 persons)	869,501

(1)Includes shares subject to currently exercisable rights to acquire common stock and options exercisable within 60 days of March 10, 2011 as follows: Mr. Avampato 15,600 shares; Mr. Colvin, 17,400 shares; Mr. Doerr, 23,000 shares; Mr. Gliebe, 134,000 shares; Mr. Knueppel, 112,000 shares; Mr. Sachdev, 7,000 shares; Ms. Skornicka, 10,000 shares; and Mr. Stoelting, 13,000 shares; and all directors and executive officers as a group, 332,000 shares. Also includes shares of restricted stock that are subject to forfeiture until they vest on the third anniversary of the date of grant as follows: Mr. Burt 1,500 shares; Mr. Avampato, 1,800 shares; Mr. Colvin, 4,650 shares; Mr. Doerr, 4,000 shares; Mr. Fischer, 4,000 shares; Mr. Foate, 4,000 shares; Mr. Gliebe, 23,600 shares; Mr. Hinrichs, 3,618 shares; Mr. Kasten, 2,000 shares; Mr. Knueppel, 88,000 shares; Mr. Sachdev, 4,000 shares; Ms. Skornicka, 4,000 shares; and Mr. Stoelting, 4,000 shares.

(2)The amount shown for Mr. Knueppel includes 14,418 shares that are held in trust under the Company's Personal Savings Plan (401(k)) or non-Company sponsored individual retirement accounts. The amount shown for Mr. Knueppel also includes 265,122 shares as to which he shares voting and investment power with his spouse.

(3)The amount shown for Mr. Stoelting includes 7,500 shares held in the Curtis W. Stoelting 1994 Revocable Trust over which Mr. Stoelting retains sole voting and investment power during his lifetime.

(4)Amounts shown for Messrs. Avampato, Colvin and Gliebe include 501 shares, 1,126 shares and 747 shares, respectively, held in trust under the Company's 401(k) plans.

Other Beneficial Owners

The following table sets forth information, as of December 31, 2010, regarding beneficial ownership by the only persons known to us to own more than 5% of our outstanding common stock. The beneficial ownership information set forth below has been reported on filings made on Schedule 13G with the SEC by the beneficial owners.

	Amount and Nature of Beneficial Ownership					
	Voting Power		Investment Power			
Name and Address of Beneficial Owner	Sole	Shared	Sole	Shared	Aggregate	Percent of Class
FMR LLC 82 Devonshire Street Boston, MA 02109	21,200	5,768,842	5,768,942	0	5,790,042	15.0%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	2,051,837	0	2,051,837	0	2,051,837	5.32%

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

Regal Beloit Corporation ("we" or the "Company") is a global technology and manufacturing leader in electric motors, electric generators and controls, and mechanical motion control products for commercial, industrial, and heating, ventilation, and air conditioning applications. We sell our products to a diverse global customer base using more than 20 recognized brand names, through a multi-channel distribution model, to leading original equipment manufacturers, distributors and end users across many markets.

We have adopted what we believe to be a conservative approach to executive compensation. Our overall compensation philosophy is to offer the opportunity for our management team to earn competitive pay, with total compensation having a direct connection to our financial performance and the creation of shareholder value. Executive compensation in 2010 aligned well with the objectives of our compensation philosophy and with our corporate performance, as described below.

How was corporate performance and the creation of shareholder value reflected in 2010 compensation?

Our company's operating performance in 2010 was strong despite continued volatility and uncertainty in the global economy generally and our markets in particular. Our 2010 results represented record levels of net income and earnings per share. Our strong operating performance has contributed to increased shareholder value. Fully diluted earnings per share for 2010 were $3.84, up from $2.63 for 2009. We paid our 202nd consecutive quarterly dividend in 2010 and increased the dividend again in 2010. Our total shareholder return for 2010 was 30.0%.

These improved operating results over 2009 led to higher annual cash incentives earned in 2010. As described in more detail below, we use a shareholder-approved Shareholder Value Added ("SVA") Plan, which we refer to as our SVA Cash Incentive Plan, to determine annual cash incentives for our executive officers. SVA attempts to approximate the value executives add to our company above our cost of capital, and is calculated by subtracting a cost of capital charge for the average net capital employed from the net operating profit after tax that we earn during the year. Participants in our SVA Cash Incentive Plan earned annual cash incentive compensation for 2010 in an amount equal to 200.0% of target, compared to 35.3% in 2009. We pay fully all annual cash incentives earned up to 100.0% of the target amount in cash following the end of the year in accordance with the SVA Cash Incentive Plan. Annual cash incentive amounts earned above 100.0% of the target amount are deferred and are paid in installments, with one-third of the above-target amount being paid to the participant in cash after the end of each of the following three years, as we describe below. The potential value of the equity-based awards earned by our executive officers has increased in tandem with the improvements of shareholder value described above, indicating a close alignment between the interests of our executive officers and the interests of our shareholders.

What specific actions did the Company take with respect to compensation for 2010?

Our compensation policies and objectives during 2010 were influenced by a variety of factors. One key factor was the significantly improved performance of our company and our 2009 performance compared to our peers. Some of the key actions and decisions with respect to our executive compensation programs for 2010 as approved by the Compensation and Human Resources Committee ("Committee") of our Board of Directors with counsel from its independent compensation consultants, The Delves Group and Stern Stewart & Co., are highlighted below:

- Reviewed and updated our compensation philosophy to target all compensation elements, including base salary, at approximately the median level of our peer group over time and, with the assistance of The Delves Group, made adjustments to executive compensation levels and structures in accordance with the updated philosophy.
- Adopted a policy eliminating tax gross-ups from all new change in control and termination agreements with our executive officers, including three such agreements entered into in 2010.

- Adopted a clawback policy requiring us to recoup incentive compensation paid to our executive officers on the basis of financial results that are subsequently subject to a material restatement.

- Engaged and directed The Delves Group to assess the competitiveness of our overall compensation and benefits programs and to provide the Committee with guidance as to the composition of our peer group for compensation benchmarking purposes.

- Engaged and directed Stern Stewart & Co. to benchmark and provide the Committee with guidance in setting target annual cash incentive amounts under our SVA Cash Incentive Plan for 2010 and in determining the annual improvement factor and leverage factor used to establish the SVA performance target for 2010 under our SVA Cash Incentive Plan.

- Reviewed the performance of our Chief Executive Officer, ("CEO"), (independent of input from him) and recommended to the independent members of the Board the total compensation for the CEO based on competitive levels, as determined in consultation with The Delves Group, consistent with our philosophy, as measured against our peer group and using tally sheets that reflected each component of compensation as well as total compensation.

- Reviewed the performance of our other executive officers with assistance from our CEO and recommended to the independent members of the Board the total compensation for each individual officer based on competitive levels, as determined in consultation with our CEO and The Delves Group, consistent with our philosophy, as measured against our peer group and using tally sheets that reflected each component of compensation as well as total compensation on an individual level and in the aggregate.

- Maintained the practice of holding executive sessions (without management present) at every Committee meeting, including executive sessions in which our independent compensation consultants participated.

- Reviewed the supplemental benefits and perquisites provided to our executive officers, including the elimination of certain perquisites in recent years.

What other compensation policies and practices reflect our compensation philosophy?

We periodically review best practices in the area of executive compensation and update our compensation policies and practices to reflect those that we believe are appropriate for our company, including, in addition to the examples listed above, the following:

- We pay for performance, providing our executives the opportunity to earn above-median pay (as measured against selected peer groups) for performance that creates shareholder value by generating increasing returns as compared to our cost of capital, but compensating below the median level for corporate performance that fails to generate those levels of returns.

- We set compensation programs to focus our named executive officers on both our short and long-term company performance. Their compensation includes a significant portion—approximately 65% to 70%--that is "at risk" because the value of such compensation is determined based on the achievement of specified results. If short-term and long-term financial goals are not achieved, then performance-related compensation will decrease. If goals are exceeded, then performance-related compensation will increase.

- We measure the competitiveness of our executive pay against an appropriate peer group focusing on multinational companies with comparable revenues (ranging from approximately 50% to 200% of our annual revenues and with an overall median annual revenue approximately equal to our annual revenue) and that compete in industries similar to ours and/or have the level of complexity and business model similar to ours.

- We have implemented stock ownership requirements for certain executives, including our named executive officers.
- We have no employment agreements with any of our named executive officers that provide severance benefits prior to a change in control of our company.
- All of our change in control agreements contain "double trigger" provisions, which means that, for an executive officer to receive severance benefits under the agreement, in addition to the change in control there must be some adverse change in the circumstances of the executive officer's employment.
- Our equity compensation plan does not permit repricing of stock options.
- We periodically review our pay practices to ensure that they do not encourage excessive risk taking.
- We do not guarantee salary increases or bonuses for our executive officers.
- We adjust compensation as appropriate in challenging economic times, as exemplified by our temporary freeze of base salaries and our acceptance of voluntary temporary reductions in base salary from our CEO and Chief Operating Officer during the 2009 recession.

What is our company's general compensation philosophy?

We recognize the importance of maintaining sound principles for the development and administration of our compensation and benefit programs. Our overall compensation philosophy is to offer the opportunity for our management team to earn competitive pay, with total compensation having a direct connection to our financial performance and the creation of shareholder value. The Committee is responsible for making executive compensation decisions and recommendations regarding program design and individual pay. Our executive compensation programs are designed to advance principles that we have identified as being core to the function of executive compensation. These principles are:

- Attract and Retain Quality People — We provide the opportunity for executives to be compensated at competitive levels to ensure we attract and retain a highly competent and committed management team.
- Pay for Creation of Value — We provide our executives the opportunity to earn above-median pay (as measured against selected peer groups) for performance that creates shareholder value by generating increasing returns as compared to our cost of capital. We believe that this level of performance results in long-term value creation for our shareholders via appreciation in our stock price. Alternatively, we pay compensation below the median level for corporate performance that fails to generate those levels of returns.
- Link to Shareholder Interests — We link compensation to corporate performance through the SVA Cash Incentive Plan and equity-based awards to ensure that executives receive above-median compensation only if long-term value creation is generated for our shareholders.
- Alignment through Equity Ownership — We ensure that executives' long-term interests are further aligned with shareholders' interests by maintaining stock ownership requirements generally for executives at the divisional vice president level or above, including all of our named executive officers.

We believe that a focus on these principles will benefit our shareholders in the long-term by assuring that we can attract and retain highly qualified executives who are committed to our long-term success and the creation of shareholder value.

How do we set executive compensation?

Our Board, our Committee and our CEO each play a role in setting the compensation of our named executive officers (those executive officers named in the Summary Compensation Table), with the exception that our CEO is not involved in setting his own compensation. Our Board appoints the members of the Committee, which consists entirely of independent directors who are "outside directors" for purposes of Section 162(m) of the Internal Revenue Code and "non-employee directors" for purposes of the Securities Exchange Act of 1934. The current members of the Committee are Messrs. Foate (Chairman), Doerr and Fischer. The Committee, subject to the approval of our Board, is responsible for establishing the executive compensation packages offered to our named executive officers. The Committee administers our SVA Cash Incentive Plan and our long-term equity incentive plans and has final authority for setting awards under our long-term equity incentive plans. The Committee makes recommendation to our Board concerning SVA Cash Incentive Plan awards, and the Board has final authority for setting awards under the SVA Cash Incentive Plan.

The Committee reviews data from market surveys, proxy statements of companies it considers our peers and independent compensation consultants to assess our competitive position with respect to total executive compensation, including annual compensation, benefits and perquisites. In reviewing data with respect to annual compensation, the Committee assesses the following components of executive compensation:

- Base salary;
- Annual cash incentives;
- Long-term incentive compensation; and
- All other benefits and perquisites.

Historically, the Committee's objective generally has been to establish base salary compensation between the thirty-fifth (35th) and fiftieth (50th) percentile as compared with our selected peer group. In 2010, the Committee, in consultation with management, revisited this philosophy in view of the increased size and competitiveness of our company. Specifically, the Committee determined to seek to offer median levels of all compensation elements, including base salary, over time as measured against our selected peer group. The Committee believes that, given the increased size and improved competitiveness and performance of our company, it is appropriate to set each element of compensation at approximately median levels.

In recommending base salary levels for approval by the Board, the Committee also considers individual performance, the level of responsibility and skills and the experience of our executive officers. For annual and long-term incentives, the Committee considers a peer group analysis, as well as the impact of our other existing compensation awards or arrangements as it relates to each individual, in making compensation decisions and recommendations. The Committee considers internal comparisons relative to pay equity among our executive officers, but does not use a formulaic approach in setting compensation levels among those executive officers. In its decision-making process, the Committee receives and considers the recommendations of our CEO with respect to executive compensation to be paid to our executive officers other than himself. Our CEO makes no recommendation with respect to his own compensation.

Based on the foregoing information, the Committee reviews and makes recommendations to the Board on our compensation and benefit programs, with the objective of making our executive compensation and benefits programs consistent with our overall compensation philosophy. The Committee makes or recommends to the Board decisions regarding adjustments to base salaries, annual cash incentives and long-term incentives all concurrent with the assessment of the executives' individual performance for the year.

The Committee periodically solicits proposals from a variety of independent compensation consultants to assist the Committee in the performance of its responsibilities. After selecting an independent compensation consultant, the Committee periodically meets with that consultant throughout the year at such times as the Committee deems appropriate, and receives reports and advice from the consultant on matters of executive compensation. Our CEO has access to the independent compensation consultant only at the direction of the Committee.

The Committee selected The Delves Group to serve as its independent compensation consultant for 2010. The Committee also engaged Stern Stewart & Co. in 2010 to assist with the setting of goals under our SVA Cash Incentive Plan. Neither The Delves Group nor Stern Stewart & Co. perform any other services for our company other than the services provided at the direction of the Committee.

In setting compensation for 2010, the Committee directed The Delves Group to assemble compensation data for our named executive officers and compare that data against aggregated data for persons holding similarly-situated positions in our peer group. Pursuant to its engagement and to approximate our market, The Delves Group benchmarked compensation data using both a company-by-company peer group analysis of eighteen companies most comparable to our company, and an aggregated peer group analysis. The aggregated peer group analysis consisted of data from two recognized national compensation surveys covering companies in both the industrial manufacturing and the electronics and scientific equipment industries. With respect to the aggregated peer group analysis the data were based on select information related directly to the size and nature of the companies' businesses and did not include the identities of the individual participating companies in the surveys. We refer to the companies included in these surveys and the eighteen companies described in the next paragraph as our "peer group." In reviewing and analyzing these data, The Delves Group considered information for each named executive officer position with respect to the following elements of compensation:

- Base salary;
- SVA annual cash incentive;
- Total cash compensation (salary and actual annual cash incentive);
- Long-term incentives; and
- Total direct compensation (salary, actual annual cash incentive and long-term incentives).

The Committee directed The Delves Group to prepare benchmarking statistics that reflected performance at our peer group's twenty-fifth (25^{th}), fiftieth (50^{th}) and seventy-fifth (75^{th}) percentiles in connection with the foregoing analysis. The Committee requested The Delves Group to report on the methodology that it used in its analysis, a summary of its findings, and its general views relating to market trends in executive compensation.

In addition to the peer analysis performed by The Delves Group on the aggregated peer group data, the Committee also reviewed compensation data on a company-by-company basis for eighteen companies that the Committee identified and considered to be most comparable to our company based on the criteria set forth below. The eighteen companies were :

Actuant Corporation	AMETEK, Inc.	A.O. Smith Corp.
Baldor Electric Co.	Barnes Group, Inc.	Dresser-Rand Group Inc.
Flowserve Corp.	Gardner Denver Inc.	Hubbell Incorporated
IDEX Corporation	Kennametal Inc.	Lincoln Electric Holdings Inc.
Pentair Inc.	Roper Industries Inc.	Snap-On Incorporated
The Timken Co.	Thomas & Betts Corp.	Watts Water Technologies Inc.

The Committee selected the companies in this comparison group because they generally meet the following criteria:

- Comparable revenue (we follow suggested best practices by reviewing approximately fifteen to twenty companies with annual revenues ranging from approximately 50% to 200% of our annual revenues and with an overall median annual revenue approximately equal to our annual revenue); and
- Compete in an industry similar to ours and/or have the level of complexity and business model similar to ours.

In 2010, in addition to reviewing peer group data on the annual compensation elements identified above, the Committee also reviewed peer group data relating to supplemental benefits and perquisites as part of its triennial review of such benefits and perquisites provided to our executive officers and, based on this review, made the changes described below under "What other benefits do we provide to our executives?" The Committee intends to conduct a full review of the composition of this comparison group on a three-year cycle or more frequently if a significant change should occur in the scale of our company or participants in the peer group through, for example, mergers, acquisitions or other extraordinary corporate transactions.

How do we determine total compensation?

We intend to continue our strategy of compensating our executives at competitive levels as compared to our peer group, with the opportunity to earn above-median compensation as compared to our peer group for performance that improves our SVA (which we believe results in long-term equity appreciation and, therefore, creates value for our shareholders), through programs that emphasize performance-based incentive compensation in the form of annual cash incentives under our SVA Cash Incentive Plan, deferred SVA Cash Incentive Plan cash payments and equity-based awards. To that end, total compensation is tied directly to our corporate performance and is structured to ensure that there is an appropriate balance between our long-term and short-term corporate performance, and also to balance the individual performance of our executive officers and the creation of shareholder value. In this regard, the Committee does not fix a percentile at which it seeks to tie the amount of overall compensation paid by us to each of our named executive officers; rather, the Committee allows our named executive officers the opportunity to earn above-median compensation for performance that generates increasing returns as compared to our cost of capital. In this way, the Committee believes our named executive officers are only rewarded with above-median pay if they are able to create value for our shareholders.

We believe the total compensation paid or awarded to our named executive officers during 2010 was consistent with our company's strong operating performance and creation of shareholder value in an uncertain global economy and the individual performance of each of our named executive officers. Based on the Committee's analysis and the advice of The Delves Group, we also believe that the compensation was reasonable in its totality as compared to our peer group and is consistent with our compensation philosophies.

What are the elements of total compensation?

We achieve our executive compensation objectives through the following ongoing programs. All of our named executive officers participate in these programs. A more detailed discussion of each program is provided below in this Compensation Discussion and Analysis.

Program	**Description**	**Participants**	**Objectives**
	Annual Cash Compensation		
Base Salary	Annual cash compensation	All employees	Retention Drive superior performance ▪Individual contribution
Shareholder Value Added (SVA) Annual Cash Incentive	Annual cash incentive with target awards established at each employee level Payments can be higher (subject to a 200% cap) or lower than target, based on business unit and total company annual results Cash incentive amounts earned above target are deferred and remain subject to forfeiture until they are paid; payment occurs in three equal annual installments beginning in the second year following the performance period	All executive officers and key managers	Drive superior performance ▪Across total company ▪Across business units Retention
	Long-Term Incentive Programs		
Long-Term Incentive (LTI) Equity Awards	Long-term incentive awards paid in Stock Appreciation Rights and Restricted Stock Units; grant amounts vary to reflect individual contribution	All executive officers and key managers	Drive superior performance ▪Individual contribution ▪Increase stock price Focus on long-term success Ownership Retention
	Retirement Programs		
Retirement (401(k)) Savings Plan	Company matching and annual contributions	All U.S. Employees	Retention Competitive Practices
Target Supplemental Retirement Plan	Retirement benefits for executives who have at least 10 years of service and work with us until the age of 58	Key Executives	Retention Competitive Practices
	Other Executive Benefits		
Perquisites and Executive Benefits	Available to certain executives to assure protection of Company assets and/or focus on Company business with minimal disruption	Specific benefits are offered to different groups of executive officers based on business purpose	Retention Competitive Practices
Other Benefits	Medical, welfare and other benefits	All employees	Retention Competitive Practices

Base Salaries. We believe that the purpose of base salary is to provide a competitive fixed rate of pay, recognizing different levels of responsibilities within our company. We determine base salaries for our executives based upon job responsibilities, level of experience, individual performance and expectations with respect to contributions to our future performance as well as comparisons to the salaries of executives in similar positions as compared to our peer group. Historically, the Committee's objective generally has been to establish base salary compensation between the thirty-fifth (35th) and fiftieth (50th) percentile as compared with our selected peer group. In 2010, the Committee determined to seek to offer median levels of all compensation elements, including base salary, over time as measured against our selected peer group as a general policy. In setting the individual base salaries of our named executive officers based on the factors identified above, the Committee generally considers salaries within a 15% range above or below the fiftieth (50th) percentile of peer group data to be at approximately the median level. For 2010, the Committee consulted with The Delves Group in considering base salary adjustments.

In 2009, the Committee determined that, in light of the challenging economic conditions then facing the Company, base salaries for our named executive officers would be frozen for 2009. As a result, the 2009 base salaries for Messrs. Knueppel, Gliebe and Colvin, our current named executive officers who were also named executive officers in 2009, did not increase from 2008 levels and remained at $754,000, $478,000 and $233,000, respectively.

With no base salary increases from 2008 to 2009, Mr. Knueppel's salary for 2009 placed him in the fortieth (40th) percentile relative to CEOs in our peer group. Similarly, the salaries for Messrs. Gliebe and Colvin in 2009 placed them in the forty-fifth (45th) and twenty-fifth (25th) percentiles, respectively, for salaries relative to similarly-situated persons in our peer group.

Also driven by the challenging economic conditions facing us in 2009, Messrs. Knueppel and Gliebe temporarily waived 20% and 10% of their base salaries, respectively, for a portion of fiscal year 2009. As a result, since the base salaries of Messrs. Knueppel and Gliebe did not increase from 2008 to 2009, under this voluntary waiver program, the 2009 salary for Mr. Knueppel was reduced from $754,000 to $594,000 and the 2009 salary for Mr. Gliebe was reduced from $478,000 to $430,200 during the six months of this voluntary waiver program. The Committee and our Board determined in October 2009 that the economic conditions had improved sufficiently to reinstate the base salaries of Messrs. Knueppel and Gliebe effective October 1, 2009, and their base salaries remained frozen at the 2008 levels of $754,000 and $478,000, respectively, for the remainder of 2009.

