

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

## Baldor Electric Company Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

---

**Operator**

Thank you.

(Operator instructions).

And our first question will come from Mike Schneider with Robert W. Baird.

**Mike Schneider**

Thanks. Congratulations on a great year, guys.

Maybe we can talk first just about the synergy savings. You pointed out about the change in margins sequentially even on lower revenue. Do you have a sense of where you believe you achieved the run rate or where the run rate of integration, synergy is today, and are you still expecting to hit a \$30 million run rate by the end of 2008?

**John McFarland**

Yes. We do still expect to get a \$30 million run rate by the end of 2008, and we are making good progress towards that. All of the \$30 million is clearly identified, and we have people working on every piece of that goal, and we are very confident that we will achieve that by the end of 2008.

**Mike Schneider**

Do you have any figures as to where you are today, in terms of the run rate?

**John McFarland**

Well we do but we do not make them public but I have to say that we are making good progress, and we think that each quarter we will be able to see a little bit more progress towards our goal.

**Mike Schneider**

Okay. Can you address pricing for a second. I know you are going out with a consolidated catalog, I believe, in is it March or May, can you give us a sense with the status and anxiety of the industrial markets right now. Have you seen any early signs that pricing will not be as effective in this coming year as it has been, or any change in your customer's disposition as the price increases that they know are coming?

**John McFarland**

Yes, I will be glad to. The combined catalog that we have planned has been printed and is being distributed and will be effective on March 1, 2008. It will combine the Reliance Electric Motor product lines and the Baldor product lines into a single catalog, and it will equalize the pricing for those products where we will continue to carry two ratings, one Reliance-designed and one Baldor-designed and the prices will be equalized. That action will give us a very small amount of revenue through the pricing changes, not a large amount. We tried to make it pretty much neutral. We are evaluating the pricing situation quite carefully currently. We did see in the last month a spike up in some of the indexes that some of our key components are tied to, and we have made the decision to wait one more month and watch those indexes, and if those indexes show continued strength or any further increase, we will announce a price increase mid February, to be effective in March.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.