Acquisition of Power Transmission Solutions Business of Emerson Electric Co.

December 15, 2014
This presentation contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995.

The following is a cautionary statement made under the Private Securities Litigation Reform Act of 1995: With the exception of historical facts, the statements contained in this press release may be forward looking statements. Forward-looking statements represent our management’s judgment regarding future events. In many cases, you can identify forward-looking statements by terminology such as “may,” “will,” “plan,” “expect,” “anticipate,” “estimate,” “believe,” or “continue” or the negative of these terms or other similar words. Actual results and events could differ materially and adversely from those contained in the forward-looking statements due to a number of factors, including: uncertainties regarding our ability to execute our restructuring plans within expected costs and timing; increases in our overall debt levels as a result of the PTS acquisition or otherwise and our ability to repay principal and interest on our outstanding debt; 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 such as the PTS acquisition, including the ability to realize anticipated synergies and the timing and impact of purchase accounting adjustments; unanticipated costs or expenses we may incur related to product warranty issues; 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; product liability and other litigation, or the failure of our products to perform as anticipated, particularly in high volume applications; economic changes in global markets where we do business, such as reduced demand for the products we sell, currency exchange rates, inflation rates, interest rates, recession, foreign government policies and other external factors that we cannot control; unanticipated liabilities of acquired businesses; cyclical downturns affecting the global market for capital goods; difficulties associated with managing foreign operations; and other risks and uncertainties including but not limited to those described in Item 1A-Risk Factors of the Company’s Annual Report on Form 10-K filed on February 26, 2014 and from time to time in our reports filed with U.S. Securities and Exchange Commission. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the applicable cautionary statements. The forward-looking statements included in this presentation are made only as of their respective dates, and we undertake no obligation to update these statements to reflect subsequent events or circumstances.
Non-GAAP Financial Measures

We prepare financial statements in accordance with accounting principles generally accepted in the United States (GAAP). In this presentation, we adjusted diluted earnings per share (EPS), adjusted EBITDA, and free cash flow and free cash flow (collectively, “non-GAAP financial measures”). We use these measures and others in our internal performance reporting and for reports to the Board of Directors. We also periodically disclose certain of these measures in our quarterly earnings releases, on investor conference calls, and in investor presentations and similar events. We believe that these non-GAAP financial measures are useful measures for providing investors with additional insight into our operating performance. This additional information is not meant to be considered in isolation or as a substitute for our results of operations prepared and presented in accordance with GAAP.
Agenda

Transaction Overview

Power Transmission Solutions (PTS) Overview

Financial Summary

Closing Comments

Q&A
Acquiring Emerson’s Power Transmission Solutions (PTS) Business

A Premier PT Business with ~$600 Million in Revenue

$1.4 Billion of Cash and $40 Million of Assumed Liabilities

Accretive to EPS and Margins in 2015 and Beyond

Expect $30 Million Of Annual Synergies Within 4 Years

Transaction Expected to Close in the First Quarter 2015

Integrating PTS with Regal’s Power Transmission Segment
Strategic Rationale

Meets Strategic Acquisition Objectives

> Technology
> Expands Global Presence
> Margin Improvement

Diversifies Regal

> Diversifies our End Market Exposure
> Over Two-Thirds of PTS Revenue Sold Through Distribution
> Balances Regal’s Portfolio

Strengthens PT Segment

> Complete Line of Power Transmission Products
> Adds Powerful Industry Leading Brands
> Broadens Both Sales and Manufacturing Footprint

Adds Talent

> Strong, Experienced Management Team
> Proven Operators Driving “Perfect Execution” – Lean Culture
> Deep Product and Application Knowledge
> Track Record of Executing on Simplification and Acquisitions
PTS Overview

Global Brands

Revenue by Product

- Bearings 44%
- Couplings 19%
- Conveying Systems 16%
- Components 12%
- Gearing 9%