In April 2010, the Committee adjusted the base salaries of our named executive officers in accordance with our philosophy of targeting base salary at approximately the median level of similarly-situated executives within our peer group. In addition, in furtherance of the Board's succession plan and to aid in the retention of Mr. Gliebe, the Committee adjusted Mr. Gliebe's salary upward to $600,000, which is above the seventy-fifth (75th) percentile relative to similarly situated executives in our peer group, but consistent with additional developmental assignments appropriate to his future role. The adjusted base salaries of our current named executive officers who were executive officers at the time of the adjustments are as follows:

Name	Base Salary ($)
Henry W. Knueppel Chairman and Chief Executive Officer	875,000
Mark J. Gliebe President and Chief Operating Officer	600,000
Terry R. Colvin Vice President, Corporate Human Resources	260,000

Mr. Hinrichs' base salary was set at $390,000 in connection with his appointment as our Vice President and Chief Financial Officer. Mr. Hinrichs' initial base salary was targeted at approximately the fortieth (40th) percentile of our peer group, taking into consideration two national surveys of compensation data – the Towers Perrin 2009 US General Industry Executive Database and the Watson Wyatt 2006/2007 Survey Report on Top Management Compensation (aged forward to 2010) – that included data for similar positions. Mr. Avampato's base salary of $236,000 was determined by the Committee based on our review of the two national surveys of compensation data mentioned in the preceding sentence that included data for similar positions.

As a result of these adjustments and determinations, Mr. Knueppel's base salary for 2010 placed him in the sixtieth (60th) percentile relative to CEOs in our peer group. Mr. Gliebe's salary for 2010, as noted above, placed him above the seventy-fifth (75th) percentile relative to similarly situated persons in our peer group, and the salaries of Messrs. Hinrichs and Colvin for 2010 placed them each in the fortieth (40th) percentile for salaries relative to similarly-situated persons in our peer group. Mr. Avampato's salary placed him in approximately the forty-fifth (45th) percentile of the Watson Wyatt 2006/2007 Survey Report on Top Management Compensation (aged forward to 2010).

SVA Annual Cash Incentives. We have in effect a Shareholder Value Added (SVA) Plan ("SVA Cash Incentive Plan"), which was most recently approved by our shareholders in 2006 and is designed to promote the maximization of shareholder value over the long term. We chose SVA as the basis for annual cash incentives for the following reasons. First, we believe it is the corporate performance measure that is tied most directly, both theoretically and empirically, to the creation of shareholder value. Managing for high SVA is, by definition, managing for higher stock price. Second, it is a framework developed for setting goals and measuring performance that rewards participants for both short and long-term results. Finally, by focusing on our financial performance as a function of invested capital, management is incented to make prudent investments in assets that are capable of providing strong returns. In summary, we believe that SVA, as we use it, best recognizes the value that members of our management team add to the capital invested by our stockholders.

We intend the SVA Cash Incentive Plan to provide a competitive amount of compensation for the executive officers based on their individual participation levels when we achieve the SVA targets as approved by the Committee. The SVA Cash Incentive Plan provides annual cash incentive opportunities based on a comparison of actual annual SVA to target SVA for the year in question. Performance above target SVA earns an annual cash incentive greater than the target annual cash incentive, while performance below target SVA earns an annual cash incentive less than the target annual cash incentive or no annual cash incentive at all. In years of strong corporate performance, the annual cash incentive amount that an executive can earn would be considered above the median level for our peer group, and the annual cash incentive amount that an executive can earn would be below the median level for our peer group in years when we are below the target. We have capped the maximum annual cash incentive that may be earned in any year at 200% of the target annual cash incentive established for that year. In addition, any annual cash incentive amounts earned above the target annual cash incentive value are deferred and are paid in installments over a three year period. Amounts earned under the SVA Cash Incentive Plan are also subject to our clawback policy, which would require recoupment of any amounts earned under the SVA Cash Incentive Plan on the basis of financial results that are subsequently subject to a restatement. To benchmark and determine target annual cash incentive amounts, and to determine an annual improvement factor and leverage factor that impacts the target annual cash incentive amount, the Committee retains nationally-recognized independent compensation consultants every three years, or more frequently as deemed necessary. The 2010 targets for the SVA Cash Incentive Plan were established in January 2010 with the assistance of Stern Stewart & Co.

SVA is a calculation that attempts to approximate the value executives add to our company above our cost of capital. SVA is calculated by subtracting a charge for the average net capital employed by us during a fiscal year from the net operating profit after tax that we earn during that same year. The cost of capital we use for this purpose is our weighted average cost of capital, which is determined based on our cost of equity and our after-tax cost of debt. Pursuant to the terms of the SVA Cash Incentive Plan, all calculations of financial results for purposes of SVA exclude the impact of new acquisitions for the first 12 months following the closing of the acquisition. To encourage improved performance in accordance with the SVA Cash Incentive Plan, the Committee establishes an expected improvement factor in addition to setting a target SVA amount. Once the Committee establishes the expected improvement factor, the SVA target amount for the year is set by formula. Under the formula, the new target set each year is calculated as follows:

$$\frac{(\text{Previous Year SVA Target} + \text{Previous Year SVA Actual})}{2} \quad + \quad \text{Improvement Factor} \quad = \quad \text{New SVA Target}$$

In light of the volatile and uncertain economic conditions and market outlook that existed in late 2009 and early 2010, and based on the guidance provided by Stern Stewart & Co., the Committee set the expected improvement factor for 2010 at $5.0 million. The Committee determined that in the challenging economy that the Company faced in 2010, managing the Company to a $5 million improvement factor was a stretch goal consistent with the intent and purposes of our SVA Cash Incentive Plan. Accordingly, with the improvement factor set at $5.0 million for 2010, the SVA target was established by the formula at $41.8 million.

In addition to setting target SVA, the Committee also sets the target annual cash incentive percentage amount for each of our participating executive officers. This amount is based on a percentage of the base salary paid to the executive officers. For 2010, Messrs. Knueppel, Gliebe, Hinrichs, Colvin and Avampato had target annual cash incentive percentage amounts of 105%, 75%, 55%, 40% and 40%, respectively, which equated to target annual cash incentive amounts of $918,750, $450,000, $214,500, $104,000 and $94,400, respectively. Since Mr. Hinrichs joined our company in September 2010, his payment under the SVA Cash Incentive Plan will be pro rated for 2010. The Committee, in consultation with The Delves Group and our CEO (other than with respect to his own compensation), set annual cash incentive targets under our SVA Cash Incentive Plan at the median level with respect to each respective position held by our executive officers relative to our peer group. As a result, our executives were given the opportunity to earn above-median annual cash incentive awards for generating improvements in our SVA while at the same time facing below-median awards (or no awards at all) for failing to meet that objective. The Committee believes that tying above-median incentives to generating increasing returns in excess of our cost of capital is a disciplined way to reward our named executive officers for creating shareholder value.

Based on our performance in 2010, we achieved actual SVA of $70.2 million, which would indicate an earned annual cash incentive of 221.0% of the target annual cash incentive. However, the SVA Cash Incentive Plan caps the maximum annual cash incentive amount at 200%, which we believe eliminates the potential for a windfall award based on unexpectedly high corporate performance in any given year and discourages excessive risk-taking. The Committee therefore approved annual cash incentives for 2010 equal to 200.0% of the target annual cash incentive in accordance with the terms of the SVA Cash Incentive Plan. As a result, the Committee determined that Messrs. Knueppel, Gliebe, Colvin and Avampato earned annual cash incentives under the SVA Cash Incentive Plan of $1,837,500, $900,000, $208,000 and $188,800, respectively. The Committee determined that Mr. Hinrichs also earned an annual cash incentive under the SVA Cash Incentive Plan at 200% of target but pro rated the amount to $143,000 to reflect his partial year of service in 2010. We pay fully all annual cash incentives earned up to the target annual cash incentive (100% annual cash incentive) in cash following the end of that year in accordance with the SVA Cash Incentive Plan. Annual cash incentives earned above the target annual cash incentive value are deferred and are paid in installments, with one-third of the above-target amount being paid to the participant in cash after the end of each of the following three years, so long as the named executive officer's employment with us has not been voluntarily terminated (other than upon retirement) or terminated for cause. We do not credit participants with interest on amounts subject to payment in installments. For 2010, since the annual cash incentive performance value was approved at 200%, a portion of each of the annual cash incentive amounts identified above as being earned will be paid in installments. The amounts subject to payment in installments for Messrs. Knueppel, Gliebe, Colvin and Avampato were $918,750, $450,000, $104,000 and $94,400, respectively.

Long-Term Compensation. We believe that equity-based compensation ensures that our executives have a continuing stake in the long-term success of our company and allows our executives to earn above-median compensation only if our shareholders experience appreciation in their equity holdings. The Committee granted stock appreciation rights, or SARs, and restricted stock units, or RSUs, to our named executive officers in fiscal year 2010.

Consistent with our overall compensation philosophy, the Committee, after consultation with The Delves Group, granted long-term compensation awards (namely, stock appreciation rights and restricted stock units) at levels approximating the median level of these awards granted by the companies in our peer group. On an individual level, the total fair value, as of the grant date, of the stock appreciation rights and restricted stock units granted to each of our named executive officers placed them at approximately the median level of the value of long-term compensation awards granted to persons holding similarly-situated positions by the companies in our peer group. We value such awards using a Black-Scholes formula. In addition to the analysis undertaken against our peer group, the Committee also considered the number of awards granted to our officers as compared to grants to all of our other employees, but does not use a specific formula.

Other than in the case of newly hired executives, we generally make determinations concerning long-term equity-based awards in April of each year coincident with the completion of annual performance reviews. In any event, we grant all equity-based awards effective two days after the release of either our quarterly or annual company financial results.

Stock Appreciation Rights (SARs). The Committee granted stock appreciation rights to certain of our named executive officers in 2010 in the amounts indicated in the "Grants of Plan-Based Awards Table for Fiscal 2010" and the narrative following the table. The Committee set the base price per share of all of the stock appreciation rights that it granted in 2010 equal to the closing market price of our common stock on the date of grant so that the stock appreciation rights will have value only if the market price of our common stock increases after the grant date. In addition, the Committee made the stock appreciation rights subject to vesting over five years (with the SARs vesting 40% on the second anniversary of the grant date and 20% on each of the third, fourth and fifth anniversaries of the grant date) to provide additional incentive for our named executive officers to remain in our employment. The Committee granted stock appreciation rights rather than stock options because it views stock appreciation rights as less dilutive to our shareholders. In light of our CEO's tenure, the Committee made our CEO's long-term compensation awards solely in the form of restricted stock units rather than stock appreciation rights. The Committee believed the shorter vesting period and realization of value of the restricted stock units better reflected our CEO's likely remaining term of service and transition period and that the units therefore better accomplished the Committee's goals relative to retention and providing appropriate incentives.

The Committee also did not grant our former Vice President and Chief Financial Officer any additional amounts in anticipation of his departure in May 2010, and did not grant our new Vice President and Chief Financial Officer any SARs in view of his partial year of service.

Restricted Stock Units (RSUs). The Committee awarded restricted stock units to certain of our named executive officers in 2010 in the amounts indicated in the "Grants of Plan-Based Awards Table for Fiscal 2010" and the narrative following the table. A restricted stock unit gives the holder a right to have us issue a share of our common stock upon the conditions or date specified in the award. In addition to providing competitive compensation and an incentive to create shareholder value, these awards are intended to align management and shareholder interests as well as provide a retention incentive for the executive to remain employed by our company. The Committee determined the number of restricted stock units to grant to each of our executives consistent with our compensation philosophy. The Committee made the restricted stock units subject to forfeiture until the third anniversary of the grant date, at which time they cliff vest, to provide an additional incentive for our named executive officers to remain in our employment.

What other benefits do we provide to our executives?

We have certain other plans that provide, or may provide, compensation and benefits to our named executive officers. These plans are principally our 401(k) Plan and our Target Supplemental Retirement Plan. We also provide life, medical and long-term disability insurance, and short-term disability benefits as part of our benefits package. The Committee considers all of these plans and benefits when reviewing total compensation of our executive officers.

401(k). In 2010, our named executive officers participated in our 401(k) plan that covers a group of eligible hourly and salaried employees. In 2010, salaried participants in the 401(k) plan, including Messrs. Knueppel, Barta, Hinrichs, Gliebe, Colvin, Avampato and Jones were eligible to contribute a portion of their compensation on a pre-tax basis, up to the limits imposed by the Internal Revenue Service, and we made a matching contribution equal to 100% of the first 1% and 50% of the next 5% of base salary contributed by the employees into their 401(k) accounts.

Target Supplemental Retirement Plan. The Target Supplemental Retirement Plan limits participants to officers and other key employees, including our named executive officers, recommended by our CEO and approved by the Committee. The Committee's intent in offering benefits under the Target Supplemental Retirement Plan is to provide a competitive retirement package to our named executive officers by extending retirement benefits to participants without regard to statutory limitations under tax-qualified plans.

When the Target Supplemental Retirement Plan was approved by the independent members of the Board in January 1994, the benefit amounts were benchmarked against a group of then peer companies in consultation with a compensation consultant. The Committee periodically reviews these benchmarks to determine if they are still appropriate. During 2010, the Committee completed its most recent review of the benefit amounts provided under the plan with the assistance of The Delves Group, using the companies included in our peer group as discussed above for purposes of its benchmarking analysis.

As a result of this benchmarking analysis, to make our retirement benefits more competitive with those offered by our peer companies, effective on November 1, 2010, we amended the Target Supplemental Retirement Plan. Prior to the amendment, the retirement benefit provided under the Target Supplemental Retirement Plan was an amount equal to 2.0% of the participant's final average compensation, multiplied by his or her years of service (up to a maximum of 30) as of his or her retirement date, but reduced by the participant's Social Security retirement benefit and other retirement plan benefits. As a result of the amendment, the retirement benefit for participants whose retirement date occurs on or after November 1, 2010 will no longer be reduced by the participant's other retirement plan benefits.

The amendment also modified provisions of the Target Supplemental Retirement Plan relating to eligibility for retirement. Prior to the amendment, participants were eligible to receive benefits under the Target Supplemental Retirement Plan upon retirement, which was defined in the Target Supplemental Retirement Plan as a termination of employment on or after age 58 with fifteen years of service. As a result of the amendment, participants who terminate employment on or after November 1, 2010 at or after age 58 with ten years of service will be eligible to receive a retirement benefit. As part of the compensation package we offered Mr. Hinrichs when he joined our company in 2010, we reduced the years of continuous service required for him to be eligible to receive a retirement benefit under the Target Supplemental Retirement Plan to 7.5 years.

For more information regarding this plan, see the narrative discussion following the "Pension Benefits for Fiscal 2010" table.

What perquisites do we provide?

We provided a modest level of personal benefits to named executive officers in 2010, as summarized below:

- Each of the executive officers had use of a company car for business and personal travel.

- Our executive officers are provided with enhanced short-term and long-term disability benefits compared with our other salaried employees. For salaried employees who are not executive officers, the short-term disability benefit provides up to six months of base salary replacement in an amount between 60% and 100% of the salaried employee's base salary depending on the salaried employee's credited years of service with our company. For our executive officers, base salary replacement is 100% regardless of credited years of service. For salaried employees who are not executive officers, the long-term disability benefit commences following six months of disability and provides a benefit of 60% of base salary (which base salary is capped at $300,000 for purposes of calculating the long-term disability benefit). For our executive officers, the same formula applies but there are no caps.

- In 2010, the Committee determined, based on its review of the peer group survey data provided by The Delves Group discussed above, that the life insurance benefits we provided to our executive officers were not competitive with our peer group. In response to this determination, we increased the amount of company-paid term life insurance that we offer to our executive officers. The premiums paid for each of our named executive officers for this life insurance in 2010 are included below in the "Summary Compensation Table for Fiscal Years 2008-2010" in the column entitled "All Other Compensation." We do not provide a tax gross up in connection with this benefit.

In past years, we maintained a special life insurance benefit for Mr. Knueppel, and he did not receive a life insurance benefit under the basic program offered to other named executive officers and other salaried employees. We were the owner of the policy on the life of Mr. Knueppel with a basic death benefit to him of $500,000. We paid the entire annual premium on the policy, and income was imputed to Mr. Knueppel in accordance with governmental regulations. We discontinued this arrangement in 2010.

How do we assure that compensation keeps our executives focused on long-term success?

Our long-term success depends on excellent financial and operational performance year after year. Therefore, to focus on both the short and long-term success of the Company, our named executive officers' compensation includes a significant portion—approximately 65% to 70%—that is "at risk" because the value of such compensation is determined based on the achievement of specified results or subject to forfeiture. If short-term and long-term financial goals are not achieved, then performance-related compensation will decrease. If goals are exceeded, then performance-related compensation will increase.

In addition, compensation paid in the form of equity awards, such as RSUs and SARs, instead of cash is at-risk because its value varies with changes in the stock price. By creating a total compensation package where a considerable percentage is paid in equity awards, our executive officers have a significant stake in the long-term success of the Company and gain financially along with our shareholders.

As shown in the following charts, in fiscal 2010, 68% of the CEO's total compensation and, on average, 66% of the other named executive officers' compensation was at-risk dependent on performance. Forty-seven percent (47%) of the CEO's total compensation and, on average, 45% of the other named executive officers' total compensation was paid in RSUs or SARs.

For 2010, the CEO's total compensation reported in the Summary Compensation Table includes $1,774,757 in "Change in Pension Value and Nonqualified Deferred Compensation Earnings." Mr. Knueppel is 62 years of age with 31 years of service with our company and, therefore, qualifies for retirement under the plan.

What are our executive stock ownership requirements?

To underscore the importance of linking executive compensation and shareholder interests, we have implemented stock ownership requirements for certain executives, including our named executive officers. Executives subject to these stock ownership requirements must own a certain dollar value amount of stock before they are permitted to sell shares (other than shares sold to pay option exercise prices or shares sold or surrendered to cover taxes). Executives who sell shares in violation of these requirements may be ineligible for future long-term incentive awards. The stock ownership policy requires our CEO to hold shares with a value five (5) times his base salary. For our Chief Operating Officer and Chief Financial Officer, the ownership threshold is three (3) times base salary and for all other executives the ownership threshold is one (1) times base salary.

What severance and change in control benefits do we provide?

We have no employment agreements with any of our named executive officers that provide benefits prior to a change in control of our company. However, we have entered into change in control and termination agreements with Messrs. Knueppel, Hinrichs, Gliebe, Colvin and Avampato and, under our equity incentive plans, a change in control of our company may trigger potential benefits for all participants, including accelerated vesting of awards. For a detailed description of the material terms and conditions of these agreements and the change in control provisions of our equity incentive plans, see the "Potential Payments upon a Termination or Change in Control" section below.

The Committee believes the change in control and termination benefits that we provide our named executive officers under the change in control and termination agreements and our equity incentive plans are consistent with the Committee's overall objective of building shareholder value and contain terms that are similar to those offered to executives of comparable companies. The purpose of the benefits is to focus our named executive officers on taking actions that are in the best interests of our shareholders without regard to whether such action may ultimately have an impact on their job security, and to avoid the loss of key managers that may occur in connection with an anticipated or actual change in control. The change in control benefits that we provide our executive officers fulfill these purposes by generally maintaining the executive officers' expected current and long-term compensation for a specified period following the change in control, vesting awards granted prior to the change in control and, in the case of Messrs. Knueppel, Gliebe and Colvin, making the executive officers whole for certain excise taxes that may result from compensation paid and benefits provided in connection with the change in control and any related termination of employment. All of our change in control agreements contain "double trigger" provisions, which means that, for an executive officer to receive severance benefits under the agreement, in addition to the change in control there must be some adverse change in the circumstances of the executive officer's employment. The Committee selected the triggering events for change in control and termination benefits to our named executive officers based on its judgment that these events were likely to result in the job security distractions and retention concerns described above. Other than the change in control and termination agreements, we have no formal severance program in place for our named executive officers.

As described above, in 2010 the Committee adopted a policy eliminating tax gross-ups from all new change in control and termination agreements that we enter into with our executive officers. This policy was applied to the change in control and termination agreements entered into with Messrs. Hinrichs and Avampato in 2010, as well as one additional executive officer who is not a named executive officer, which contain no tax gross-ups.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth for each of our named executive officers: (1) the dollar value of base salary and annual cash incentive earned during the years indicated; (2) the full grant date fair value of RSU and SAR awards granted during the years indicated, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 718; (3) the dollar value of earnings for services pursuant to awards granted during the indicated year under non-equity incentive plans; (4) the change in pension value and non-qualified deferred compensation earnings during the years indicated; (5) all other compensation for the years indicated; and, finally, (6) the dollar value of total compensation for the years indicated. Our named executive officers are our CEO, our current Vice President and Chief Financial Officer, our former Vice President and Chief Financial Officer, each of our three other most highly compensated executive officers as of January 1, 2011 (each of whose total cash compensation exceeded $100,000 for fiscal year 2010) and one additional former executive officer who would have been one of the most highly compensated executive officers if he had been an executive officer on January 1, 2011. In accordance with the rules of the SEC, the table includes information for the fiscal years ended December 27, 2008, January 2, 2010 and January 1, 2011 for each named executive officer or such shorter period as the named executive officer has been a named executive officer.

SUMMARY COMPENSATION TABLE FOR FISCAL YEARS 2008-2010

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (5)	All Other Compensation ($)(6)	Total ($)
Henry W. Knueppel	2010	844,750	0	3,865,680	0	1,837,500	1,774,757	16,056	8,338,743
Chairman and Chief									
Executive Officer	2009	678,600	0	639,750	1,376,118	265,817	623,160	29,861	3,613,306
(Principal Executive									
Officer)	2008	746,750	0	422,800	1,027,600	774,735	2,813,886	81,365	5,867,136
Charles A. Hinrichs	2010	110,999	0	200,003	0	143,000	0	19,673	473,675
Vice President and Chief									
Financial Officer(7)									
(Principal Financial Officer)									
David A. Barta	2010	162,707	0	0	0	0	0	8,826	171,533
Former Vice President and									
Chief Financial Officer(8)	2009	355,000	0	127,950	382,255	62,576	66,054	18,067	1,011,902
	2008	350,000	0	126,840	367,000	182,381	48,484	16,539	1,091,244
Mark J. Gliebe	2010	569,500	0	466,336	963,900	900,000	731,674	21,789	3,653,199
President and Chief									
Operating Officer	2009	454,100	0	341,200	535,157	101,109	217,657	23,123	1,672,346
	2008	472,250	0	338,240	513,800	294,687	478,581	35,853	2,133,411
Terry R. Colvin	2010	253,250	0	138,060	272,160	208,000	8,369	15,659	895,498
Vice President, Corporate									
Human Resources	2009	233,000	0	63,975	229,353	32,857	0	16,275	575,460
	2008	229,750	0	38,052	132,120	95,763	0	14,538	510,223
John Avampato	2010	233,388	0	36,816	136,080	188,800	33,247	8,148	636,479
Vice President, Chief									
Information Officer									
Paul J. Jones	2010	192,096	0	288,392	595,350	0	0	11,608	1,087,446

Former Vice President, General Counsel and Secretary[9]	2009	292,000	0	85,300	282,869	46,324	11,058	15,368	732,919
	2008	287,750	0	63,420	220,200	135,014	0	16,419	722,803

(1) The base salary amounts for Messrs. Knueppel and Gliebe reflect their temporary waiver of 20% and 10% of their base salaries, respectively, for a portion of fiscal year 2009. The Committee and our Board determined in October 2009 that the economic conditions had improved sufficiently to reinstate the base salaries of Messrs. Knueppel and Gliebe effective October 1, 2009, and their base salaries remained frozen for the remainder of 2009.

