

TO: Regal Customer

DATE: August 20, 2018

RE: October 1, 2018 Price Adjustment – Climate Solutions and C&I Systems

As you know, the US continues to impose tariffs on imports from China and inflation continues to challenge global manufacturers – including raw materials and freight costs. In order to sustain the level of innovation and service deserved by our customers, it is necessary to adjust our prices for our Genteq®, Fasco®, Morrill Motors™, Elco®, Century®, Leeson®, Lincoln™, and Marathon® branded products.

Effective with shipments made on or after October 1, 2018, pricing will increase as outlined below:

Category	Price Action
Product directly affected by Section 301 List 2 Distribution OEM & End Users <u>Section 301 List 2 includes, but is not limited to:</u> AC, DC and Universal Motors 1/40 to 1/20 HP 3 Phase Motors, 1 to 20 HP, and 200 HP	25% price increase 25% tariff surcharge fee
Other products (Distribution, OEM & End User) Fractional and Integral Horsepower Motors Capacitors Blower Products Inverters & Parts	Average price increase between 5% - 7% <i>(some product families may average higher)</i>

Detailed listings of Section 301 List 2 impacted products and price information will be available from your local Regal Sales Professional in the next few weeks.

Regal is in the process of leveraging our global footprint to mitigate the direct impact of Section 301 tariffs by relocating production to other Regal facilities outside of China. Please consult your Regal Sales Professional for the list of products that are transitioning.

Regal remains committed to ongoing cost-out activities and will continue to provide innovative technologies, continuous improvement of product quality, and responsive customer service to support your business needs.

Please share this information with your personnel to the extent necessary to implement the change. You may direct any questions regarding these changes to your local Regal Sales Professional.

Regal values your business partnership and we thank you for your business and continued support.

Sincerely,



Pat Quilty
 Vice President, Sales
 Climate Solutions
 Regal Beloit America, Inc



Tim Harris
 Vice President, Sales
 Commercial & Industrial Motors
 Regal Beloit America, Inc



Steve Boutilier
 Director, Sales
 Climate Solutions Dist
 Regal Beloit America, Inc