Foundation for New Regal Growth Platform
# PTS Overview

<table>
<thead>
<tr>
<th>Category</th>
<th>Key End Markets</th>
<th>Est. Installed Base(^1)</th>
<th>Key Products</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BEARINGS</strong></td>
<td>Bulk handling</td>
<td>$1,740M</td>
<td>Cam Follower, Mounted Bearing</td>
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<tr>
<td></td>
<td>Aero (fixed/rotary)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CHVAC (fans/blowers)</td>
<td>(48% of total)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>General industrial</td>
<td></td>
<td></td>
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<tr>
<td><strong>COUPLINGS</strong></td>
<td>Turbo (energy)</td>
<td>$1,000M</td>
<td>Disc Couplings, Gear Coupling</td>
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<tr>
<td></td>
<td>Metals (rolling mills)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Wind (turbines)</td>
<td>(27% of total)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Marine (thrusters)</td>
<td></td>
<td></td>
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<tr>
<td><strong>CONVEYING</strong></td>
<td>Food &amp; beverage</td>
<td>$525M</td>
<td>Chain Guide, Conveyor Chain</td>
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<td></td>
<td>Packaging</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Unit handling</td>
<td>(14% of total)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Parcel &amp; post</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>COMPONENTS</strong></td>
<td>CHVAC (fans/blowers)</td>
<td>$125M</td>
<td>V-Belt Drive, TorqGard™</td>
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<tr>
<td></td>
<td>Bulk handling</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Unit handling</td>
<td>(3% of total)</td>
<td></td>
</tr>
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<td></td>
<td>Printing</td>
<td></td>
<td></td>
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<tr>
<td><strong>GEARING</strong></td>
<td>Bulk handling</td>
<td>$275M</td>
<td>Shaft Reducer, Worm Gearing</td>
</tr>
<tr>
<td></td>
<td>Unit handling</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General industrial</td>
<td>(8% of total)</td>
<td></td>
</tr>
<tr>
<td><strong>SERVICES</strong></td>
<td>Turbo (energy)</td>
<td></td>
<td>Monitoring &amp; Diagnostics</td>
</tr>
<tr>
<td></td>
<td>Metals (rolling mills)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bulk handling</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Unit handling</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Based on Management estimates.

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Large Installed Base Providing Like-for-Like Replacement
PTS Overview

Revenue by End Market

- General Industrial: 25%
- Material Handling: 22%
- Metals: 14%
- Energy: 11%
- Beverage: 10%
- Comm HVAC: 8%
- Aerospace: 7%
- Wind & Marine: 3%

Revenue by Geography

- North America: 70%
- Latin America: 18%
- Asia Pacific: 18%
- EMEA: 6%
- Asia Pacific: 6%

Diversifies End Market Exposure and Broadens Geographic Reach
Financial Summary

Purchase Price

> $1.4 Billion of Cash and $40 Million of Assumed Liabilities
  - FY 2014* Adj. EBITDA Multiple of 11.7 x
    - 10.4 x, with 338(h)(10) Tax Benefit
    - 8.7 x with Tax Benefit and Synergies
  - FY 2014* Adj. EBIT Multiple of 12 x with Tax Benefit

Earnings and Margin Impact

> Accretive to EPS and Margins in 2015 and Beyond
  - 2015 GAAP EPS Accretion of $0.40 - $0.60 / Share
  - 2016 GAAP EPS Accretion of $0.95 - $1.15 / Share
  - Operating Margin Expansion

Synergies

> Expect $30 Million of Annual Synergies Over 4 Years
  > Benefits Driven from Footprint Simplification, Materials and Cross Selling

Taxes

> Favorable 338 (h)(10) Generating $155+ Million of Value
  > $5 Million of Annual Tax Synergies

Note: FY 2014 ending September 30, 2014.
Financial Summary

Funding

- $1.25 Billion from New Unsecured Term Loan
- $150 Million from Cash and Revolving Credit Facility

Credit Metrics

- Closing Pro Forma Credit Metrics
  - Debt to LTM Adj. EBITDA 3.6 x
  - Debt to Total Capital 48%

Free Cash Flow

- Pro Forma First Year Free Cash Flow* of ~$300 Million
- Historical Track Record of Rapid Debt Reduction

* Non-GAAP Financial Measurement, See Appendix for Reconciliation
Financial Summary

PF Debt / Cap at 48%
PF Debt / LTM Adj. EBITDA at 3.6 x

Record of Strong Free Cash Flow to Reduce Debt
Pro Forma Segment Reporting

Regal Beloit – Revenue by Segment

LTM* Revenue: $3.2 Billion

- Electrical
- Mechanical

PTS – Revenue by Segment

FY 2014** Revenue: $0.6 Billion

- Power Transmission Solutions

Balances Regal’s Business Portfolio

Combined Company Revenue

Pro Forma Combined Revenue: ~$3.8 Billion

- C&I Systems 48%
- Climate Solutions 29%
- Power Transmission Solutions 23%

**Financial Summary**

**LTM Revenue**

- **Regal***: $3,208
- **PTS****: ~$600
- **Regal PF**: ~$3,808

**LTM Adj. EBITDA Margin %**

- **Regal***: 13.2%
- **PTS****: ~20.3%
- **Regal PF**: ~14.3%

Note: *LTM as of September 27, 2014. **FY 2014 ending September 30, 2014.*
## Synergies