(2) These amounts reflect the full grant date fair value of the stock awards granted during the indicated fiscal year, computed in accordance with ASC Topic 718, *Compensation-Stock Compensation.* Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. The assumptions made in valuing the stock awards for 2010, 2009 and 2008 are included under the caption "Shareholders Equity" in Notes 10, 7 and 2, respectively, of the Notes to Consolidated Financial Statements in the 2010, 2009 and 2008 Annual Reports on Form 10-K, and such information is incorporated herein by reference.

(3) These amounts reflect the full grant date fair value of all option awards granted during the indicated fiscal year, computed in accordance with ASC Topic 718. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. The assumptions made in valuing the option awards for 2010, 2009 and 2008 are included under the caption "Shareholders Equity" in Notes 10, 7 and 2, respectively, of the Notes to Consolidated Financial Statements in the 2010, 2009 and 2008 Annual Reports on Form 10-K, and such information is incorporated herein by reference.

(4) As discussed in more detail in the Compensation Discussion and Analysis, under the SVA Cash Incentive Plan we pay any annual cash incentive amounts earned above the target annual cash incentive value in three equal annual installments. Since the amounts shown for 2008 and 2010 with respect to each named executive officer are in excess of 100% of the applicable target annual cash incentive values, we have paid or will pay, as applicable, a portion of the amount in installments over the next three years as long as the named executive officer has not voluntarily terminated his employment with us (other than upon retirement) or been terminated for cause on the installment payment date.

(5) The values shown are not current cash benefits, but rather actuarial calculations of the change in the accumulated benefit obligations under the Target Supplemental Retirement Plan. Messrs. Knueppel and Gliebe have 31 years and 29 years, respectively, of credited service with our company. Because Mr. Knueppel qualifies for retirement under the Target Supplemental Retirement Plan for all years presented, the entire annual change in his accumulated benefit is shown in the table.

(6) The amounts shown include payments for personal benefits and for the other items identified below. We provide a modest level of personal benefits to named executive officers. These personal benefits include use of a company car, the payment of certain moving expenses and the payment of life insurance premiums. For 2010, other items included in this column were: relocation costs of $17,723 for Mr. Hinrichs and company contributions to the named executive officers' 401(k) plans of $8,575, $1,950, $8,558, $7,831, $7,479 and $5,824 for Messrs. Knueppel, Hinrichs, Gliebe, Colvin, Avampato and Jones, respectively.

(7) Mr. Hinrichs became our Vice President and Chief Financial Officer on September 20, 2010.

(8) Mr. Barta resigned as our Vice President and Chief Financial Officer effective May 14, 2010.

(9) Mr. Jones resigned as our Vice President, General Counsel and Secretary effective July 24, 2010.

Grants of Plan-Based Awards

The following table sets forth information regarding all incentive plan awards that the Committee made to our named executive officers during 2010, including incentive plan awards (equity-based and non-equity based) and other plan-based awards. Disclosure on a separate line item is provided for each grant of an award made to a named executive officer during the year. The information supplements the dollar value disclosure of stock, option and non-stock awards in the Summary Compensation Table by providing additional details about these awards. Non-equity incentive plan awards are awards that are not subject to ASC Topic 718 and are intended to serve as an incentive for performance to occur over a specified period.

GRANTS OF PLAN-BASED AWARDS TABLE FOR FISCAL 2010

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)
Name	**Grant Date**	**Date of Committee Action**	**Threshold ($)**	**Target ($)**	**Maximum ($)**				
Henry W. Knueppel	5/05/2010	4/25/2010				63,000			3,865,680
			0	918,750	1,837,500				
Charles A. Hinrichs	11/04/2010	9/17/2010				3,618			200,003
			0	214,500	429,000				
David A. Barta									
Mark J. Gliebe	5/05/2010	4/25/2010				7,600			466,336
	5/05/2010	4/25/2010					42,500	61.36	963,700
			0	450,000	900,000				
Terry R. Colvin	5/05/2010	4/25/2010				2,250			138,060
	5/05/2010	4/25/2010					12,000	61.36	272,160
			0	104,000	208,000				
John Avampato	5/05/2010	4/25/2010				600			36,816
	5/05/2010	4/25/2010					6,000	61.36	136,080
			0	94,400	188,800				
Paul J. Jones	5/05/2010	4/25/2010				4,700			288,392
	5/05/2010	4/25/2010					26,250	61.36	595,350
			0	165,000	330,000				

(1) The table reflects the estimated future payouts at the time these awards were granted under the SVA Cash Incentive Plan. As of the date of this proxy statement, these awards have been earned and, up to the target amount, paid out. As discussed in more detail in the Compensation Discussion and Analysis, annual cash incentives earned above the target annual cash incentive value under the SVA Cash Incentive Plan are subject to payment in three

equal annual installments. To receive the installment payments, the named executive officer must not have voluntarily terminated his employment with us (other than upon retirement) or been terminated for cause prior to the applicable payment date. We do not credit interest on amounts subject to payment in installments.

Equity Incentive Plan Awards

As reflected in the tables above, the Committee granted equity-based awards to our named executive officers in 2010. The Committee granted these awards under our two equity incentive plans: the 2003 Equity Incentive Plan, or the 2003 Plan, and the 2007 Equity Incentive Plan, or the 2007 Plan. Our equity incentive plans are administered by the Committee with respect to key employee participants, and the Committee generally has the authority to set the terms of awards under the plans except to the extent the plans specify such terms.

Effective May 2010, the Committee awarded 63,000, 7,600, 2,250, 600 and 4,700 restricted stock units to Messrs. Knueppel, Gliebe, Colvin, Avampato and Jones, respectively, under the 2003 Plan. In light of Mr. Knueppel's tenure with our company and expected near-term retirement, the Committee determined to provide his equity awards for 2010 entirely in the form of restricted stock units, as opposed to a combination of restricted stock units and stock appreciation rights. Pursuant to its practice of granting equity-based awards only during an "open window" period following the release of our quarterly or annual financial results, the Committee awarded these restricted stock units with an effective grant date of May 5, 2010, which was the beginning of the first open window period following the Committee's action. These restricted stock units had a grant date fair value of $61.36 per share as determined pursuant to ASC Topic 718, which is equal to the closing market price of a share of our common stock on the date of grant. Effective November 2010, the Committee also awarded 3,618 restricted stock units to Mr. Hinrichs, who joined our company in September 2010. Pursuant to its practice described above, the Committee awarded these restricted stock units with an effective grant date of November 4, 2010, which was the beginning of the first open window period following the Committee's action. Mr. Jones forfeited the restricted stock units when he resigned in July 2010. All of the units granted to our named executive officers during 2010 remain subject to forfeiture for three years following the date of grant.

The Committee also granted stock appreciation rights, or SARs, to each of our named executive officers other than Messrs. Knueppel, Barta and Hinrichs in 2010. Effective May 2010, the Committee awarded Messrs. Gliebe, Colvin, Avampato and Jones SARs under the 2007 Plan with respect to 42,500, 12,000, 6,000 and 26,250 shares, respectively, at a per share base price of $61.36. Mr. Jones forfeited the SARs when he resigned in July 2010. Pursuant to its practice of granting equity-based awards only during an "open window" period following the release of our quarterly or annual financial results, the Committee awarded these SARs with an effective grant date of May 5, 2010, which was the beginning of the first open window period following the Committee's action. The base price of the SARs equals the closing market price of a share of our common stock on the date of grant. The SARs vest and become exercisable over a five-year period, with 40% vesting on the second anniversary of the grant date and 20% vesting on each of the third, fourth and fifth anniversaries of the grant date. The SARs will expire on May 5, 2020.

Except as otherwise provided by the Committee, awards under the 2003 Plan or any rights or interest may not be assigned or transferred except by will or the laws of descent and distribution during the lifetime of the participant. Awards under the 2007 Plan and any rights under such awards are generally not assignable, alienable, saleable or transferable by participants.

Shareholder Value Added Cash Incentive Plan

As reflected in the tables above, our named executive officers participated in the SVA Cash Incentive Plan, which is designed to promote the maximization of shareholder value over the long term. The SVA Cash Incentive Plan provides annual cash incentive opportunities based on a comparison of actual annual SVA to target SVA for the year in question. Performance above target SVA earns an annual cash incentive more than the target annual cash incentive while performance below target SVA earns an annual cash incentive less than the target annual cash incentive. Under the SVA Cash Incentive Plan, the annual cash incentives earned in one year up to the target annual cash incentive (100%) are fully paid in cash following the end of that year.

Annual cash incentive amounts earned above the target annual cash incentive value are paid in installments, with one-third of the above-target amount being paid to the participant in cash after the end of each of the following three years, as long as the named executive officer's employment with us has not been voluntarily terminated (other than upon retirement) or terminated for cause. We do not credit participants with interest on amounts subject to payment in installments. In 2010, the percent of target annual cash incentive actually earned was above 100%. Therefore, a portion of the annual cash incentive amounts earned for 2010 was deferred and subject to payment in installments.

Target Supplemental Retirement Plan

The column entitled "Change in Pension Value and Nonqualified Deferred Compensation Earnings" in the Summary Compensation Table includes amounts attributable to the change in the actuarial present value of the respective accumulated benefits under the Target Supplemental Retirement Plan for Messrs. Knueppel, Hinrichs, Barta, Gliebe, Colvin, Avampato and Jones.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information on outstanding option and stock awards and stock appreciation rights held by our named executive officers at January 1, 2011, including the number of shares underlying both exercisable and unexercisable portions of each stock option and stock appreciation right as well as the exercise or grant price and expiration date of each outstanding option and stock appreciation right.

OUTSTANDING EQUITY AWARDS AT FISCAL 2010 YEAR-END

	Option Awards (1)				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (2)	Market Value of Shares or Units of Stock That Have Not Vested ($) (3)
Henry W. Knueppel	42,000	14,000(4)	36.36	1/27/2016		
	42,000	28,000(5)	48.05	2/06/2017		
	28,000	42,000(6)	42.28	5/2/2018		
	0	90,000(7)	42.65	5/8/2019		
					88,000(8)	6,542,480
Charles A. Hinrichs					3,618(9)	241,537
Mark J. Gliebe	50,000	0	29.00	1/3/2015		
	28,000	7,000(10)	36.36	1/27/2016		
	21,000	14,000(11)	48.05	2/06/2017		
	14,000	21,000(12)	42.28	5/02/2018		
	0	35,000(13)	42.65	5/8/2019		
	0	42,500(14)	61.36	5/5/2020		
					23,600(15)	1,575,536
Terry R. Colvin	6,000	1,500(16)	42.94	9/11/2016		
	4,500	3,000(17)	44.12	5/01/2017		
	3,600	5,400(18)	42.28	5/02/2018		
	0	15,000(19)	42.65	5/8/2019		
	0	12,000(20)	61.36	5/5/2020		
					4,650(21)	310,434
John Avampato	8,000	2,000(22)	47.25	4/26/2016		
	1,500	1,000(23)	44.12	5/01/2017		
	2,400	3,600(24)	42.28	5/02/2018		
	0	6,000(25)	42.65	5/8/2019		
	0	6,000(26)	61.36	5/5/2020		
					1,800 (27)	120,168

1) Exercisable stock options are vested. Unexercisable stock options vest as noted.
2) Restricted stock and restricted stock units vest as noted.
3) Based on $66.76 per share closing price of our common stock on the New York Stock Exchange on December 31, 2010.
4) 14,000 options will vest on 1/27/2011.
5) These stock appreciation rights vest with respect to 14,000 shares per year on each of 2/6/2011 and 2/6/2012.
6) These stock appreciation rights vest with respect to 14,000 shares per year on each of 5/2/2011, 5/2/2012 and 5/2/2013.
7) These stock appreciation rights vest with respect to 36,000 shares on 5/8/2011, and 18,000 shares per year on each of

5/8/2012, 5/8/2013 and 5/8/2014.

8) 10,000 shares vest on 5/2/2011, 15,000 shares vest on 5/8/2012 and 63,000 shares vest on May 5, 2013.
9) All of these shares vest on 11/4/2013.
10) 7,000 options will vest on 1/27/2011.
11) These stock appreciation rights vest with respect to 7,000 shares per year on each of 5/2/2011 and 5/2/2012.
12) These stock appreciation rights vest with respect to 7,000 shares on each of 5/02/2011, 5/02/2012 and 5/02/2013.
13) These stock appreciation rights vest with respect to 14,000 shares on 5/8/2011 and 7,000 shares on each of 5/8/2012, 5/8/2013 and 5/8/2014.
14) These stock appreciation rights vest with respect to 17,000 shares on 5/5/2012 and 8,500 shares on each of 5/5/2013, 5/5/2014 and 5/5/2015.
15) 8,000 shares will vest on each of 5/02/2011 and 5/8/2012, and 7,600 shares will vest on 5/5/2013.
16) These stock appreciation rights vest with respect to 1,500 shares on 9/11/2011.
17) These stock appreciation rights vest with respect to 1,500 shares per year on each of 5/1/2011 and 5/1/2012.
18) These stock appreciation rights vest with respect to 1,800 shares on each of 5/2/2011, 5/2/2012 and 5/2/2013.
19) These stock appreciation rights vest with respect to 6,000 shares on 5/8/11 and 3,000 shares on each of 5/8/2012, 5/8/2013 and 5/8/2014.
20) These stock appreciation rights vest with respect to 4,800 shares 5/5/2012 and 2,400 shares on each of 5/5/2013, 5/5/2014 and 5/5/2015.
21) 900 shares vest on 5/02/2011, 1,500 shares vest on 5/8/2012 and 2,250 shares vest on 5/5/2013.
22) These options will vest on 4/26/2011.
23) These stock appreciation rights vest with respect to 500 shares on each of 5/2/2011 and 5/2/2012.
24) These stock appreciation rights vest with respect to 1,200 shares on each of 5/2/2011, 5/2/2012 and 5/2/2013.
25) These stock appreciation rights vest with respect to 2,400 shares on 5/8/2011 and 1,200 shares on each of 5/8/2012, 5/8/2013 and 5/8/2014.
26) These stock appreciation rights vest with respect to 2,400 shares on 5/5/2012 and 1,200 shares on each of 5/5/2013, 5/5/2014 and 5/5/2015.
27) 600 shares vest on each of 5/2/2011, 5/8/2012 and 5/5/2013.

Option Exercises and Stock Vested

The following table sets forth information relating to the number of stock options and stock appreciation rights exercised and the stock awards that vested during the last fiscal year for each of our named executive officers on an aggregate basis.

OPTION EXERCISES AND STOCK VESTED FOR FISCAL 2010

	Stock Option Awards		Restricted Stock Awards	
Name of Executive Officer	Number of Shares Acquired on Exercise (#)	Value Realized On Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Henry W. Knueppel	56,000	1,452,080	10,000	538,600
Charles A. Hinrichs	0	0	0	0
David A. Barta	85,000	2,399,350	3,000	161,580
Mark J. Gliebe	0	0	8,000	430,880
Terry R. Colvin	0	0	750	49,103
John Avampato	0	0	250	16,368
Paul J. Jones	17,415	343,476	1,250	81,838

RETIREMENT BENEFITS (TARGET SUPPLEMENTAL RETIREMENT PLAN)

The following table sets forth the actuarial present value of each named executive officer's accumulated benefit under each defined benefit plan, assuming benefits are paid at normal retirement age based on current levels of compensation. The valuation method and all material assumptions applied in quantifying the present value of the current accumulated benefit for each of our named executive officers are included under the caption "Retirement Plans" in Note 6 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended January 1, 2011 and such information is incorporated herein by reference. The table also shows the number of years of credited service under each such plan, computed as of the same pension plan measurement date used in our audited financial statements for the year ended January 1, 2011. The table also reports any pension benefits paid to each named executive officer during the year.

PENSION BENEFITS FOR FISCAL 2010

Name	Plan name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Henry W. Knueppel	Regal Beloit Target Supplemental Retirement Plan (non-qualified)	31	8,894,105	0
Charles A. Hinrichs	Regal Beloit Target Supplemental Retirement Plan (non-qualified)	0	0	0
David A. Barta	Regal Beloit Target Supplemental Retirement Plan (non-qualified)	6	0	0
Mark J. Gliebe	Regal Beloit Target Supplemental Retirement Plan (non-qualified)	29	2,224,010 (1)	0
Terry R. Colvin	Regal Beloit Target Supplemental Retirement Plan (non-qualified)	4	8,369	0
John Avampato	Regal Beloit Target Supplemental Retirement Plan (non-qualified)	4	33,247	0
Paul J. Jones	Regal Beloit Target Supplemental Retirement Plan (non-qualified)	4	0	0

(1) In addition to the four years that Mr. Gliebe has been employed by us, he has been credited under the Regal Beloit Target Supplemental Retirement Plan with the 23 years for which he had credit under his previous employer's retirement plan. When Mr. Gliebe's benefits are paid under the Target Supplemental Retirement Plan, we will deduct from the benefit owed to Mr. Gliebe those amounts paid by his previous employer under the previous employer's retirement plan.

Target Supplemental Retirement Plan

Messrs. Knueppel, Hinrichs, Gliebe, Colvin and Avampato participate in the Target Supplemental Retirement Plan, or the Supplemental Plan. The Supplemental Plan limits participants to officers and other key employees selected by the Committee. The purpose of the Supplemental Plan is to provide replacement income for executives, which is comparable, on a percentage basis, to the retirement income that other employees are entitled to receive and to provide competitive retirement benefits as compared to our peer group of companies. The Supplemental Plan does this by supplementing retirement income which is lost to higher paid employees due to Social Security caps and limits on income considered for our qualified retirement plans. Under the Supplemental Plan, participants are entitled, upon retirement, to receive a target supplemental retirement benefit. This benefit ensures that a participant receives an annual pension benefit that provides up to a maximum of 60% of compensation replacement by paying a benefit that is equal to two percent of the participant's average annual earnings, which is comprised of the participant's base salary (including any base salary that the participant waived) and target annual cash incentives, including annual cash incentives pursuant to the SVA Cash Incentive Plan, during the final five years of service with our company, multiplied by the participant's years of service with our company (up to a maximum of 30 years). The benefit is paid for up to 15 years after retirement. Prior to November 1, 2010, the retirement benefit provided under the Supplemental Plan was reduced by the participant's Social Security retirement benefit and other retirement plan benefits. Effective on November 1, 2010, we amended the Supplemental Plan to provide that the retirement benefit for participants whose retirement date occurs on or after November 1, 2010 will be reduced only by the participant's Social Security retirement benefit. For Mr. Gliebe, the monthly pension benefit payable under the Supplemental Plan is also reduced by the amount payable to Mr. Gliebe under his previous employer's retirement plan.

To receive benefits under the Supplemental Plan, prior to November 1, 2010, a participant needed a minimum of 15 years of continuous service and to have reached the age of at least 58 or to have reached the age of at least 65. Effective on November 1, 2010, the Supplemental Plan was amended to provide that participants who terminate employment on or after November 1, 2010 at or after age 58 with a minimum of 10 years of continuous service will be eligible to receive a retirement benefit. As part of the compensation package we offered Mr. Hinrichs when he joined our company in 2010, we reduced the years of continuous service required for him to be eligible to receive a retirement benefit under the Supplemental Plan to 7.5 years. The Committee also has discretion to grant additional years of service and/or revise the retirement age requirement for a participant to qualify for benefits, which discretion has never been exercised.

Potential Payments on a Termination or Change in Control

We have no employment agreements with any of our named executive officers that provide for any benefits prior to a change in control of our company. We have entered into agreements and maintain plans that require us to provide certain benefits to our named executive officers if we undergo a change in control and if the employment of our named executive officers terminates or is adversely affected under circumstances specified in the agreements and plans.

Termination of Employment Prior to a Change in Control

Under our equity incentive plans, if a named executive officer's employment with us terminates for any reason other than "cause," all outstanding stock option and stock appreciation right awards generally expire on approximately the thirtieth day following the termination, and all unvested restricted stock awards are forfeited, subject, under certain circumstances, to exceptions permitted by the Committee. If a named executive officer's employment is terminated for cause, restricted stock awards that have not vested are generally forfeited immediately, and each unexpired and uncancelled stock option or stock appreciation right award, to the extent not previously exercised, terminates immediately. "Cause" is defined under our equity incentive plans as (i) the participant's commission of any felony; (ii) the participant's fraud, dishonesty, theft, embezzlement, disclosure of trade secrets or confidential information or (iii) other acts or omissions by the participant that result in a breach of any fiduciary duty the participant owes to us.

Change in Control without Termination of Employment

Other than the protections provided by our equity incentive plans, we do not maintain any formal severance program for our named executive officers outside of the context of a change in control of our company. In the context of a change in control, however, our key executive employment and termination agreements with each of our named executive officers as well as our equity incentive plans require us to provide certain benefits to covered named executive officers. The agreements also provide for enhanced benefits if the employment of the covered named executive officers terminates in connection with a change in control of our company. A change in control under our agreements with our named executive officers and our equity incentive plans generally means any of the following: (i) a person or entity acquires 20% or more of our common stock, (ii) a change occurs in the composition of the board of directors that is not approved by at least two-thirds of the existing directors, (iii) our shareholders approve a merger, consolidation or share exchange other than one that would result in less than a 50% change in ownership of us as the surviving entity, or (iv) our shareholders approve a plan for our dissolution or liquidation.

Under our agreements with our named executive officers, upon a change in control, we are required to cause all restrictions on any restricted stock awards made to the named executive officer prior to the change in control to lapse and to fully and immediately vest all stock options and SARs granted to the named executive officer prior to the change in control. We are also required, after the change in control, generally to maintain base salaries, fringe benefits, and incentive compensation opportunities at a level equivalent to or higher than the level at which we provided such benefits prior to the change in control.

In addition, in the event of a change in control, under our equity incentive plans, any participant holding a stock option or SAR may exercise the option or SAR in full, even if the option was not otherwise exercisable, and has the right to receive, upon sixty days' written notice to us after the change in control, cash equal to the excess of the change in control price of the shares covered under the surrendered option or SAR over the exercise or base price of the surrendered options or SARs. On the date of the change in control, any unvested restricted stock awards held by a participant vest in full and each participant has the right, upon sixty days' written notice to us, to receive, in exchange for the surrender of the restricted stock awards, an amount of cash equal to the change in control price of the restricted stock awards.

If the change in control transaction would trigger the adjustment provisions of our equity incentive plans, because, under the 2003 Plan, it is a recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of shares, or because, under the 2007 Plan, it is a merger, specified subdivision, combination or dividend of shares, a cash dividend meeting certain requirements, or other event that, in the judgment of the Board or the Committee requires an adjustment to prevent dilution or enlargement of the benefits under the 2007 Plan, the Committee or the Board may make appropriate adjustments to prevent dilution or enlargement of the benefits or potential benefits available under our equity incentive plans. Under the adjustment provision, the Committee may also determine a cash payment amount to be paid to the holder of any outstanding award in exchange for cancellation of all or a part of the award. However, under the 2003 Plan, if the event or transaction creates a change in control, then any such payment must be the greatest amount the participant could have received under the change in control provisions described above and, if the Committee determines it is necessary, each share subject to an award may be substituted by the number and kind of shares, other securities, cash or other property to which holders of our common stock are or will be entitled pursuant to the transaction.

Termination of Employment Connected to a Change in Control

The severance benefits provided under our agreements with our current named executive officers are triggered if, during the period starting six months before and ending, in the case of Messrs. Knueppel, Hinrichs and Gliebe, three years or, in the case of Messrs. Colvin and Avampato, two years, after a change in control of our company, the executive's employment is terminated. If the executive's employment is terminated for cause, or as a consequence of death or disability, our obligations under the agreement are limited to the payment of amounts already earned, plus a prorated portion of any bonus, including annual cash incentives under the SVA Cash Incentive Plan, assuming the performance goal for such bonus had been attained. We may terminate the executive for "cause" under these agreements if he (i) engages in intentional conduct not taken in good faith that has caused us demonstrable and serious financial injury, (ii) is convicted of a felony which substantially impairs the executive's ability to perform his duties, or (iii) willfully and unreasonably refuses to perform his duties or responsibilities.

If the executive's employment is terminated other than for cause or as a result of death or disability, or by the executive with good reason, our full obligations under the agreement will be triggered. The executive may terminate his employment with "good reason" under the agreements if

- we breach the terms of the agreement;
- we reduce the executive's base salary, annual cash incentive opportunity or benefits;
- we remove the executive from positions within our company;
- the executive determines in good faith that there has been a material adverse change in his working conditions or status;

- we relocate the executive; or
- we require the executive to travel 20% more frequently than prior to the change in control.

Under the agreements, the executive will receive a termination payment that is equal to, in the case of Messrs. Knueppel, Hinrichs and Gliebe, three times or, in the case of Messrs. Colvin and Avampato, two times the sum of (1) the executive's annual base salary then in effect (2) the higher of (i) the executive's annual cash incentive target bonus for the fiscal year of the termination, which includes annual cash incentive payments under the SVA Cash Incentive Plan, or (ii) the annual cash incentive received in the year prior to the change in control and (3) the value of all benefits. The agreements with Messrs. Knueppel, Gliebe and Colvin, but not the agreements with Messrs. Hinrichs and Avampato, also contain a gross-up provision, which provides for additional payments to the executives to compensate them for any excise taxes on payments related to the change in control that may be imposed on the executives under the Internal Revenue Code. As described above, in 2010 we adopted a policy prohibiting such gross-up provisions in future change of control and severance agreements with executive officers, and this policy applied to the agreements we entered into with Messrs. Hinrichs and Avampato in November 2010.

The executive also will receive outplacement services, health and life insurance for up to, in the case of Messrs. Knueppel, Hinrichs and Gliebe, three years, or, in the case of Messrs. Colvin and Avampato, two years, and the reimbursement of certain accounting and legal fees related to calculating the tax impact of these payments. We will also waive any minimum years of service requirements with respect to supplemental retirement programs, including the Target Supplemental Retirement Plan, and will make a payment equal to the value of any additional retirement benefits the executive would receive if he had remained employed for, in the case of Messrs. Knueppel, Hinrichs and Gliebe, three years, or in the case of Messrs. Colvin and Avampato, two years. The executive will also be credited with, in the case of Messrs. Knueppel, Hinrichs and Gliebe, three years' or, in the case of Messrs. Colvin and Avampato, two years' additional service under any post-retirement welfare benefit plan that we maintain. Finally, we will pay any performance awards granted under a long-term incentive plan at target as if all performance requirements were met, but offset by any amount paid upon the change in control under the same award. We do not currently maintain any long-term cash incentive plan and no awards are outstanding to our named executive officers under any such plan.

Tables Summarizing Payments Upon Termination or Change in Control

The following tables describe the potential payments upon termination and change in control. These tables assume that the triggering event or events occurred on January 1, 2011, the last day of our fiscal year, and the price per share of our common stock was $66.76, the closing market price on the last trading day prior to that date.

The following table sets forth certain information relating to the compensation of Mr. Knueppel, our Chairman and Chief Executive Officer, upon a change in control of our company and following a termination of Mr. Knueppel's employment.

Executive Benefits and Payments Upon Change in Control or Termination	Voluntary Termination/ Retirement(1)	Involuntary Not for Cause Termination (2)	For Cause Termination	Change in Control without Termination	Involuntary or Good Reason Termination / Change in Control (3)	Death or Disability
Compensation:						
Current Year SVA Annual Cash Incentive	1,837,500	1,837,500			1,837,500	1,837,500
Payment of SVA from Prior Years	13,824	13,824			13,824	13,824
Termination Payment					8,211,393	
Target Supplemental Plan(4)	9,200,429	9,200,429	9,200,429	9,200,429	9,200,429	9,200,429
Stock Options						
Unvested and Accelerated				428,400	428,400	428,400
Restricted Stock						
Unvested and Accelerated				5,892,480	5,892,480	5,892,480
Stock Appreciation Rights						
Unvested and Accelerated				3,753,940	3,753,940	3,753,940
Benefits and Perquisites:						
Cash Payment Under Retirement Plans					918,973	
Post-termination Health & Life Insurance					43,811	
Life Insurance Proceeds						400,000
Disability						345,000
Accrued Vacation Pay	67,308	67,308	67,308		67,308	67,308
Accounting and Legal Services					15,000	
Outplacement Services					87,500	
Total:	11,119,061	11,119,061	9,267,737	19,275,249	30,470,558	21,938,881

(1) Assumes an approved retirement. Benefits upon a voluntary termination that is not an approved retirement would not include the payment of SVA from prior years.
(2) Assumes the executive's employment is terminated by us without cause or by the executive with good reason not in connection with a change in control of our company.
(3) Assumes the executive's employment is terminated by us without cause or by the executive with good reason in connection with a change in control of our company.
(4) Present value of annuity commencing on retirement and paid monthly for 15 years.
(5) Reflects a cash payment that is equal to the value of additional retirement benefits that the executive would have received if he remained employed with us for an additional three years.
(6) Life insurance death benefit payable only in event of death. The amount shown reflects only the enhanced death benefits over those offered to employees generally.
(7) Disability benefit payable only in event of disability. The amount shown reflects only the enhanced disability benefits that would be payable to the executive over the course of a year compared with the disability benefits to which non-executive officer salaried employees would receive over the same period.
(8) The total amount shown is larger than the amount the executive would receive on a termination of employment in the event of death or disability because it includes both amounts that would be payable only on death and amounts that would be payable only on disability.

The following table sets forth certain information relating to the compensation of Mr. Hinrichs, our Vice President and Chief Financial Officer, upon a change in control of our company and following a termination of Mr. Hinrichs' employment. Mr. Hinrichs is not currently eligible for either early retirement or normal retirement. Accordingly, the table omits terminations under those circumstances.

Executive Benefits and Payments Upon Change in Control or Termination	Voluntary Termination	Involuntary Not for Cause Termination (1)	For Cause Termination	Change in Control without Termination	Involuntary or Good Reason Termination / Change in Control (2)	Death or Disability
Compensation:						
Current Year SVA Annual Cash Incentive		143,000			143,000	143,000
Payment of SVA from Prior Years						
Termination Payment					1,839,282	
Target Supplemental Plan(3)						
Stock Options						
Unvested and Accelerated						
Restricted Stock						
Unvested and Accelerated				242,261	242,261	242,261
Stock Appreciation Rights						
Unvested and Accelerated						
Benefits and Perquisites:						
Cash Payment Under Retirement Plans					67,618	
Post-termination Health & Life Insurance					46,232	
Life Insurance Proceeds						400,000
Disability						54,000
Accrued Vacation Pay	30,000	30,000	30,000		30,000	30,000
Accounting and Legal Services					15,000	
Outplacement Services					39,000	
280G Tax Cutback						
Total:	30,000	173,000	30,000	242,261	2,422,393	869,261

(1) Assumes the executive's employment is terminated by us without cause or by the executive with good reason not in connection with a change in control of our company.

(2) Assumes the executive's employment is terminated by us without cause or by the executive with good reason in connection with a change in control of our company.

(3) No benefit based on years of service.

(4) Reflects a cash payment that is equal to the value of additional retirement benefits that the executive would have received if he remained employed with us for an additional three years.

(5) Life insurance death benefit payable only in event of death. The amount shown reflects only the enhanced death benefits over those offered to employees generally.

(6) Disability benefit payable only in event of disability. The amount shown reflects only the enhanced disability benefits that would be payable to the executive over the course of a year compared with the disability benefits to which non-executive officer salaried employees would receive over the same period.

(7) The total amount shown is larger than the amount the executive would receive on a termination of employment in the event of death or disability because it includes both amounts that would be payable only on death and amounts that would be payable only on disability.

The following table sets forth certain information relating to the compensation of Mr. Gliebe, our President and Chief Operating Officer, upon a change in control of our company and following a termination of Mr. Gliebe's employment. Mr. Gliebe is not currently eligible for either early retirement or normal retirement. Accordingly, the table omits terminations under those circumstances.

Executive Benefits and Payments Upon Change in Control or Termination	Voluntary Termination	Involuntary Not for Cause Termination (1)	For Cause Termination	Change in Control without Termination	Involuntary or Good Reason Termination / Change in Control (2)	Death or Disability
Compensation:						
Current Year SVA Annual Cash Incentive		900,000			900,000	900,000
Payment of SVA from Prior Years		5,258			5,258	5,258
Termination Payment					4,591,092	
Target Supplemental Plan(3)					3,295,910	
Stock Options						
Unvested and Accelerated				214,200	214,200	214,200
Restricted Stock						
Unvested and Accelerated				1,580,256	1,580,256	1,580,256
Stock Appreciation Rights						
Unvested and Accelerated				1,871,870	1,871,870	1,871,870
Benefits and Perquisites:						
Cash Payment Under Retirement Plans					496,856	
Post-termination Health & Life Insurance					60,092	
Life Insurance Proceeds						700,000
Disability						180,000
Accrued Vacation Pay	46,154	46,154	46,154		46,154	46,154
Accounting and Legal Services					15,000	
Outplacement Services					60,000	
280G Tax Gross-up					4,312,959	
Total:	46,154	951,412	46,154	3,666,326	17,449,647	5,497,738

(1) Assumes the executive's employment is terminated by us without cause or by the executive with good reason not in connection with a change in control of our company.

(2) Assumes the executive's employment is terminated by us without cause or by the executive with good reason in connection with a change in control of our company.

(3) Present value of annuity commencing on retirement and paid monthly for 15 years.

(4) Reflects a cash payment that is equal to the value of additional retirement benefits that the executive would have received if he remained employed with us for an additional three years.

(5) Life insurance death benefit payable only in event of death. The amount shown reflects only the enhanced death benefits over those offered to employees generally.

(6) Disability benefit payable only in event of disability. The amount shown reflects only the enhanced disability benefits that would be payable to the executive over the course of a year compared with the disability benefits to which non-executive officer salaried employees would receive over the same period.

(7) The total amount shown is larger than the amount the executive would receive on a termination of employment in the event of death or disability because it includes both amounts that would be payable only on death and amounts that would be payable only on disability.

The following table sets forth certain information relating to the compensation of Mr. Colvin, our Vice President, Corporate Human Resources, upon a change in control of our company and following a termination of Mr. Colvin's employment. Mr. Colvin is not currently eligible for either early retirement or normal retirement. Accordingly, the table omits terminations under those circumstances.

Executive Benefits and Payments Upon Change in Control or Termination	Voluntary Termination	Involuntary Not for Cause Termination (1)	For Cause Termination	Change in Control without Termination	Involuntary or Good Reason Termination / Change in Control (2)	Death or Disability
Compensation:						
Current Year SVA Annual Cash Incentive		208,000			208,000	208,000
Payment of SVA from Prior Years		1,709			1,709	1,709
Termination Payment					953,150	
Target Supplemental Plan(3)					11,124	
Stock Options						
Unvested and Accelerated						
Restricted Stock						
Unvested and Accelerated				311,364	311,364	311,364
Stock Appreciation Rights						
Unvested and Accelerated				669,672	669,672	669,672
Benefits and Perquisites:						
Cash Payment Under Retirement Plans					135,600	
Post-termination Health & Life Insurance					38,729	
Life Insurance Proceeds						400,000
Accrued Vacation Pay	20,000	20,000	20,000		20,000	20,000
Accounting and Legal Services					15,000	
Outplacement Services					26,000	
280G Tax Gross-up					537,434	
Total:	20,000	229,709	20,000	981,036	2,927,782	1,610,745

(1) Assumes the executive's employment is terminated by us without cause or by the executive with good reason not in connection with a change in control of our company.
(2) Assumes the executive's employment is terminated by us without cause or by the executive with good reason in connection with a change in control of our company.
(3) Present value of annuity commencing on retirement and paid monthly for 15 years.
(4) Life insurance death benefit payable only in event of death. The amount shown reflects only the enhanced death benefits over those offered to employees generally.

The following table sets forth certain information relating to the compensation of Mr. Avampato, our Vice President and Chief Information Officer, upon a change in control of our company and following a termination of Mr. Avampato's employment. Mr. Avampato is not currently eligible for either early retirement or normal retirement. Accordingly, the table omits terminations under those circumstances.

Executive Benefits and Payments Upon Change in Control or Termination	Voluntary Termination	Involuntary Not for Cause Termination (1)	For Cause Termination	Change in Control without Termination	Involuntary or Good Reason Termination / Change in Control (2)	Death or Disability
Compensation:						
Current Year SVA Annual Cash Incentive		188,800			188,800	188,800
Payment of SVA from Prior Years						
Termination Payment					866,534	
Target Supplemental Plan(3)					49,893	
Stock Options						
Unvested and Accelerated				39,420	39,420	39,420
Restricted Stock						
Unvested and Accelerated				120,528	120,528	120,528
Stock Appreciation Rights						
Unvested and Accelerated				291,148	291,148	291,148
Benefits and Perquisites:						
Cash Payment Under Retirement Plans					127,022	
Post-termination Health & Life Insurance					38,729	
Life Insurance Proceeds						400,000
Accrued Vacation Pay	18,169	18,169	18,169		18,169	18,169
Accounting and Legal Services					15,000	
Outplacement Services					23,620	
280G Tax Cutback					(290,957)	
Total:	18,169	206,969	18,169	451,096	1,487,906	1,058,065

(1) Assumes the executive's employment is terminated by us without cause or by the executive with good reason not in connection with a change in control of our company.
(2) Assumes the executive's employment is terminated by us without cause or by the executive with good reason in connection with a change in control of our company.
(3) Present value of annuity commencing on retirement and paid monthly for 15 years.
(4) Life insurance death benefit payable only in event of death. The amount shown reflects only the enhanced death benefits over those offered to employees generally.

Neither Mr. Barta nor Mr. Jones received any benefits that were enhanced, or the vesting or other provisions of which were accelerated, in connection with their resignations from our company.

We set forth below a description of the assumptions that we used in creating the tables above. Unless otherwise noted, the descriptions of the payments below are applicable to all of the above tables relating to potential payments upon termination.

Current Year SVA Annual Cash Incentive

In the event of a termination of the executive upon retirement, death, disability or in connection with or upon a change in control of our company, the executive is entitled to receive a prorated portion of the target award for the current year SVA. In the event of a voluntary termination other than retirement, the executive is not entitled to a portion of the target award for the current year SVA.

Prior Year SVA Annual Cash Incentive Subject to Installment Payments

In the event of an involuntary termination not for cause or a termination of the executive upon retirement, death, disability or following a change in control, the executive is entitled to receive the balance of the SVA awards from prior years that have not been paid. Such amounts will be paid as soon as practical following the termination. In the event of a voluntary termination, the executive is not entitled to any deferred SVA awards from previous years.

Stock Options, Restricted Stock, Restricted Stock Units and Stock Appreciation Rights

Under our equity incentive plans, in the event of a termination for death, disability or retirement, other than in connection with a change in control, our Board generally has discretion to fully vest any unvested awards. The tables assume the Board exercises such discretion and fully vests the stock options, SARs, restricted stock and restricted stock units. All unvested stock options, SARs, restricted stock and restricted stock units vest upon a change in control.

Life Insurance Proceeds

Life insurance proceeds are the death benefits on company paid life insurance. No life insurance payments will be made in connection with a termination for disability.

Except as otherwise noted, the following items apply only to a termination in the context of a change in control for Messrs. Knueppel, Hinrichs, Gliebe, Colvin and Avampato. We assume the termination is without cause or by the executive with good reason. Further, we assume that the change in control and the executive's termination of employment both occurred on January 1, 2011, the last day of our fiscal year.

Target Supplemental Retirement Plan

In the event of a termination related to a change in control, we will waive the years of service requirement under the Target Supplemental Retirement Plan. Amounts reported in the table reflect the present value of the accumulated benefit, using a five and fifteen hundredths percent (5.15%) discount rate.

Equity Acceleration

The executive will be entitled to the vesting of all of the executive's then unvested stock options, SARs, restricted stock and restricted stock units upon a change in control.

Cash Payment Under Retirement Plans

The amounts relating to the cash payments under our retirement plans in the tables above reflect the cash payment that is equal to the value of additional retirement benefits that each executive would have received if he remained employed with our company for an additional three years, in the case of Messrs. Knueppel, Hinrichs and Gliebe, or two years, in the case of Messrs. Colvin and Avampato.

Post-Retirement Health Care Benefits

The executive will be covered under our health and life insurance for, in the case of Messrs. Knueppel, Hinrichs and Gliebe, three years or, in the case of Messrs. Colvin and Avampato, two years, unless the executive obtains equal or greater benefits from another employer. We have assumed the executive will not obtain benefits from another employer.

Accounting and Legal Services

We are obligated to reimburse the executive for up to $15,000 for accounting and legal services related to the calculation of the tax gross-up amount described below. The tables assume the entire amount is reimbursed to the executive.

Outplacement

The executive will be entitled to receive outplacement services up to the amount that is equal to ten percent (10%) of the executive's base salary. The tables assume the executive will use the full amount of this benefit.

Section 280G Tax Gross-up or Cut Back

Upon a change in control of our company the executive may be subject to certain excise taxes pursuant to Section 280G of the Internal Revenue Code. We have agreed to reimburse Messrs. Knueppel, Gliebe and Colvin for all excise taxes that are imposed on them under Section 280G and any income and excise taxes that are payable by them as a result of any reimbursements for Section 280G excise taxes. As described above, in 2010 we adopted a policy prohibiting such gross-up provisions in future change of control and severance agreements with executive officers, and this policy applied to the agreements we entered into with Messrs. Hinrichs and Avampato in November 2010. To address Section 280G, the agreements with Messrs. Hinrichs and Avampato include a "best of" provision pursuant to which, if the amounts payable under the agreement and any other of our plans or agreements with the executive would constitute an excess parachute payment and result in an excise tax being imposed on the executive, then the executive will receive either the full amount of such payments or a lesser amount such that no portion of the payments will be subject to the excise tax, whichever would result in the greater after-tax benefit to the executive.

For Messrs. Knueppel, Gliebe and Colvin, the total Section 280G tax gross-up amount in the above tables assumes that the executive is entitled to a full reimbursement by us of (i) any excise taxes that are imposed upon the executive as a result of the change in control, (ii) any income and excise taxes imposed upon the executive as a result of our reimbursement of the excise tax amount and (iii) any additional income and excise taxes that are imposed upon the executive as a result of our reimbursement of the executive for any excise or income taxes. The calculation of the Section 280G gross-up amount in the above tables is based upon a Section 280G excise tax rate of 20%, a 35% federal income tax rate, a 1.45% Medicare tax rate and a state income tax rate of 7.75% for Mr. Knueppel and 5.0% for Messrs. Gliebe and Colvin. For purposes of the Section 280G calculation it is assumed that no amounts will be discounted as attributable to reasonable compensation and no value will be attributed to any non-competition agreement. The payment of the Section 280G tax gross-up will be payable to the executive for any excise tax incurred unless the executive is terminated for cause, death, disability or pursuant to a voluntary termination without good reason. The calculation of this gross-up assumes we can prove, by clear and convincing evidence, that we did not make the equity-based awards in 2010 in connection with or contemplation of a change in control of our company.

Non-Competition

As a condition to each executive's entitlement to receive the severance payments and other benefits described above, the executive is required to execute a waiver of claims and be bound by the terms of a non-competition agreement which prohibits the executive from working in a business that engages in substantial competition with us, for a period of one year from the executive's termination of employment. Our Board may waive this provision.

Risk Assessment of Compensation Policies and Practices

We seek to design our compensation policies and practices to reflect a balanced approach between incentives to achieve short-term and longer-term objectives, both of which we believe will help us achieve sustained growth and success over the long term. While we recognize that the pursuit of our financial performance objectives and the link between the amount of compensation earned under our incentive arrangements and achievement of the objectives may lead to employee behavior that increases certain risks to our company, we believe that we have designed our compensation programs and policies to mitigate these concerns and help to ensure that our policies and practices are consistent with our risk profile.