<table>
<thead>
<tr>
<th>Synergy</th>
<th>Opportunity</th>
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<tbody>
<tr>
<td>Cost Synergies</td>
<td>&gt; Manufacturing Optimization</td>
</tr>
<tr>
<td></td>
<td>&gt; Material Sourcing</td>
</tr>
<tr>
<td></td>
<td>&gt; Logistics</td>
</tr>
<tr>
<td>Tax Synergies</td>
<td>&gt; $5 Million of Annual Tax Synergies</td>
</tr>
<tr>
<td>Revenue Synergies</td>
<td>&gt; Cross Selling Opportunities</td>
</tr>
<tr>
<td></td>
<td>&gt; Expanded Geographic Reach</td>
</tr>
<tr>
<td></td>
<td>&gt; Broader Product Line Enables Systems/Services Selling</td>
</tr>
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</table>
Closing Comments

- Transformational Acquisition of PTS Strengthens Regal’s Existing Power Transmission Business and Balances Portfolio
- Consistent with Our Business and Acquisition Strategy
- Enhances Scale of PT Platform and Offers Greater Growth Opportunities
- Broader Product Offering Enables Enhanced Customer Solutions
- Diversifies Our End Market Exposure and Broadens Global Reach
- Adds Talent with an Experienced Management Team
- Accretive to Margins and Earnings While Delivering Strong Cash Flow
Questions and Answers
Thank You

Mark J Gliebe
President
Chief Executive Officer

Jonathan Schlemmer
Chief Operating Officer

Chuck Hinrichs
Vice President
Chief Financial Officer

John Perino
Vice President
Investor Relations
## EBITDA Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>4Q 2013</th>
<th>1Q 2014</th>
<th>2Q 2014</th>
<th>3Q 2014</th>
<th>LTM</th>
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<tr>
<td>Net Income</td>
<td>($33.2)</td>
<td>$43.8</td>
<td>$56.2</td>
<td>$47.5</td>
<td>$114.3</td>
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<tr>
<td>Asset Impairment and Other, Net</td>
<td>81.0</td>
<td>-</td>
<td>1.0</td>
<td>-</td>
<td>82.0</td>
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<tr>
<td>Plus: Minority Interest</td>
<td>0.4</td>
<td>1.2</td>
<td>1.9</td>
<td>1.3</td>
<td>4.8</td>
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<tr>
<td>Plus: Taxes</td>
<td>-3.7</td>
<td>16.0</td>
<td>21.0</td>
<td>18.1</td>
<td>51.4</td>
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<tr>
<td>Plus: Interest Expense</td>
<td>10.5</td>
<td>10.4</td>
<td>10.3</td>
<td>9.8</td>
<td>41.0</td>
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<tr>
<td>Less: Interest Income</td>
<td>-1.8</td>
<td>-1.7</td>
<td>-1.7</td>
<td>-2.0</td>
<td>-7.2</td>
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<tr>
<td>Plus: Depreciation</td>
<td>22.3</td>
<td>21.5</td>
<td>23.0</td>
<td>23.8</td>
<td>90.6</td>
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<tr>
<td>Plus: Amortization</td>
<td>11.1</td>
<td>11.3</td>
<td>12.2</td>
<td>11.8</td>
<td>46.4</td>
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<tr>
<td>Adjusted EBITDA</td>
<td>$86.6</td>
<td>$102.5</td>
<td>$123.9</td>
<td>$110.3</td>
<td>$423.3</td>
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### Estimated PTS Adjusted EBITDA
- **$121.8**

### Proforma Combined Adjusted EBITDA
- **$545.1**
## Appendix Non-GAAP Reconciliations

### Free Cash Flow Reconciliation

<table>
<thead>
<tr>
<th>(Dollars in Millions)</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014E*</th>
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<tbody>
<tr>
<td>Cash Flow from</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Operation</td>
<td>$200.6</td>
<td>$154.2</td>
<td>$314.9</td>
<td>$175.4</td>
<td>$265.3</td>
<td>$351.7</td>
<td>$305.0</td>
<td>$291.0</td>
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<tr>
<td>Capital Expenditures</td>
<td>(36.6)</td>
<td>(52.2)</td>
<td>(33.6)</td>
<td>(45.0)</td>
<td>(57.6)</td>
<td>(91.0)</td>
<td>(82.7)</td>
<td>(80.0)</td>
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<tr>
<td>Grants Received for</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Capital Expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8.7</td>
<td>1.6</td>
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<tr>
<td>Free Cash Flow</td>
<td>$164.0</td>
<td>$102.0</td>
<td>$281.3</td>
<td>$130.4</td>
<td>$207.7</td>
<td>$269.4</td>
<td>$223.9</td>
<td>$211.0</td>
</tr>
</tbody>
</table>

* Management Estimate