Our Board relies on our Compensation and Human Resources Committee to address significant risk exposures facing the company with respect to compensation, with appropriate reporting of these risks to be made to the full Board. The Committee, with the assistance of management and independent compensation consultants, periodically evaluates our compensation policies and practices to assess whether the risks arising from these policies and practices are likely to have a material adverse effect on our company and to assess the effect on these risks of any changes to our enterprise risk profile. The Committee did not recommend or implement any material changes in 2010 as a result of its most recent assessment, but has identified or implemented the following measures, among others, that it believes serve to mitigate any risks arising from our compensation policies and practices:

- We use SVA as the performance measure under our annual cash incentive plan in part because it ties rewards for participants to both short-term and long-term results that we actually realize. We believe that SVA is the corporate performance measure that is tied most directly, both theoretically and empirically, to the creation of shareholder value. By focusing on our financial performance as a function of invested capital, our SVA-based annual cash incentive plan creates incentives for prudent investments in assets that are capable of providing strong returns.

- We have capped payouts under our SVA-based cash incentive plan at 200% and any cash incentive amounts earned in a year above the target cash incentive value for that year are paid over time in installments, with one-third of the above-target amount being paid to the participant in cash after the end of each of the following three years, so long as the named executive officer has not voluntarily terminated his or her employment with us or has been terminated for cause. We believe that capping the maximum annual cash incentive and deferring over three years the payment of any cash incentive amounts earned above the target cash incentive value serve to limit participants' incentives to take short-term or inappropriately risky measures to increase payouts in any given year.

- Our SAR and RSU awards under our long-term incentive compensation arrangements are subject to five- and three-year vesting periods, respectively, which we believe fosters employee retention and further helps to mitigate against taking short-term risks, while encouraging our employees to focus on our sustained growth over the long term.

- We have implemented stock ownership guidelines for certain executives, including our named executive officers, which we believe help to focus our executives on long-term stock price appreciation and sustainability.

We maintain incentive compensation programs for certain of our non-executive officer employees at select business units or functions under which compensation is determined in part on the basis of sales, plant performance criteria or productivity measures. The eligible employees are generally engaged in sales or manufacturing functions and our general philosophy regarding their compensation is to provide a portion of their compensation on a variable basis to create incentives for them to bring in new customers and/or increase sales to existing customers, and improve manufacturing productivity and efficiencies. We recognize that encouraging these actions by the participants may pose risks through the possibility of generating a high volume of low-quality sales or short-term revenue accompanied by long-term costs or additional risks. Accordingly, we designed the programs to limit these risks by capping the amount of compensation participants may earn under these variable compensation programs and by taking into account profitability of additional sales on which variable compensation is paid and the quality and continuous improvement of plant performance and productivity measures. We monitor the programs periodically to determine whether our risk-management objectives are being addressed by these features and intend to modify the programs if necessary to reflect changes to our risk profile.

DIRECTOR COMPENSATION

The following table sets forth certain information relating to the compensation of the directors for the last fiscal year other than Messrs. Knueppel and Gliebe who received no additional compensation for their service as directors.

DIRECTOR COMPENSATION FOR FISCAL 2010

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Total ($)
Stephen Burt	$25,000	$96,645	$121,645
Christopher L. Doerr	$67,750	$122,720	$190,470
Thomas J. Fischer	$68,000	$122,720	$190,720
Dean A. Foate (Chair, Compensation and Human Resources Committee)	$67,500	$122,720	$190,220
G. Frederick Kasten, Jr. (Presiding Director)	$67,750	$122,720	$190,470
Curtis W. Stoelting (Chair, Audit Committee)	$70,250	$122,720	$192,970
Carol N. Skornicka (Chair, Corporate Governance and Director Affairs Committee)	$71,500	$122,720	$194,220
Rakesh Sachdev	$65,250	$122,720	$187,970

(1) These amounts reflect the full grant date fair value of all stock awards granted during fiscal 2010, computed in accordance with FASB ASC Topic 718. As of December 31, 2010, the outstanding number of option awards for Messrs. Burt, Doerr, Fischer, Foate, Kasten, Stoelting and Sachdev and Ms. Skornicka were 0, 23,000, 0, 14,000, 0, 13,000, 7,000 and 10,000, respectively. Each Director other than Mr. Burt, who joined our Board in July 2010, was awarded 2,000 restricted stock units during 2010. Mr. Burt was awarded 1,500 restricted stock units in 2010.

Our compensation policies for directors are designed to attract and retain the most qualified individuals to serve on the Board in the industry in which we operate. The equity portion of director compensation is designed to align directors' interests with shareholders' interests. The non-employee directors are paid the following fees:

- Annual retainer fee of $40,000 for each director.
- Annual retainer fee of $16,000 for the chair of the audit committee, and an annual retainer fee of $6,000 for each of the other members of the audit committee.
- Annual retainer fee of $15,000 for the chair of the compensation committee, and an annual retainer fee of $6,000 for each of the other members of the other committees.

- Annual retainer fee of $11,000 for the chair of the governance committee, and an annual retainer fee of $6,000 for each of the other members of the other committees.
- Annual retainer fee of $16,000 for the presiding director.
- Each director receives a fee of $1,500 per day, plus expenses, for each Board meeting attended in person or $750 per day if attended telephonically.
- Directors do not receive an additional fee, other than reimbursement for expenses, for committee meetings attended in person or telephonically.

Each individual non-employee director serving on the Board on April 26, 2010, the date of our 2010 annual shareholders meeting, was awarded 2,000 restricted stock units with an effective grant date of May 5, 2010, which was the beginning of the first open window period following the 2010 annual shareholders meeting. The restricted stock units had a grant date fair value of $61.36 per share as determined pursuant to FASB ASC Topic 718, which is equal to the closing market price of a share of our common stock on the date of grant. The units remain subject to forfeiture for three years following the date of grant.

REPORT OF THE COMPENSATION AND HUMAN RESOURCES COMMITTEE

The Compensation and Human Resources Committee has reviewed and discussed the Compensation Discussion and Analysis set forth in this proxy statement with management. Based on the foregoing review and discussions, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis section be included in this proxy statement and incorporated by reference into our Annual Report on Form 10-K for the year ended January 1, 2011.

This report of the Compensation and Human Resources Committee has been presented by the following named directors currently comprising the Committee: Dean A Foate (Chairperson), Christopher L. Doerr and Thomas J. Fischer.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The current members of the Compensation and Human Resources Committee of the Board of Directors are Dean A Foate (Chairperson), Christopher L. Doerr and Thomas J. Fischer. There are no interlocks among the Committee members and the Company.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board is currently comprised of four directors, each of whom is independent as defined in the NYSE's listing standards and SEC rules. The Audit Committee operates under a written charter adopted by the Board.

The Company's management is responsible for the Company's internal controls and the financial reporting process, including the system of internal controls. The Company's independent auditors are responsible for expressing an opinion on the conformity of the Company's audited consolidated financial statements with accounting principles generally accepted in the United States. The Audit Committee's responsibility is to monitor and oversee this process.

The Audit Committee has reviewed and discussed the audited consolidated financial statements of the Company with management and Deloitte & Touche LLP, the Company's independent auditors. The Audit Committee has discussed with Deloitte & Touche LLP matters required to be discussed by Statement on Auditing Standards No. 114, "The Auditor's Communication with Those Charged with Governance."

The Audit Committee has received from Deloitte & Touche LLP the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditors' communications with the audit committee concerning independence, and has discussed with the independent auditors the independent auditors' independence. The Audit Committee considered whether Deloitte & Touche LLP's provision of non-audit services is compatible with maintaining Deloitte & Touche LLP's independence.

The Audit Committee discussed with the Company's internal and independent auditors the overall scopes and plans for their respective audits. The Audit Committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, the evaluation of the Company's internal controls and overall quality of the Company's financial reporting.

Based on the Audit Committee's reviews and discussions with management, the internal auditors and the independent auditors referred to above, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended January 1, 2011 for filing with the SEC.

This report of the Audit Committee has been presented by the following named directors currently comprising the Committee: Curtis W. Stoelting (Chairperson), Stephen Burt, Thomas J. Fischer and Rakesh Sachdev.

PROPOSAL 2: ADVISORY VOTE ON THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS

We are seeking an advisory vote of our shareholders on the compensation of our named executive officers, as required by Section 14A of the Securities Exchange Act of 1934, as amended. Our Board recommends that you vote in favor of a resolution approving the compensation of our named executive officers as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis section and the tables and narrative discussion contained in this Proxy Statement. Since the vote is advisory in nature, the results will not be binding on our Board or our Compensation and Human Resources Committee. However, if there is a significant vote against our executive compensation policies and procedures, our Board and our Compensation and Human Resources Committee will carefully evaluate whether any actions are necessary to address those concerns.

We have adopted what we believe to be a conservative approach to executive compensation. Our overall compensation philosophy is to offer the opportunity for our management team to earn competitive pay, with total compensation having a direct connection to our financial performance and the creation of shareholder value. Executive compensation in 2010 aligned well with the objectives of our compensation philosophy and with our corporate performance, as our 2010 results represented record levels of net income and earnings per share. A description of our executive compensation policies and procedures can be found in the section of this proxy titled "Executive Compensation." Those policies and procedures include:

- We link compensation to corporate performance through the SVA Plan and equity-based awards to ensure that executives receive above-median compensation only if long-term value creation is generated for our shareholders.
- The compensation of our named executive officers includes a significant portion—approximately 65% to 70%—that is "at risk" because the value of such compensation is determined based on the achievement of specified results.
- We have adopted a policy eliminating tax gross-ups from all new change in control and termination agreements with our executive officers, including three such agreements entered into in 2010.
- We have adopted a clawback policy requiring us to recoup incentive compensation paid to our executive officers on the basis of financial results that are subsequently subject to a material restatement.
- We have eliminated or limited certain perquisites we formerly offered to executive officers.
- We have no employment agreements with any of our named executive officers that provide severance benefits prior to a change in control of our company.
- All of our change in control agreements contain "double trigger" provisions.
- Our equity compensation plan does not permit repricing of stock options.
- We periodically review our pay practices to ensure that they do not encourage excessive risk taking.
- We do not guarantee salary increases or bonuses for our executive officers.
- We adjust compensation as appropriate in challenging economic times.

OUR BOARD RECOMMENDS A VOTE "FOR" APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT. UNLESS OTHERWISE INDICATED ON YOUR PROXY, YOUR SHARES WILL BE VOTED "FOR" THE APPROVAL OF THE EXECUTIVE COMPENSATION POLICIES AND PROCEDURES.

PROPOSAL 3: ADVISORY VOTE ON THE FREQUENCY OF ADVISORY VOTES ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

In addition to the advisory vote on the compensation of our named executive officers, as required by Section 14A of the Securities Exchange Act of 1934, as amended, we are also seeking an advisory vote from our shareholders on a resolution regarding the frequency with which we should provide shareholders with an advisory vote on the compensation of our named executive officers. We are providing shareholders the option of selecting a frequency of every one, two or three years. You may vote for any of these options, or abstain on the matter.

Our Board recommends that you vote for a frequency of every three years. Our Board believes a three-year period for holding this vote will promote the effective design and implementation of our executive compensation policies and procedures because it will provide our Board ample time to consider the results of the advisory vote and implement any desired changes to those policies and procedures. Our Board also believes that a three-year period provides investors sufficient time to evaluate our short- and long-term executive compensation policies, particularly given the aspects of our executive compensation package, such as our long-term incentive equity awards, that vest over time.

Although the vote on the frequency of the advisory vote on the compensation of our named executive officers is also advisory and not binding on our Board or our Compensation and Human Resources Committee, our Board and our Compensation and Human Resources Committee intend to consider the results of this advisory vote in making a determination concerning the frequency of advisory shareholder votes on the compensation of our named executive officers. In voting on this advisory vote on the frequency of the advisory vote on the compensation of our named executive officers, shareholders should be aware that they are not voting "for" or "against" our Board's recommendation to vote for a frequency of every three years for holding future advisory votes on the compensation of our named executive officers. Rather, shareholders will be casting votes to recommend an advisory vote on the compensation of our named executive officers which may be every one, two or three years, or they may abstain entirely from voting on the proposal.

THE BOARD RECOMMENDS A VOTE TO CONDUCT AN ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS EVERY THREE YEARS.

PROPOSAL 4: APPROVAL OF THE SHAREHOLDER VALUE ADDED (SVA) EXECUTIVE OFFICERS INCENTIVE COMPENSATION PLAN

General. The Board first adopted the Regal Beloit Corporation Shareholder Value Added (SVA) Executive Officers Incentive Compensation Plan (the "Plan") in January 2006, and then revised the Plan in January 2011. The Plan, as revised, is essentially identical to the Plan that was in effect for fiscal 2010 and which is described in our Proxy Statement on Schedule 14A filed with the SEC on March 24, 2006, except that the Plan was revised to clarify the treatment of assets, liabilities and earnings related to acquired businesses. The Plan is applicable to our executives who are or are expected to be "covered employees" within the meaning of Section 162(m) of the Internal Revenue Code, which, as of the date hereof, would include our Chief Executive Officer and other named executive officers. We intend that, upon approval by the shareholders of the Plan, any amounts payable to "covered employees" under the Plan will be fully deductible by us under the provisions of Section 162(m) of the Internal Revenue Code.

Section 162(m) of the Code limits the allowable deduction for compensation payable to the chief executive officer and each of the four other most highly compensated executive officers of a publicly held corporation (other than the Chief Financial Officer) to $1,000,000 per taxable year. However, some types of compensation, including qualified performance-based compensation, are exempted from this deduction limitation. The Plan is designed so that amounts awarded under it can qualify as qualified performance-based compensation for purposes of Section 162(m). Section 162(m) requires shareholder approval of the Plan to qualify for this exemption. If the Plan is not approved by our shareholders at the Annual Meeting, the Plan will not become effective. The following description of the material terms of the Plan is qualified in its entirety by reference to the terms of the Plan, a copy of which is attached to this Proxy Statement as Appendix A.

Purpose. The purpose of the Plan is to provide a system of incentive compensation which will promote the maximization of shareholder value over the long term. The Plan will tie incentive compensation to shareholder value added ("SVA") and thereby reward executive management for creating value and penalize executive management for diminishing value.

Administration. Full power and authority to interpret and administer this Plan is vested in the Compensation and Human Resources Committee. The Committee may make such decisions and adopt such rules and regulations for implementing the Plan as it deems appropriate for any participant under the Plan. Any decision taken by the Committee arising out of or in connection with the construction, administration, interpretation and effect of the Plan will be final and binding upon all participants and any person claiming under or through them.

Eligibility. Our named executive officers and other selected employees are eligible to participate in the Plan.

Awards. The Plan provides participants with a bonus based upon the increase in SVA. Under the Plan, SVA is equal to our net operating profit after tax ("NOPAT"), minus a charge for capital, which is calculated as the weighted cost of capital, multiplied by the net assets employed. Bonuses earned in any one year up to the target bonus value will be fully paid in cash following the end of that year. Bonuses earned above the target bonus value are deferred, with one-third of the deferred balance paid to the participant in cash after the end of each of the following three years. The maximum amount payable under the Plan to any one participant may not exceed $3,000,000 in any year.

Employment Termination. In the event a participant voluntarily terminates his or her employment, other than for retirement, death or disability, or if a participant's employment is terminated for cause, then all of the participant's unpaid deferred amounts will be forfeited.

Amendment and Termination. The Board, at its sole discretion upon the recommendation of the Committee, may amend, suspend or terminate the Plan at any time. No amendment, suspension or termination of the Plan will be effective to eliminate or diminish the right of a participant to any award for a year, unless the amendment, suspension or termination is made within the first ninety days of that year.

New Plan Benefits. There are currently six participants in the Plan, including our named executive officers. Because the amounts to be received under the Plan can only be determined based on the future performance, it is not possible to determine the benefits that would be received by the participants under the Plan.

In 2010, we had in place a similar SVA management incentive compensation plan in which our named executive officers participated. The table below shows the dollar amount of the award payments for the 2010 performance year made to the Plan participants under that similar plan.

Name and Principal Position	2010 Non-Equity Incentive Plan Compensation
Henry W. Knueppel Chairman and Chief Executive Officer	$1,837,500
Charles A. Hinrichs Vice President and Chief Financial Officer	$143,000
Mark J. Gliebe President and Chief Operating Officer	$900,000
Terry R. Colvin Vice President, Corporate Human Resources	$208,000
John Avampato Vice President, Chief Information Officer	$188,800

Tax Deductibility of Compensation. Section 162(m) of the Internal Revenue Code, imposes a $1,000,000 limit on the amount that a public company may deduct for compensation paid to the Company's Chief Executive Officer or any of the Company's four other most highly compensated officers (other than the Chief Financial Officer) who are employed as of the end of the year. This limitation does not apply to compensation that meets the requirements under Section 162(m) for "qualifying performance-based" compensation (i.e., compensation paid only if the individual's performance meets pre-established objective goals based on performance criteria approved by shareholders).

PROPOSAL 5: RATIFICATION OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR 2011

Deloitte & Touche LLP has served as our independent auditors since 2002. The Audit Committee has selected Deloitte & Touche LLP as our independent auditors for 2011, and this selection is being presented to shareholders for ratification. The Board recommends to the shareholders the ratification of the selection of Deloitte & Touche LLP to audit the financial statements of our company and our subsidiaries for 2011. Unless otherwise specified, the proxies solicited hereby will be voted in favor of the ratification of Deloitte & Touche LLP as our independent auditors for 2011.

If, prior to the Annual Meeting, Deloitte & Touche LLP declines to act or its engagement is otherwise discontinued by the Audit Committee, the Audit Committee will appoint another independent auditor whose engagement for any period subsequent to the Annual Meeting will be subject to ratification by the shareholders at the Annual Meeting. If the shareholders fail to ratify the appointment of Deloitte & Touche LLP, then the Audit Committee will consider it a direction to select another independent auditor for 2011. Even if the selection is ratified, the Audit Committee, in its discretion, may select a new independent auditor at any time during the year if it believes that such a change would be in the best interests of our company and our shareholders. Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting to answer appropriate questions and, if they so desire, to make a statement.

Independent Auditor Fees

During the fiscal years ended January 1, 2011 and January 2, 2010, we retained and paid Deloitte & Touche LLP to provide audit and/or other services. The fees paid to Deloitte & Touche LLP for the years ended January 1, 2011, and January 2, 2010 were as follows:

Audit Fees. Fees for audit services totaled $2,798,300 in 2010 and $2,149,800 in 2009. Audit fees included fees and expenses associated with the annual audit, assessment of internal control over financial reporting, the reviews of our quarterly reports on Form 10-Q, and statutory audits required internationally.

Audit-Related Fees. Fees for audit-related services totaled $1,490,400 in 2010 and $217,500 in 2009. Audit-related fees included fees for services in connection with acquisition related diligence projects, employee benefit audits and certain statutory filings.

Tax Fees. Fees for tax services totaled $343,700 in 2010 and $470,900 in 2009. Tax fees included fees for tax return preparation and reviews, tax consultations and tax advice and planning.

All Other Fees. There were no such fees paid to Deloitte & Touche LLP in either 2010 or 2009.

The Audit Committee pre-approves all audit and permissible non-audit services provided by the independent registered public accounting firm on a case-by-case basis. The Audit Committee approved 100% of the services described under the general categories of *Audit-Related Fees and Tax Fees* in 2010. The Audit Committee does not consider the provision of these non-audit services by the independent registered public accounting firm to be incompatible with maintaining auditor independence.

THE BOARD RECOMMENDS A VOTE "FOR" RATIFICATION OF THE SELECTION OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR 2011.

OTHER MATTERS

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors to file reports of ownership and changes of ownership with the SEC. The regulations of the SEC require the officers and directors to furnish the Company with copies of all Section 16(a) forms they file. Based solely on a review of the copies of such forms furnished to us, or written representations that no Form 5 was required to be filed, we believe that, during the fiscal year ended January 1, 2011, all of our directors and executive officers timely complied with the Section 16(a) filing requirements, with the exception of late Forms 4 filed by or on behalf of Messrs. Burt and Foate.

Delivery of Proxy Materials to Households

Pursuant to the rules of the SEC, services that deliver our communications to shareholders that hold their stock through a bank, broker or other holder of record may deliver to multiple shareholders sharing the same address a single copy of our annual report to shareholders and this proxy statement. Upon oral or written request, we will promptly deliver a separate copy of the annual report to shareholders and/or proxy statement to any shareholder at a shared address to which a single copy of each document was delivered. Shareholders sharing an address may also request delivery of a single copy of the annual report or proxy statement if they are currently receiving multiple copies of such documents. Shareholders may notify the Company of their requests by calling or writing to Peter C. Underwood, Vice President, General Counsel and Secretary, Regal Beloit Corporation, 200 State Street, Beloit, Wisconsin 53511, telephone number: (608) 364-8800.

SHAREHOLDER PROPOSALS

Proposals of shareholders pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 ("Rule 14a-8") that are intended to be presented at the 2012 annual meeting of shareholders must be received by us no later than December 1, 2011 to be included in our proxy materials for that meeting.

Further, a shareholder who otherwise intends to present business at the 2012 annual meeting otherwise than pursuant to Rule 14a-8 (*i.e.*, a proposal a shareholder intends to present at the 2012 annual meeting, but does not intend to have included in our proxy materials) must comply with the requirements set forth in the Company's Bylaws. Among other things, to bring business before the 2012 annual meeting, a shareholder must give written notice thereof, complying with the Bylaws, to the Secretary of the Company not less than 45 days and not more than 70 days prior to the first anniversary of the date that this proxy statement was first mailed to shareholders. This proxy statement was first mailed to shareholders on March 30, 2011. Under the Bylaws, if we do not receive notice of a shareholder proposal submitted (otherwise than pursuant to Rule 14a-8) on or prior to February 14, 2012, then the notice will be considered untimely and we will not be required to present such proposal at the 2012 annual meeting. If the Board nonetheless chooses to present such proposal at the 2012 annual meeting, then the persons named in proxies solicited by the Board for the 2012 annual meeting may exercise discretionary voting power with respect to such proposal.

By Order of the Board of Directors

REGAL BELOIT CORPORATION

Peter C. Underwood

Vice President, General Counsel and Secretary

We will furnish to any shareholder, without charge, a copy of our Annual Report on Form 10-K for 2010. You may obtain a copy of the Form 10-K by writing to Peter C. Underwood, Vice President, General Counsel and Secretary, Regal Beloit Corporation, 200 State Street, Beloit, Wisconsin 53511 or on the Company's website at www.regalbeloit.com.

Appendix A

REGAL BELOIT CORPORATION
SHAREHOLDER VALUE ADDED (SVA)
EXECUTIVE OFFICERS INCENTIVE COMPENSATION PLAN

ARTICLE I

Statement of Purpose

1.1 The purpose of the REGAL BELOIT CORPORATION Shareholder Value Added (SVA) Executive Officers Incentive Compensation Plan (the "Plan") is to provide a system of incentive compensation, which will promote the maximization of shareholder value over the long term. In order to align executive management incentives with shareholder interests, incentive compensation will reward the creation of value. This Plan will tie incentive compensation to Shareholder Value Added ("SVA") and, thereby, reward executive management for creating value and penalize management for diminishing value.

1.2 SVA is the performance measure of value creation. SVA reflects the benefits and costs of capital employment. Executive officers create value when they employ capital in an endeavor that generates a return that exceeds the cost of the capital employed. By imputing the cost of capital upon the operating profits generated by the Company, SVA measures the total value created by executive management.

SVA = (Net Operating Profit After Tax - Capital Charge)

1.3 Each Participant has a prescribed target bonus. The bonus earned in any one year is the result of multiplying the Actual Bonus Percentage times the Participant's Target Bonus Value. Bonuses earned in any one Fiscal Year up to the Target Bonus Value will be fully paid out shortly after the end of that Fiscal Year but in no event later than the March 15 after that Fiscal Year end. Bonuses earned above the Target Bonus Value are deferred and paid out as described in Article IV below.

ARTICLE II

Definition of SVA and the Components of SVA

Unless the context provides a different meaning, the following terms shall have the following meanings.

2.1 "Participant" is defined as a REGAL BELOIT employee who serves as a Corporate Officer of the Company and is so designated by the Committee.

2.2 "Capital" is defined as the net investment employed in the operations of the Company, without giving effect to acquisitions of other companies or businesses until the first anniversary thereof. The components of Capital are as follows:

	Accounts Receivable----at Gross Value
Plus:	FIFO Inventory — Net of E&O Reserves
Plus:	Other Current Assets
Plus:	Net Property, Plant & Equipment

Plus:	Goodwill
Plus:	Other assets
Plus (Less):	Special Items (one-time) (1)
Less:	Noninterest Bearing Current and Long-term Liabilities
Equals:	Capital

(1) Established within the first ninety (90) days of the Company's Fiscal Year.

2.3 Each component of Capital will be measured by computing a thirteen fiscal month average beginning with the last fiscal month of the prior Fiscal Year and the twelve fiscal months of the current Fiscal Year.

2.4 "Cost of Capital" is defined as the weighted average of the after tax cost of debt and equity.

The Cost of Capital will be fixed for the year and reviewed annually, to determine if an adjustment shall be considered. Any such adjustments will be made only if the fixed rate in use does not represent the reasonable long-term Cost of Capital for the Company and must be established for each Plan year within the first ninety (90) days of the Company's Fiscal Year.

The methodology for the calculation of the Cost of Capital will be as reflected in Exhibit A.

Short-term debt is to be treated as long term for purposes of computing the cost of capital.

2.5 "Capital Charge" is defined as the opportunity cost of employing Capital in the Company. The Capital Charge is computed as follows:

Capital Charge = Capital x Cost of Capital

2.6 "Fiscal Year" or "Plan Year" shall correspond with the fiscal year utilized by the Company for financial reporting purposes.

2.7 "Net Operating Profit After Tax" or "NOPAT"

"NOPAT" is defined as the after tax earnings attributable to the capital employed by the Company for the year in question, and shall exclude the first year impact of acquisitions. The components of NOPAT are as follows:

	Income from Operations
Plus:	Increase (Decrease) in Bad Debt and Warranty Reserves
Less:	Other Expense (excluding interest)
Plus:	Other Income
Plus (Less):	Approved Special Adjustments (1)
Equals:	Net Operating Profit Before Tax
Less:	Taxes (2)
Equals:	Net Operating Profit After Tax

(1) Adjustments to NOPAT for special items, if any, shall be established within the first ninety (90) days of the Company's Fiscal Year by the Committee. A few examples are: gains and losses on sales of land and buildings, gains and losses on sales of businesses.

(2) The Corporate tax rate will vary as a percent of Net Operating Profit Before Tax on the actual effective book tax rate of the Company. Adjustments for specific non-book tax items may be considered on a case by case basis and established within the first ninety (90) days of the Company's Fiscal Year.

2.8 "Shareholder Value Added" or "SVA" is defined as the NOPAT that remains after subtracting the Capital Charge from NOPAT. SVA may be positive or negative.

ARTICLE III

Other Definitions and Computations

3.1 "Actual SVA" is defined as the SVA as calculated for the Company for the Fiscal Year in question.

3.2 "Target SVA" is defined as the level of SVA that is required in order for a Participant to receive the Target Bonus Value.

The Target SVA is set at the average of the sum of the prior Fiscal Year's Target and Actual SVA plus an improvement factor. The Target SVA is revised according to the following formula:

$$\text{Target SVA} = \frac{\text{(Prior Year's Actual SVA} + \text{Prior Year's) Target SVA)}}{2} + \text{Expected improvement in SVA}$$

"Expected Improvement in SVA" is defined as the improvement in SVA established by the Committee within the first ninety (90) days of the Company's fiscal year. It may be in the form of a specified dollar amount or a percentage of the prior year's actual SVA. The improvement factor may be changed annually, as determined by the Committee within the first ninety (90) days of the Company's Fiscal Year.

3.3 "Target Bonus Value" is defined as the "Target Bonus Percentage" times a Participant's Base Pay.

3.4 "Target Bonus Percentage" is determined for each Participant by the Committee within the first ninety (90) days of the Company's Fiscal Year.

3.5 "Actual Bonus Value" is defined as the bonus earned by a Participant and is computed as the Actual Bonus Percentage times a Participant's Target Bonus Value. A portion of the Actual Bonus Value may be placed in the Participant's Deferred Account. See Article IV Deferred Account.

3.6 "Actual Bonus Percentage" is determined by multiplying the Target Bonus Percentage by the Bonus Performance Value.

3.7 "Bonus Performance Value" is defined as the difference between the Actual SVA and the Target SVA divided by the Leverage Factor, plus 1.0.

$$\text{Bonus Performance Value} = \frac{[\text{SVA - Target SVA}]}{[\text{Leverage Factor}]} + 1$$

3.8 "Leverage Factor" is the negative (positive) deviation from Target SVA necessary before a zero (two times Target) bonus is earned.

3.9 "Base Pay" is defined as the annual salary of a Participant as of the date specified by the Committee within the first ninety (90) days of the Company's fiscal year.

3.10 "Maximum Bonus" is defined as 200% of Target Bonus Value. A Participant cannot earn an Actual Bonus Value in any year more than twice his/her Target Bonus Value.

3.11 "Minimum Bonus" means zero bonus. A Participant may earn an Actual Bonus Value of zero (-0-), but the Actual Bonus Value cannot be negative.

ARTICLE IV

Description of Deferred Accounts

4.1 Establishment of a Deferred Account. To serve as an incentive for Participants to remain employed by the Company, amounts above the Target Bonus Value shall be credited to the Plan Participant's deferred account ("Deferred Account").

4.2 "Deferred Account" is defined as, with respect to each Participant, an unfunded account to which amounts are credited, or debited (paid out), under the Plan.

4.3 Payment: Subject to the conditions in Article V, any amounts earned above the Target Bonus Value are paid in three equal amounts in each of the three calendar years following the year in which such deferred amount was earned; thus, the first payment is made in the first calendar year that begins after the Fiscal Year in which the deferred amount was earned, the second payment is made in the second calendar year that begins after the Fiscal Year in which the deferred amount was earned, and the third payment is made in the third calendar year that begins after the Fiscal Year in which the deferred amount was earned.

4.4 No interest will be earned or paid on amounts in the Participant's Deferred Account.

ARTICLE V

Plan Participation and Terminations

5.1 Eligibility. The Compensation and Human Resources Committee of the Board of Directors (the "Committee") will have sole discretion in determining who shall participate in the Plan. Employees designated for Plan participation by the Committee shall be members of executive management. In order for a Participant to receive or be credited with his or her Actual Bonus Value for a Plan Year, the Participant must have (i) remained employed by the Company or an affiliate through the last day of such Plan Year, (ii) retired from the Company within the meaning of Section 5.2 during the Plan Year, (iii) suffered a disability as defined in the

Company's long-term disability plan during the Plan Year, or (iv) died during the Plan Year. A Participant whose employment is terminated involuntarily without Cause after June 30 of any Fiscal Year will be entitled to a prorata Actual Bonus Value for the Fiscal Year in which his/her employment so ends, payable as soon as practical after the end of that Fiscal Year but in no event later than March 15 following that Fiscal Year end; provided that if such prorata amount exceeds the Target Bonus Value, such excess shall be credited to the Participant's Deferred Account and paid in accordance with Section 5.4. In all other cases of termination of employment prior to the last day of the Fiscal Year, a Participant shall not be entitled to any Actual Bonus Value for such Plan Year. In the case of items (ii), (iii) and (iv), the Actual Bonus Value will be prorated for the portion of the Fiscal Year worked and will be paid as soon as practical after the end of that Fiscal Year but in no event later than March 15 following that Fiscal Year end; provided that if such prorata amount exceeds the Target Bonus Value, such excess shall be credited to the Participant's Deferred Account and paid in accordance with Section 5.2, 4.3 or 5.5, as applicable.

5.2 Retirement. A Participant who retires from the Company in accordance with Company retirement programs shall be eligible to receive the balance of his/her Deferred Account. Such payment shall be made on the first day of the seventh (7^{th}) month immediately following the month in which his or her Separation from Service occurs.

5.3 Disability. A Participant who suffers a disability, while in the Company's employ, (as defined in Section 5.10) shall receive the balance of his/her Deferred Account. Such payment shall be made as soon as practical, but not more than 90 days, after the date the Participant has suffered a Disability.

5.4 Involuntary Termination Without Cause. A Participant who is terminated without Cause shall receive the balance in his/her Deferred Account. Such payment shall be made on the first day of the seventh (7^{th}) month immediately following the month in which his or her Separation from Service occurs.

5.5 Death. In the case of a Participant who dies, such Participant's estate shall receive the balance in his/her Deferred Account. Such payment shall be made as soon as practical, but not more than 90 days, after the Participant's death.

5.6 Voluntary Termination. In the event that a Participant voluntarily terminates employment with the Company, the right of the Participant to the balance in, and any payments from, his/her Deferred Account shall be forfeited.

5.7 Termination for Cause. In the event of termination of employment for Cause, the right of the Participant to his/her Deferred Account shall be declared forfeited. "Cause" shall mean:

(1) any act or acts of the Participant constituting a felony under the laws of the United States, any state thereof or any foreign jurisdiction;

(2) any material breach by the Participant of any employment agreement with the Company or the policies of the Company or the willful and persistent (after written notice to the Participant) failure or refusal of the Participant to comply with any lawful directives of the Board;

(3) a course of conduct amounting to gross negligence or willful misconduct; or

(4) any misappropriation of property of the Company by the Participant or any misappropriation of a corporate or business opportunity of the Company by the Participant.

5.8 Breach of Agreement. Notwithstanding any other provision of the Plan or any other agreement, in the event that a Participant shall breach any noncompetition agreement with the Company or breach any agreement with respect to the postemployment conduct of such Participant, any remaining payment otherwise due to the Participant hereunder shall be forfeited.

5.9 No Guarantee. Other than as provided in this Plan document, (i) participation in the Plan provides no guarantee that a payment under the Plan will be paid; (ii) selection as a Participant is no guarantee that payments under the Plan will be paid; or, (iii) that selection as a Participant will be made in the subsequent Fiscal Year.

5.10 Definitions. For purposes of the payment provisions, the following definitions apply:

i. "Affiliate" means each entity that is required to be aggregated with the Company pursuant to Code Section 414(b) or (c); provided that for purposes of determining if a Participant has incurred a Separation from Service, the phrase "at least 50 percent" shall be used in place of the phrase "at least 80 percent" each place it appears therein or in the regulations thereunder.

ii. "Code" means the Internal Revenue Code of 1986, as amended.

iii. "Disability" means either (i) the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or (ii) the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Participant's employer.

iv. "Separation from Service" means a Participant's termination of employment from the Company and all Affiliates within the meaning of Code Section 409A, including the following rules:

(1) If a Participant takes a leave of absence from the Company or an Affiliate for purposes of military leave, sick leave or other bona fide leave of absence, the Participant's employment will be deemed to continue for the first six (6) months of the leave of absence, or if longer, for so long as the Participant's right to reemployment is provided either by statute or by contract; provided that if the leave of absence is due to the Participant's medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of six months or more, and such impairment causes the Participant to be unable to perform the duties of his position with the Company or an Affiliate or a substantially similar position of employment, then the leave period may be extended for up to a total of 29 months.

(2) A Participant shall be presumed to incur a Separation from Service when the level of bona fide services provided by the Participant to the Company and its Affiliates permanently decreases to a level of twenty percent (20%) or less of the level of services rendered by such individual, on average, during the immediately preceding 36 months.

(3) A Participant shall be presumed to not incur a Separation from Service when the level of bona fide services provided by the Participant to the Company and its Affiliates continues at a rate that is at least fifty percent (50%) of the level of services rendered by such individual, on average, during the immediately preceding 36 months.

ARTICLE VI

General Provisions

6.1 Withholding of Taxes. The Company shall have the right to withhold the amount of taxes, which in the determination of the Company, is required to be withheld under available law with respect to any amount due or paid under the Plan.

6.2 Expenses. All expenses and costs in connection with the adoption and administration of the Plan shall be borne by the Company.

6.3 No Prior Right or Offer. Except and until expressly granted pursuant to the Plan, nothing in the Plan shall be deemed to give any employee any contractual or other right to participate in the benefits of the Plan.

6.4 Claims for Benefits. In the event a Participant desires to make a claim with respect to any of the benefits provided hereunder, the Participant shall submit evidence satisfactory to the Committee of facts establishing his entitlement to a payment under the Plan. Any claim with respect to any of the benefits provided under the Plan shall be made in writing within ninety (90) days of the event which the Participant asserts entitles him to benefits. Failure by the Participant to submit his claim within such ninety (90) day period shall bar the Participant from any subsequent claim for benefits under the Plan.

6.5 Denial of Claim. In the event that a claim which is made by a Participant is wholly or partially denied, the Participant will receive from the Committee a written explanation of the reason for denial and the Participant or his/her duly authorized representative may appeal the denial of the claim to the Committee at any time within ninety (90) days after the receipt by the Participant of written notice from the Committee of the denial of the claim; provided that to avoid penalties under Code Section 409A, the Participant's appeal must be filed no later than 180 days after the latest date the payment that is in dispute could have been timely paid pursuant to Code Section 409A. In connection therewith, the Participant or his/her duly authorized representative may request a review of the denied claim; may review pertinent documents; and may submit issues and comments in writing. Upon receipt of an appeal, the Committee shall make a decision with respect to the appeal and, not later than sixty (60) days after receipt of a request for review, shall furnish the Participant with a decision on review in writing, including the specific reasons for the decision as well as specific reference to the pertinent provisions of the Plan upon which the decision is based. In reaching its decision, the Committee shall have complete discretionary authority to determine all questions arising in the interpretation and administration of the Plan, and to construe the terms of the Plan, including any doubtful or disputed terms, and the eligibility of a Participant for benefits.

6.6 Action Taken in Good Faith; Indemnification. The Committee may employ attorneys, consultants, accountants or other advisors and the Company's directors and officers shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon all Participants, the Company and all other interested parties. No member of the Committee, nor any officer, director, employee or representative of the Company, or any of its affiliates acting on behalf of or in conjunction with the Committee, shall be personally liable for any action, determination, or interpretation, whether of commission or omission, taken or made with respect to the Plan, except in circumstances involving actual bad faith or willful misconduct. In addition to such other rights of indemnification as they may have as members of the Board, as members of the Committee or as officers or employees of the Company, all members of the Committee and any officer, employee or representative of the Company or any of its subsidiaries acting on their behalf shall be fully indemnified and protected by the Company with respect to any such action, determination or interpretation against the reasonable expenses, including attorneys' fees actually and necessarily incurred, in connection with the defense of any civil or criminal action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the establishment and administration of the Plan or an award granted thereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any action, suit or proceeding. Expenses (including attorney's fees) incurred in defending a civil or criminal action, suit or proceeding shall be paid by the Company if such person claiming indemnification is entitled to be indemnified as provided in this Section.

6.7 Rights Personal to Participant. Any rights provided to a Participant under the Plan shall be personal to such Participant, shall not be transferable (except by will or pursuant to the laws of descent or distribution), and shall be exercisable, during his/her lifetime, only by such Participant.

6.8 Distribution of Deferred Accounts Upon Termination of the Plan. Upon termination of the Plan, to the extent permitted by and in accordance with Code Section 409A, the Committee may provide that the Deferred Account of each Participant shall be distributed as soon as practicable.

ARTICLE VII

Limitation

7.1 No Continued Employment. Nothing contained herein shall provide any Participant with any right to continued employment or in any way abridge the rights of the Company and its Participants to determine the terms and conditions of employment and whether to terminate employment of any Participant.

7.2 No Vested Rights. Except as otherwise provided herein, no Participant or other person shall have any claim of right (legal, equitable, or otherwise) to any award, allocation, or distribution or any right, title, or vested interest in any amounts in his/her Deferred Account and no Officer of the Company or any other person shall have any authority to make representations or agreements to the contrary. No interest conferred herein to a Participant shall be assignable or subject to claim by a Participant's creditors. The right of the Participant to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company and the Participant shall have no rights in or against any specific assets of the Company as the result of participation hereunder.

7.3 Not Part of Other Benefits. The benefits provided in this Plan shall not be deemed a part of any other benefit provided by the Company to its employees. The Company assumes no obligation to Plan Participants except as specified herein. This is a complete statement, along with any Exhibits, Schedules and Appendices attached hereto, of the terms and conditions of the Plan.

7.4 Other Plans. Nothing contained herein shall limit the Company or the Committee's power to grant bonuses to the Officers of the Company, whether or not Participants in this Plan.

7.5 Limitations. Neither the establishment of the Plan nor the grant of an award hereunder shall be deemed to constitute an express or implied contract of employment for any period of time or in any way abridge the rights of the Company to determine the terms and conditions of employment or to terminate the employment of any Participant with or without cause at any time.

7.6 Unfunded Plan. This Plan is unfunded and is maintained by the Company in part to provide incentive compensation to the Participants. Nothing herein shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant.

ARTICLE VIII

Authority

8.1 Compensation and Human Resources Committee Authority. Except as otherwise expressly provided herein, full power and authority to interpret and administer this Plan shall be vested in the Compensation and Human Resources Committee. The Committee may from time to time make such decisions and adopt such rules and regulations for implementing the Plan as it deems appropriate for any Participant under the Plan. Any decision taken by the Committee arising out of or in connection with the construction, administration, interpretation and effect of the Plan shall be final, conclusive and binding upon all Participants and any person claiming under or through them.

ARTICLE IX

Notice

9.1 Any notice to be given pursuant to the provisions of the Plan shall be in writing and directed to the appropriate recipient thereof at his/her business address or office location.

ARTICLE X

Effective Date

10.1 This Plan shall be effective as of January 1, 2006 subject to receipt of Shareholder approval.

ARTICLE XI

Amendments

11.1 Amendment. This Plan may be suspended or terminated at any time or amended in accordance with the terms and conditions hereof at the sole discretion of the Board of Directors upon the recommendation of the Committee. Any action which suspends the bonus accruals for more than twelve months shall be deemed a termination of the Plan.

11.2 Protected Benefits. No amendment, suspension or termination of the Plan shall be effective to eliminate or diminish the entitlement of a Participant to any award for an applicable year, unless such amendment, suspension or termination has been made and dated within ninety (90) days of the beginning of such Fiscal Year.

11.3 Notice. Notice of any amendment, suspension or termination shall be given promptly to each Participant.

ARTICLE XII

Applicable Law

12.1 This Plan shall be construed in accordance with the laws of the State of Wisconsin without reference to conflict of law principles thereof and to the extent not preempted by Federal law. Portions of this Plan are intended to be a deferred compensation plan that complies with Code Section 409A, and the Plan shall be construed and interpreted in a manner that will cause any payment hereunder that is not exempt from Code Section 409A to meet the requirements thereof such that no additional tax will be due under Code Section 409A on such payment.

Exhibit A

Calculation of the Cost of Capital

Inputs Variables

Risk Free Rate = Average Daily closing yield on U.S. Government 30 Year. Bonds or similar long-term instruments if a U.S. Government 30 Year Bond yield is not available.

Market Risk Premium, Beta, Target Long-Term Debt/Capital Ratio, Cost of Debt Capital and Long-term Marginal Tax Rate are to be evaluated periodically in conjunction with any other such plan variables by the Committee within ninety (90) days of the beginning of each Fiscal Year.

Formula

Cost of Equity Capital = Risk Free Rate + (Beta x Market Risk Premium)

Weighted Average Cost of Capital = [Cost of Equity Capital x (1 - Debt/Capital Ratio) + [Cost of Debt x (Debt/Capital Ratio) x (1 - Marginal Tax Rate)

REGAL BELOIT CORPORATION
200 STATE STREET
BELOIT, WI 53511

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

REGAL BELOIT CORPORATION

The Board of Directors recommends a vote FOR all director nominees listed below and FOR Proposals 2, 4 and 5 and 3 Years for Proposal 3.

Election of Directors

1 The election of: (for terms expiring in 2014, except Stephen M. Burt, whose term would expire in 2012):

		For	Against	Abstain
1a.	Stephen M. Burt	☐	☐	☐
1b.	Thomas J. Fischer	☐	☐	☐
1c.	Rakesh Sachdev	☐	☐	☐
1d.	Carol N. Skornicka	☐	☐	☐

	For	Against	Abstain
4 Approval of the Company's Shareholder Value Added (SVA) Executive Officers Incentive Compensation Plan	☐	☐	☐

	For	Against	Abstain
5 To ratify the selection of Deloitte & Touche LLP as the independent auditors for the Company for the year ending December 31, 2001	☐	☐	☐

Vote On Other Proposal	**For**	**Against**	**Abstain**

2 Advisory vote on the compensation of the Company's name executive officers	◻	◻	◻		
The Board of Directors recommends you vote for three years	**1 Year**	**2 Years**	**3 Years**	**Abstain**	
3 Advisory vote on the frequency of the advisory vote on the compensation of the Company's named executive officers	◻	◻	◻	◻	In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.
For address changes and/or comments, please check this box and write them on the back where indicated				◻	

In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

PLEASE SIGN EXACTLY AS NAME APPEARS ON THIS CARD. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. IF a partnership, please sign in partnership name by authorized person.

Signature (PLEASE SIGN WITHIN BOX) Date

Signature (Joint Owners) Date

REGAL BELOIT
CORPORATION

Dear
Shareholder:

You are cordially invited to attend the Regal Beloit Corporation Annual Meeting of Shareholders to be held at 9:00 A.M. Central Daylight Time on Monday, May 2, 2011, at the **Company's headquarters, 200 State Street, Beloit, WI 53511**. The accompanying Notice of Annual Meeting and Proxy Statement contain detailed information as to the formal business to be transacted at the meeting.

Whether or not you plan to attend the meeting, it is important that these shares be voted. Accordingly, please complete, sign and date the proxy card attached below and return it in the enclosed postage- paid envelope. In the alternative, you have the option to vote these shares by the Internet or telephone as indicated on the reverse side or by attending the meeting and voting in person.

Sincerely,

REGAL BELOIT CORPORATION

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Notice and Proxy Statement and Annual Report are available at www.proxydocs.com/rbc.

PROXY

REGAL BELOIT CORPORATION

PROXY FOR ANNUAL MEETING OF SHAREHOLDERS ON MAY 2, 2011
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Henry W. Knueppel and Peter C. Underwood or either of them as Proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side, all shares of common stock of REGAL BELOIT CORPORATION (the "Company") held of record by the undersigned as of the close of business on March 10, 2011 at the Annual Meeting of Shareholders to be held on May 2, 2011, at 9:00 A.M. Central Daylight Time, at the Company's headquarters, 200 State Street, Beloit, WI 53511, or any adjournment or postponement thereof.

Regal Beloit Retirement Savings Plan Participants: If you are a participant in the Regal Beloit Retirement Savings Plan (the "Plan"), this proxy card also entitles you to direct Wells Fargo Bank, N.A., as trustee of the Plan, how to vote shares of Regal Beloit Corporation common stock credited to your account as of March 31, 2011.

This Proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" ALL DIRECTOR NOMINEES LISTED IN ITEM 1, "FOR" THE PROPOSALS IN ITEMS 2, 4 AND 5 AND THREE YEARS FOR PROPOSAL 3. THE PROXIES ARE AUTHORIZED IN THEIR DISCRETION TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY ADJOURNMENT THEREOF.

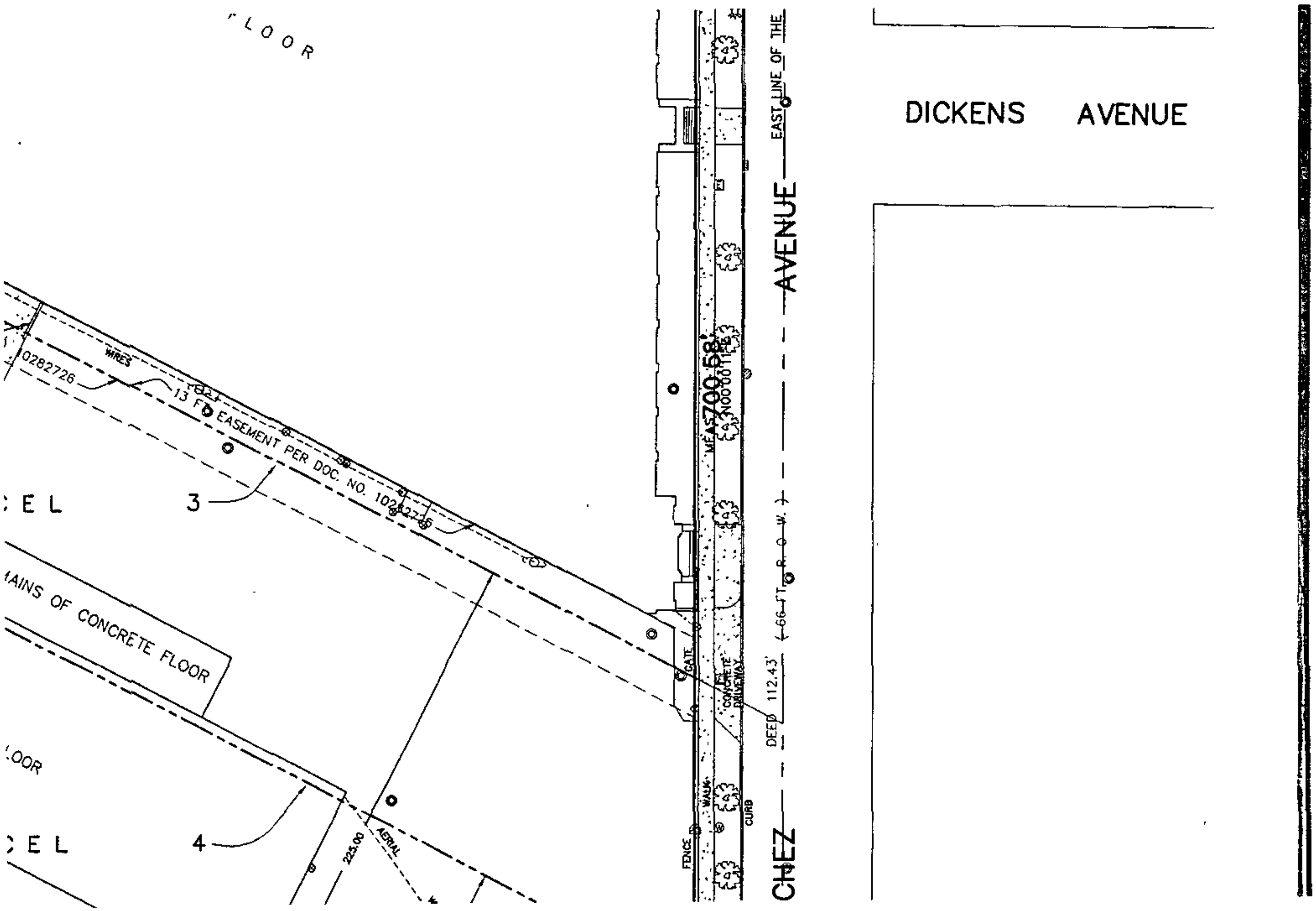
Please mark, sign, date and return this card promptly using the enclosed envelope.

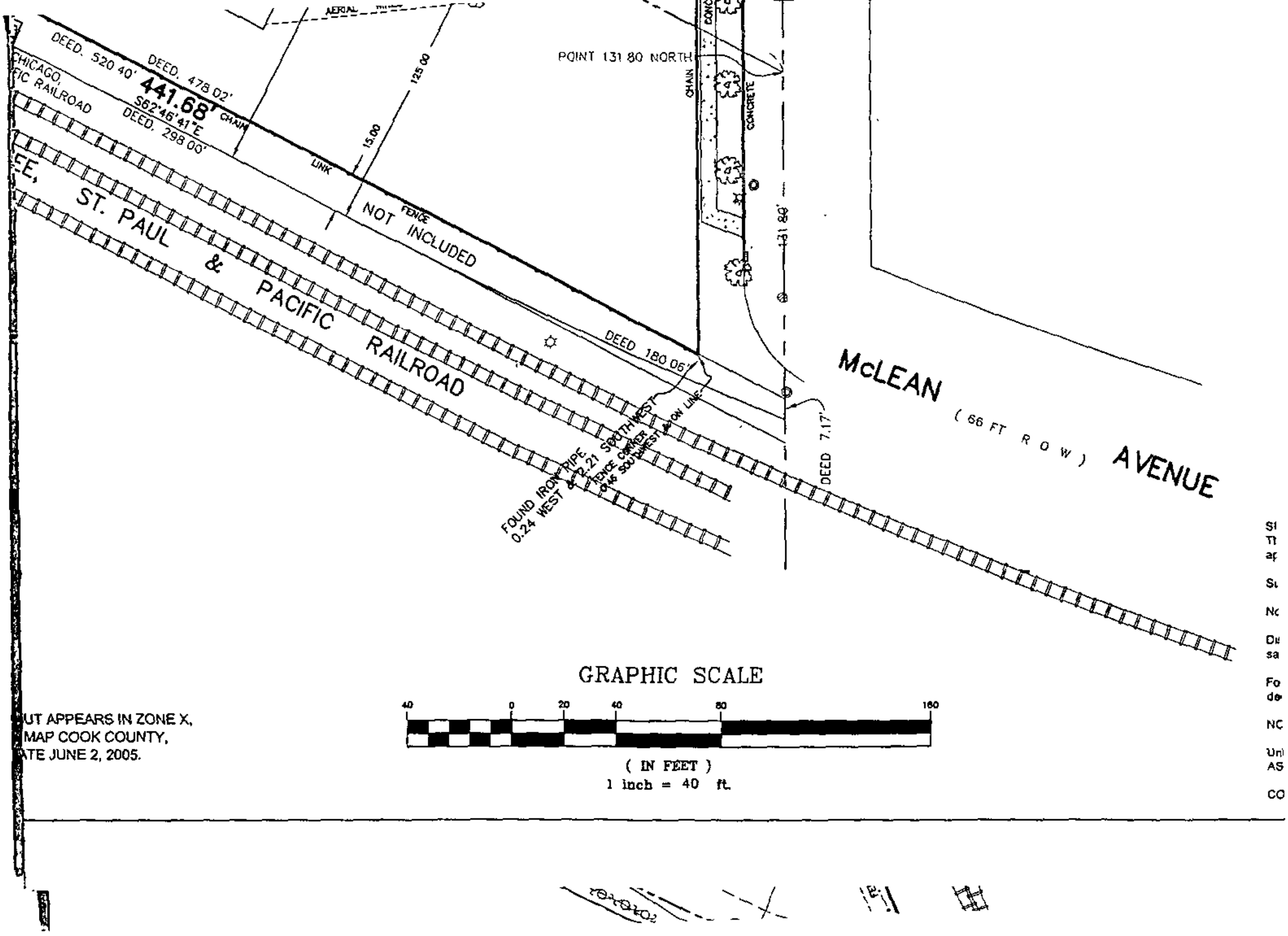
Address Change/Comments:

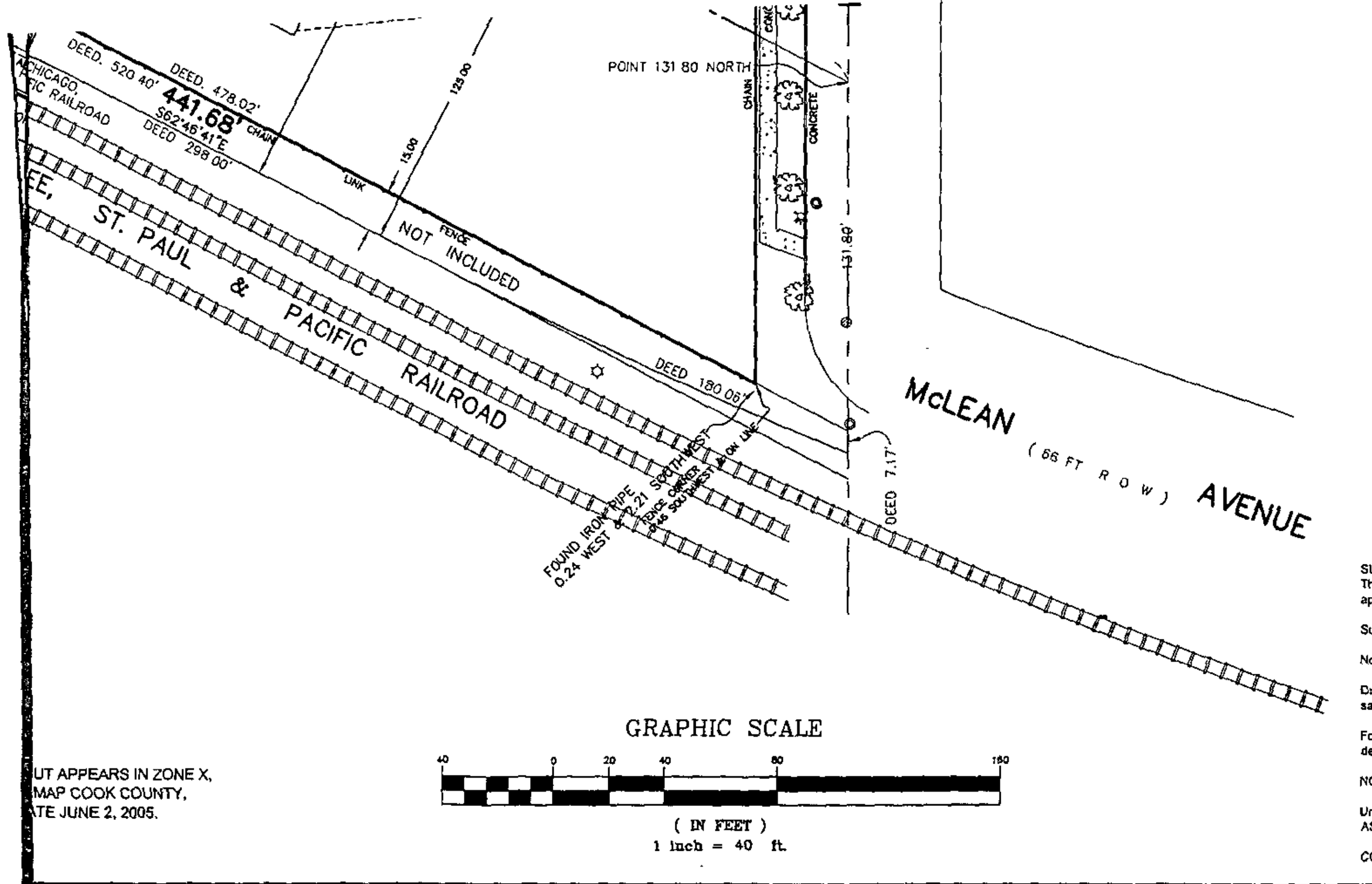
(If you noted any address change/comments above, please mark corresponding box on reverse side.)

SEE REVERSE SIDE		SEE REVERSE SIDE

Continued and to be signed on Reverse Side


DICKENS AVENUE
EAST LINE OF THE
AVENUE
CHEZ
(66 FT. R.O.W.)
DEED 112.43'
13 FT. EASEMENT PER DOC. NO. 10282726
WIRES
3
4
GATE
CONCRETE DRIVEWAY
WALK
CURB
FENCE
AERIAL
225.00
OF CONCRETE FLOOR


DEED. 520.40'
DEED. 478.02'
441.68'
S62°46'41"E
DEED. 298.00'
CHICAGO,
FIC RAILROAD
CHAIN
LINK
FENCE
NOT INCLUDED
125.00
15.00
POINT 131.80 NORTH
CHAIN
CONCRETE
131.80'
DEED 180.06'
FEE, ST. PAUL & PACIFIC RAILROAD
FOUND IRON PIPE
0.24 WEST & 2.21 SOUTH WEST
FENCE CORNER
0.46 SOUTHWEST ALONG LINE
DEED 7.17'
McLEAN (66 FT ROW) AVENUE
GRAPHIC SCALE
40 0 20 40 80 160
(IN FEET)
1 inch = 40 ft.
UT APPEARS IN ZONE X,
MAP COOK COUNTY,
ATE JUNE 2, 2005.



UT APPEARS IN ZONE X,
MAP COOK COUNTY,
TE JUNE 2, 2005.

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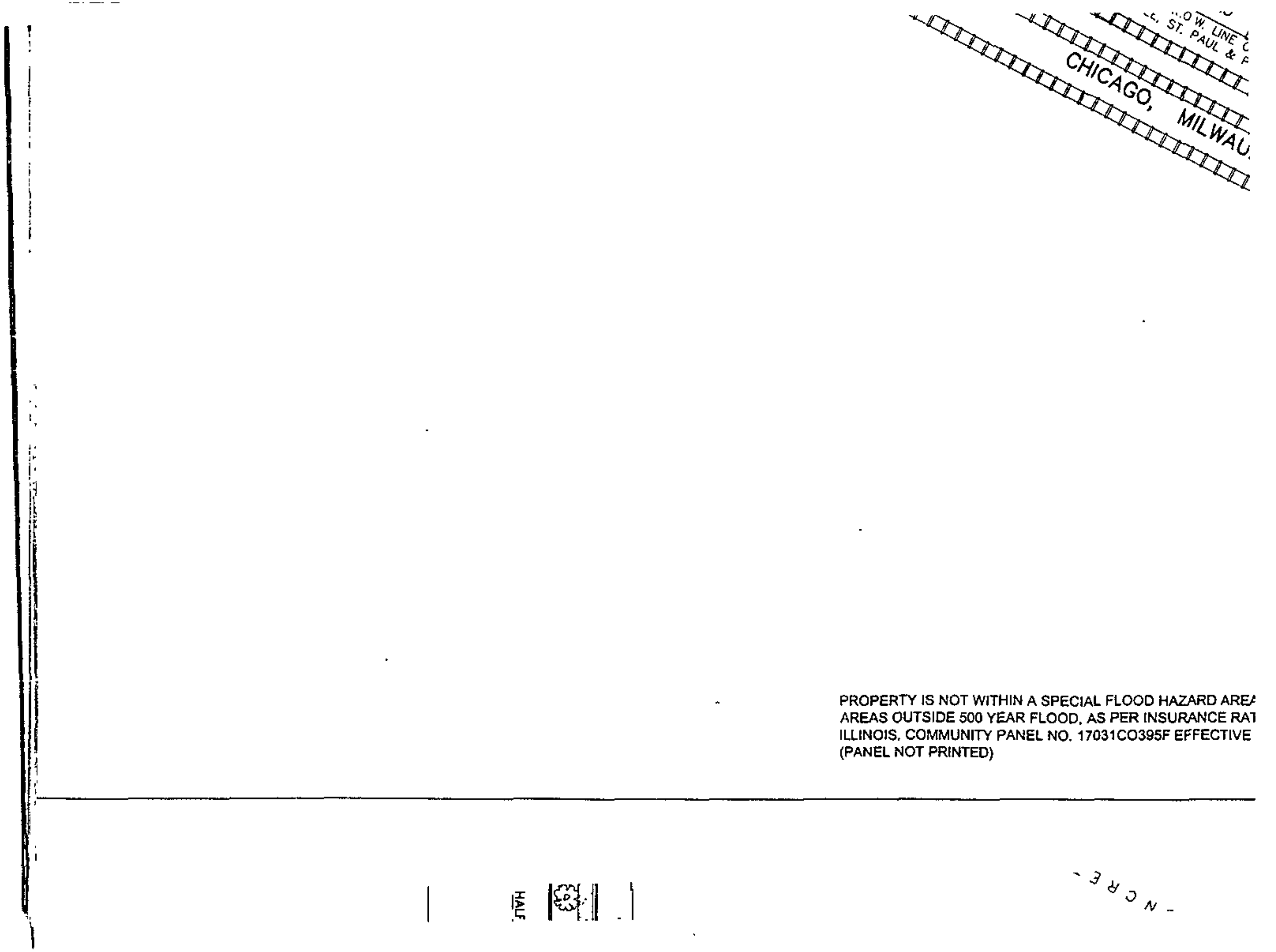
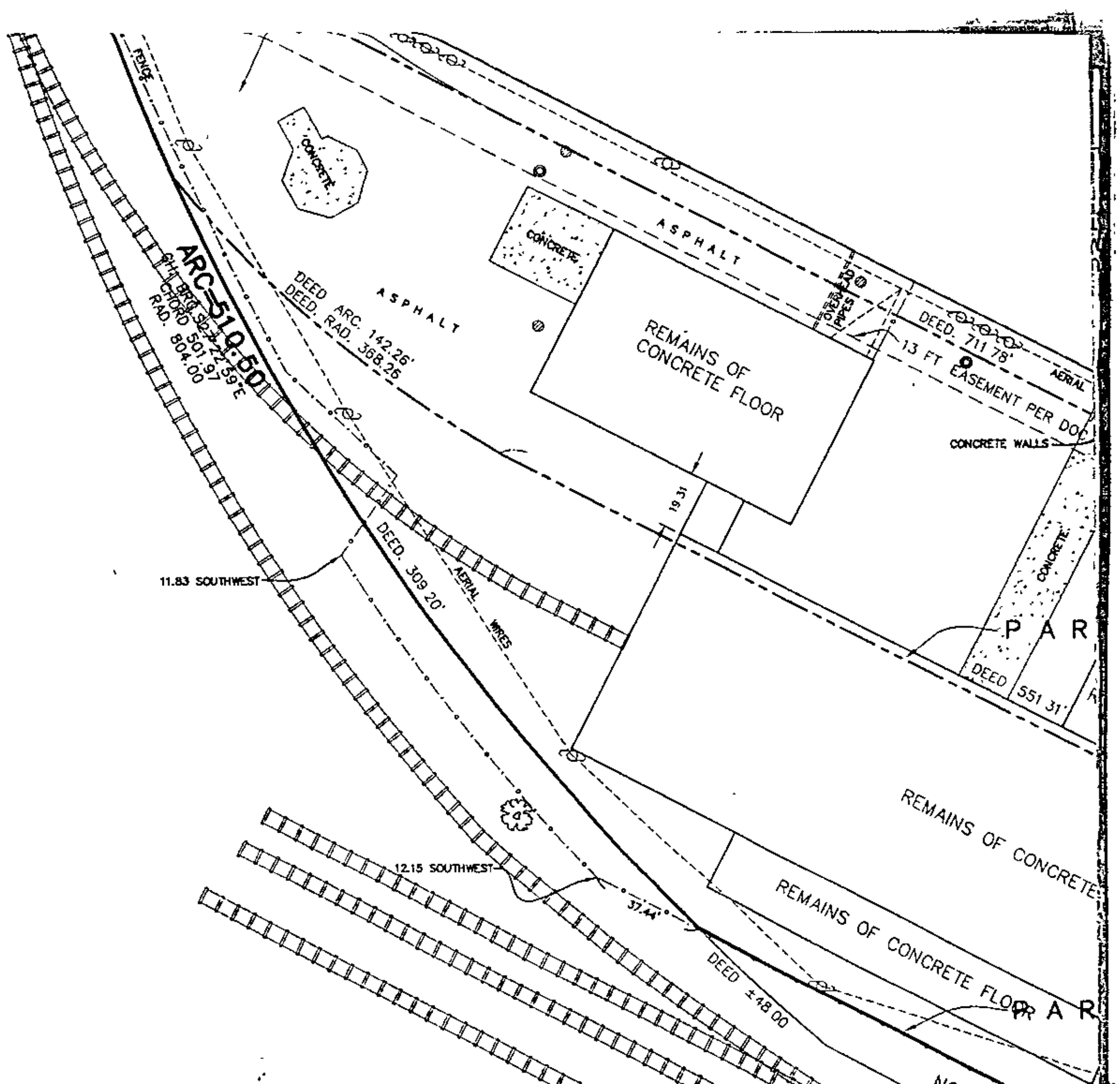
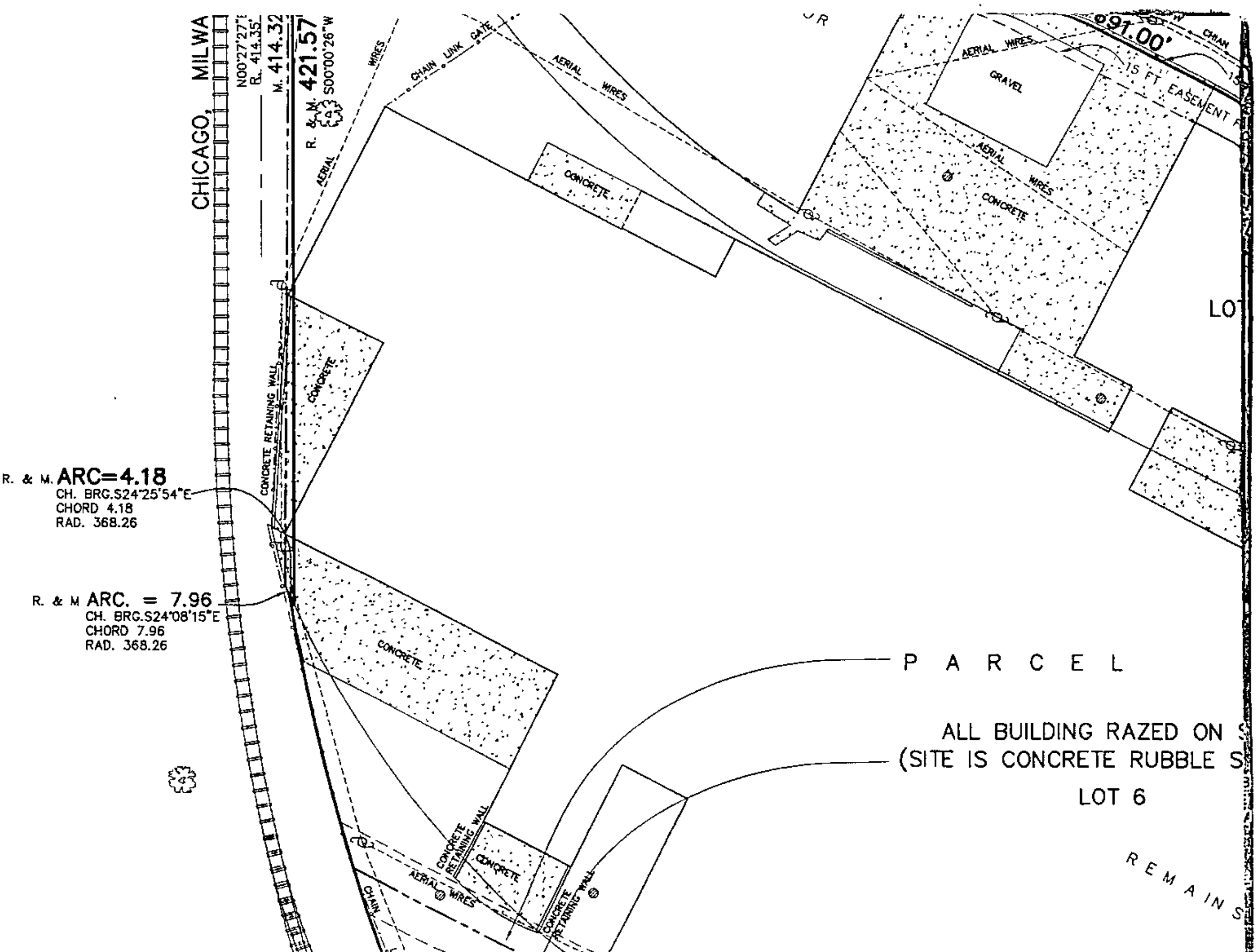


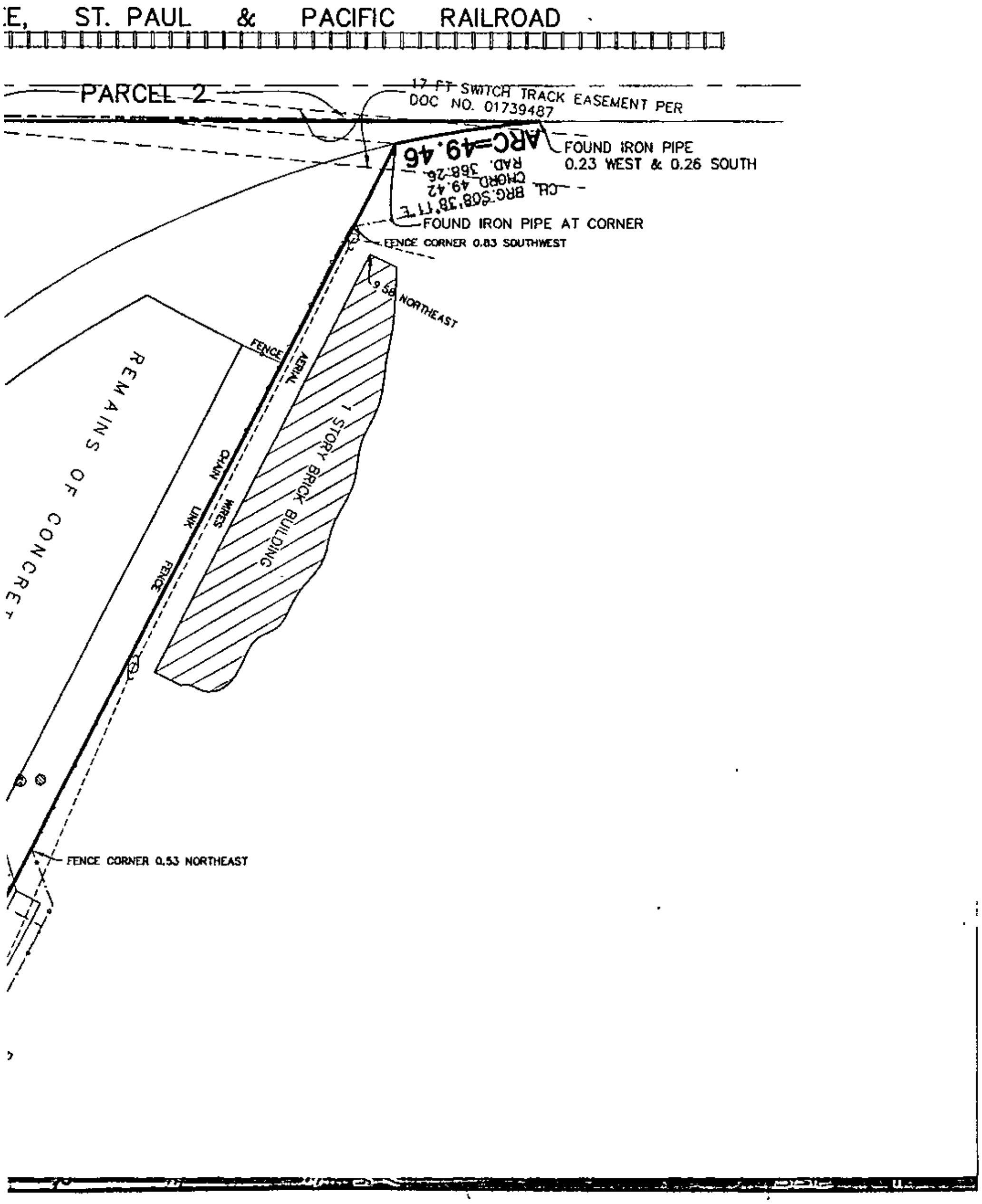
PROPERTY IS NOT WITHIN A SPECIAL FLOOD HAZARD ARE
AREAS OUTSIDE 500 YEAR FLOOD, AS PER INSURANCE RAT
ILLINOIS, COMMUNITY PANEL NO. 17031CO395F EFFECTIVE
(PANEL NOT PRINTED)



FENCE
CONCRETE
CONCRETE
ASPHALT
ASPHALT
ARC=510.50
CH. BRG. S22°22'59"E
CHORD 501.97
RAD. 804.00
DEED ARC 142.26'
DEED. RAD. 368.26
REMAINS OF CONCRETE FLOOR
DEED. 711.78'
13 FT EASEMENT PER DOC
AERIAL
CONCRETE WALLS
PIPES
19.31
11.83 SOUTHWEST
DEED. 309.20'
AERIAL WIRES
CONCRETE
PAR
DEED 551.31'
REMAINS OF CONCRETE
REMAINS OF CONCRETE FLOOR
12.15 SOUTHWEST
37.44'
DEED ±48.00
PAR



CHICAGO, MILWA
N00°27'27"
R. 414.35'
M. 414.32
R. & M. 421.57
S00°00'26"W
91.00'
15 FT EASEMENT F
CHAIN LINK GATE
AERIAL WIRES
GRAVEL
CONCRETE
CONCRETE RETAINING WALL
LOT
R. & M. ARC=4.18
CH. BRG.S24°25'54"E
CHORD 4.18
RAD. 368.26
R. & M ARC. = 7.96
CH. BRG.S24°08'15"E
CHORD 7.96
RAD. 368.26
P A R C E L
ALL BUILDING RAZED ON S
(SITE IS CONCRETE RUBBLE S
LOT 6
R E M A I N S


E, ST. PAUL & PACIFIC RAILROAD
PARCEL 2
17 FT SWITCH TRACK EASEMENT PER DOC NO. 01739487
ARC=49.46
RAD. 368.26
CHORD 49.42
CH. BRG. S08°38'11"E
FOUND IRON PIPE 0.23 WEST & 0.26 SOUTH
FOUND IRON PIPE AT CORNER
FENCE CORNER 0.83 SOUTHWEST
9.58 NORTHEAST
FENCE
AERIAL
WIRES
CHAIN LINK FENCE
1 STORY BRICK BUILDING
REMAINS OF CONCRET
FENCE CORNER 0.53 NORTHEAST

NOTES:

ey was prepared without the benefit of, and is subject to, all restrictions and matters
g of record as might be disclosed by a current title commitment.

s license expires November 30, 2012

M. denotes Record and Measured distances respectively

are marked in feet and decimal parts thereof Compare all points BEFORE building by
l at once report any differences BEFORE damage is done.

nents, building lines and other restrictions not shown on survey plat refer to your abstract,
itract, title policy and local building line regulations.

isions shall be assumed by scale measurement upon this plat.

herwise noted hereon the Bearing Basis, Elevation Datum and Coordinate Datum if used is
D

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2011 Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes Items 1, 2, 3, 4, 8, 9, and 11(a) of Table A thereof

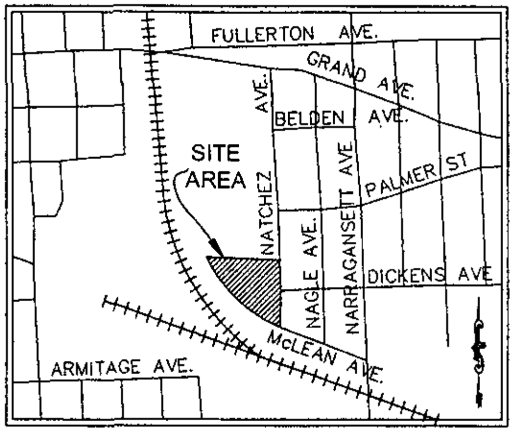
The field work was completed on OCTOBER 5, 2011.

Date of Plat Oct. 18, 2011.

By:

Robert G. Biedermann
Professional Illinois Land Surveyor No. 2802

ROBERT G. BIEDERMANN
2802
PROFESSIONAL
LAND
SURVEYOR
STATE OF
ILLINOIS
CHICAGO, ILLINOIS



VICINITY MAP
(not to scale)

Assumed

GREMLEY & BIEDERMANN

A DIVISION OF

PLCS Corporation

LICENSE No 184-005322

PROFESSIONAL LAND SURVEYORS

4505 NORTH ELSTON AVENUE, CHICAGO, IL 60630

TELEPHONE: (773) 685-5102 FAX: (773) 286-4184 EMAIL: INFO@PLCS-SURVEY.COM

ALTA / ACSM Land Title Survey

PARCEL 1:

LOTS 5 AND 6 IN WEST GRAND AVENUE INDUSTRIAL DISTRICT, BEING OWNERS' DIVISION OF PART OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 31, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

EASEMENT FOR THE BENEFIT OF LOT 6 OF PARCEL 1 FOR THE PURPOSE OF ALLOWING AND MAINTAINING THE TWO CORNERS OF THE BUILDING AND FOUNDATION THEREOF LOCATED MAINLY ON PARCEL 1 WHICH ENCROACHES A DISTANCE OF 3.15 FEET AND 2.06 FEET, SO LONG AS SAID BUILDING SHALL REMAIN STANDING, AS CONTAINED IN GRANT FROM CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY TO RAND, MCNALLY AND COMPANY DATED APRIL 13, 1964 AND RECORDED APRIL 17, 1964 AS DOCUMENT NO. 19102443, OVER THE FOLLOWING DESCRIBED PARCEL OF LAND:

A STRIP OF LAND IN THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 31, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING WEST OF AND ADJOINING LOT 6 IN WEST GRAND AVENUE INDUSTRIAL DISTRICT, BEING OWNERS' DIVISION OF PART OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 31, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHERLY MOST CORNER OF SAID LOT 6; RUNNING THENCE SOUTH ALONG THE WEST LINE OF SAID LOT 6, BEING A LINE 12 FEET EAST OF AND PARALLEL TO THE WEST LINE OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 31, AFORESAID, A DISTANCE OF 451.57 FEET TO THE POINT OF JOG IN SAID WEST LINE OF LOT 6; THENCE CONTINUING ALONG THE WEST LINE OF SAID LOT 6 IN THE NORTHWESTERLY DIRECTION AND ALONG SAID LINE EXTENDED A DISTANCE OF 7.96 FEET; THENCE NORTHERLY A DISTANCE OF 414.35 FEET TO THE PLACE OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

PARCEL 3:

QUARTER OF SECTION 31, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, 131.80 FEET NORTH OF THE INTERSECTION OF SAID EAST LINE OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 31, WITH THE NORTHERLY LINE OF THE RIGHT OF WAY OF THE CHICAGO, MILWAUKEE AND ST. PAUL RAILROAD; THENCE WESTERLY BY AN ANGLE SOUTH TO THE WEST 117° 12' WITH SAID EAST LINE OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 31, 551.31 FEET, SAID DESCRIBED COURSE INTENDED TO BE A LINE PARALLEL TO AND 125 FEET NORTHERLY MEASURED AT RIGHT ANGLES FROM THE NORTHERLY LINE OF THE RIGHT OF WAY OF THE CHICAGO, MILWAUKEE AND ST. PAUL RAILROAD AS SAME IS ESTABLISHED WESTERLY FROM A POINT 180.02 FEET WESTERLY OF THE EAST LINE OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 31; THENCE BY A CURVE TO THE RIGHT HAVING A RADIUS OF 368.26 FEET CONSUMING AN ANGLE OF 22° 8' 142.26 FEET MEASURED ALONG SAID CURVED LINE TO ITS INTERSECTION WITH THE NORTHEASTERLY LINE OF THE RIGHT OF WAY OF THE DUNNING BRANCH OF THE CHICAGO, MILWAUKEE AND ST. PAUL RAILROAD; THENCE NORTHWESTERLY ALONG THE NORTHEASTERLY LINE OF THE RIGHT OF WAY OF THE DUNNING BRANCH OF THE CHICAGO, MILWAUKEE AND ST. PAUL RAILROAD TO ITS INTERSECTION WITH A LINE PARALLEL TO AND 225 FEET NORTHERLY MEASURED AT RIGHT ANGLES FROM THE NORTHERLY LINE OF THE RIGHT OF WAY OF THE CHICAGO, MILWAUKEE AND ST. PAUL RAILROAD AS SAME IS ESTABLISHED WESTERLY FROM A POINT 180.02 FEET WESTERLY OF THE EAST LINE OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 31; THENCE EASTERLY ALONG A LINE PARALLEL TO AND 225 FEET NORTHERLY MEASURED AT RIGHT ANGLES FROM THE NORTHERLY LINE OF THE RIGHT OF WAY OF THE CHICAGO, MILWAUKEE AND ST. PAUL RAILROAD AS SAME IS ESTABLISHED WESTERLY FROM A POINT 180.02 FEET WESTERLY TO THE EAST LINE OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 31, 711.78 FEET TO ITS INTERSECTION WITH THE EAST LINE OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 31; THENCE SOUTH ALONG SAID EAST LINE OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 31, 112.43 FEET TO THE PLACE OF BEGINNING , IN COOK COUNTY, ILLINOIS.

PARCEL 4:

THAT PART OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 31, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING NORTH AND NORTHEASTERLY OF THE RIGHT OF WAY OF THE CHICAGO, MILWAUKEE AND ST. PAUL RAILROAD DESCRIBED AS FOLLOWS, TO-WIT:

BEGINNING AT A POINT ON THE EAST LINE OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 31, 131.80 FEET NORTH OF THE INTERSECTION OF SAID EAST LINE OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 31, WITH THE NORTHERLY LINE OF THE RIGHT OF WAY OF HE CHICAGO, MILWAUKEE AND ST. PAUL RAILROAD; THENCE WESTERLY BY AN ANGLE SOUTH TO WEST 117° 12' WITH SAID EAST LINE OF SAID WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 31, 551.31 FEET, SAID DESCRIBED COURSE INTENDING TO BE A LINE PARALLEL TO AND 125 FEET NORTHERLY MEASURED AT RIGHT ANGLES FROM THE NORTHERLY LINE OF THE RIGHT OF WAY OF THE CHICAGO, MILWAUKEE AND ST. PAUL RAILROAD AS SAME IS ESTABLISHED WESTERLY FROM A POINT 180.02 FEET WESTERLY OF THE EAST LINE OF SAID WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 31; THENCE BY A CURVE TO THE RIGHT HAVING A RADIUS OF 368.26 FEET AND CONSUMING AN ANGLE OF 22° 8', 142.26 FEET MEASURED ALONG SAID CURVED LINE TO ITS INTERSECTION WITH THE NORTHEASTERLY LINE OF THE RIGHT OF WAY OF THE DUNNING BRANCH OF THE CHICAGO, MILWAUKEE AND ST. PAUL RAILROAD; THENCE SOUTHEASTERLY ALONG THE NORTHEASTERLY LINE OF THE RIGHT OF WAY OF THE DUNNING BRANCH OF THE CHICAGO, MILWAUKEE AND ST. PAUL RAILROAD 309.20 FEET TO THE INTERSECTION WITH THE NORTHERLY LINE OF THE RIGHT OF WAY OF THE MAIN LINE OF THE CHICAGO, MILWAUKEE AND ST. PAUL RAILROAD; THENCE EASTERLY ALONG THE NORTHERLY LINE OF THE

AVENUE;

AND

EXCEPTING THEREFROM THAT PARCEL CONVEYED BY DEED MADE BY CHICAGO CUT STONE COMPANY TO CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY DATED NOVEMBER 28, 1930 AND RECORDED NOVEMBER 29, 1930 AS DOCUMENT NO. 1799813 DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE EAST LINE OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 31 AND THE NORTHERLY BOUNDARY OF THE MAIN LINE OF THE RIGHT OF WAY OF THE CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, SAID NORTHERLY BOUNDARY LINE BEING DESCRIBED IN DEED DATED NOVEMBER 16, 1878 FROM JOSEPH W. RUTHERFORD TO JOHN M WHITMAN, RECEIVER OF THE CHICAGO AND PACIFIC RAILROAD COMPANY, PREDECESSOR OF SAID GRANTEE, AND RECORDED FEBRUARY 4, 1879 IN BOOK 886 ON PAGE 137; THENCE WESTERLY ON A 3° CURVE ALONG SAID NORTHERLY BOUNDARY LINE 180.06 FEET TO THE END OF SAID CURVE; THENCE CONTINUE WESTERLY ALONG SAID NORTHERLY BOUNDARY LINE 298 FEET TO ITS INTERSECTION WITH THE NORTHEASTERLY LINE OF THE RIGHT OF WAY OF THE DUNNING BRANCH OF SAID RAILROAD COMPANY; THENCE NORTHWESTERLY ALONG SAID NORTHEASTERLY LINE OF THE RIGHT OF WAY OF THE DUNNING BRANCH 48 FEET, MORE OR LESS, TO A POINT IN A LINE WHICH IS PARALLEL TO AND 15 FEET NORTH OF THE THAT LINE HERETOFORE DESCRIBED AS BEING 298 FEET LONG; THENCE EASTERLY, PARALLEL TO AND 15 FEET FROM SAID 298 FOOT LINE, 520.4 FEET, MORE OR LESS, TO THE EAST LINE OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 31; THENCE SOUTH ALONG SAID EAST LINE 7.17 FEET, MORE OR LESS, TO THE PLACE OF BEGINNING;

ALL IN COOK COUNTY, ILLINOIS.

AREA OF PROPERTY:
PARCELS 1, 3 AND 4 = 412,182 SQ. FT. OR 9.46 ACRES

	CHECKED:	DRAWN: BB
ꞏMANN		PLCS
IL 60630		
ꞏIL: INFO@PLCS-SURVEY.COM		
ꞏBER 5, 2011	PAGE NO.	
ꞏ= 40 FEET	1 OF 1	