TELEFONOS DE MEXICO S A B DE C V
Form 6-K
July 06, 2012

TELMEX'S CAPITAL STOCK MOVEMENTS ON JUNE, 2012.

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

For the month of July 2012

Commission File Number: 333-13580

Teléfonos de México, S.A.B. de C.V.

(Exact Name of the Registrant as Specified in the Charter)

Telephones of Mexico

(Translation of Registrant's Name into English)

Parque Vía 190

Colonia Cuauhtémoc

Mexico City 06599, Mexico, D.F.

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F...√.....Form 40-F.........

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ____

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ...... No... √ ..

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

TELEFONOS DE MEXICO, S.A.B. DE C.V.

COPY OF INFORMATION SENT TO:

Bolsa Mexicana de Valores, S.A.B de C.V. and

National Banking and Securities Commission

Re: Capital Stock movements of Teléfonos de México, S.A.B. de C.V.

Pursuant to the Mexican "Circular Unica de Emisoras" we hereby inform you about the movements from **June 1st to June 30th, 2012.**

EXCHANGES:	SHARES:
Series "A" to "L"	417,796
Series "AA" to "L"	0
BUYBACK:	
Shares Series "A"	0
Shares Series "L"	0

Based on this information, the structure of the Capital Stock of Telmex regarding the Outstanding shares at the end of this period is:

SERIES	OUTSTANDING SHARES	% OF THE TOTAL OUTSTANDING SHARES
"AA"	7,839,596,082	43.48
"A"	360,245,120	2.00
"L"	9,829,658,798	54.52
TOTAL	18,029,500,000	100.00

SIGNATURE

Pursuant to the requirements 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.

Date: July 3, 2012.	TELÉFONOS DE MÉXICO, S.A.B. DE C.V. By: ____________________________ Name: Carlos Fernando Robles Miaja Title: Chief Financial Officer

Ref: **Teléfonos de México, S.A.B. de C.V. Capital Stock Movements on June, 2012.**

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5.1

Level 1

Derivative Currency Contracts
1.3

0.7

Level 2
Derivative Commodity Contracts
0.1

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Level 2
Liabilities:

Other Accrued Expenses:

Deferred Contingent Purchase Price
8.3

8.3

Level 3
Hedging Obligations (current):

Interest Rate Swap
3.8

5.7

Level 2
Derivative Currency Contracts

2.9

3.1

Level 2
Derivative Commodity Contracts
9.5

2.5

Level 2
Hedging Obligations:

Interest Rate Swap
15.0

16.1

Level 2
Derivative Currency Contracts
1.1

0.7

Level 2
Derivative Commodity Contracts
0.2

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Level 2
Other Noncurrent Liabilities:

Deferred Contingent Purchase Price
1.5

1.4

Level 3

The Company’s derivative contracts are valued at fair value using the market or income approaches. The Company measures the fair value of foreign currency exchange contracts using Level 2 inputs based on observable spot and forward rates in active markets. The Company measures the fair value of commodity contracts using Level 2 inputs through observable market transactions in active markets provided by financial institutions. The Company measures the fair value of investments using Level 2 inputs based on quoted market prices for similar instruments in active markets. The Company measures the fair value of interest rate swaps using Level 2 inputs in an income approach for valuation based on expected interest rate yield curves over the remaining duration of the interest rate swaps. During the three months ended March 29, 2014, there were no transfers between classification Levels 1, 2 or 3.

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The table below sets forth a summary of changes in fair market value of the Company's Level 3 liabilities for the three months ended March 29, 2014 and March 30, 2013 (in millions):

	Three Months Ended	
	March 29, 2014	March 30, 2013
Beginning Balance	$9.7	$21.1
Valuation Adjustments	0.4	0.3
Payments	(0.3)	—
Ending Balance	$9.8	$21.4

The liabilities described above are comprised entirely of the deferred contingent purchase price of the Company's acquisitions and are measured using Level 3 inputs. The fair value was determined using valuation techniques based on risk and probability adjusted discounted cash flows.

(15) RESTRUCTURING ACTIVITIES

During fiscal 2013 the Company announced the closure of several of its manufacturing and warehouse facilities and consolidation into existing facilities to simplify manufacturing operations in its Electrical segment. As a result of these closures, the Company incurred expenses including employee termination and plant relocation costs. The employee termination expenses are accrued over the vesting period while the plant relocation costs are expensed as incurred.

The following is a reconciliation of provisions and payments for the restructuring projects for the three months ended March 29, 2014 and March 30, 2013, respectively (in millions):

	March 29, 2014	March 30, 2013
Beginning balance	$3.9	$3.1
Provision	4.2	0.9
Less: Payments	2.6	0.8
Ending Balance	$5.5	$3.2

The following is a reconciliation of expenses by type for the restructuring projects for the three months ended March 29, 2014 and March 30, 2013, respectively (in millions):

	March 29, 2014	March 30, 2013
Employee termination expenses	$1.4	$0.4
Property, plant and equipment disposals	1.6	0.3
Other expenses	1.2	0.2
Total restructuring expenses	$4.2	$0.9

For the three months ended March 29, 2014, restructuring charges of $4.2 million were recorded in Cost of Sales. For the three months ended March 30, 2013, restructuring charges of $0.5 million and $0.4 million were recorded in Cost of Sales and Operating Expenses, respectively.

The Company's current restructuring activities are expected to conclude by the fourth quarter of 2014.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless the context requires otherwise, references in this Item 2 to "we," "us," "our" or the "Company" refer collectively to Regal Beloit Corporation and its subsidiaries.

Overview -

Over the past several years, as part of our strategic growth plans, we have typically acquired multiple businesses in any given fiscal year. When we refer to the financial impact of the "recently acquired businesses," we are referring to the results of operations of acquired businesses prior to the first anniversary of their acquisition.

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, income from operations, 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 our 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 synergy opportunities. 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. 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 percentage, operating cash flow as a percent of net income, and ROIC.

We believe much of the U.S. economy is in a period of slow growth which we expect will continue to make the near-term operating environment challenging. In recent periods we have seen declines in sales of our products used in commercial and industrial applications. We expect this environment of slow economic growth and continued uncertainty about future economic conditions will continue to pressure our organic sales growth in this market.

As the U.S. housing market recovers, there is improving demand for residential HVAC products. However, we continue to see increasing competition primarily on the basis of price and we continue to see residential consumer preferences for standard products as opposed to energy-efficient products. In addition, customers periodically change suppliers to achieve cost savings, technology advantages, supplier diversity or for other reasons and the market shares of our customers may change due to product differentiation, pricing, service, quality or consumer preferences. All of these factors impact our sales of residential and commercial HVAC products. As we previously disclosed, we anticipate these factors will combine to negatively impact our residential HVAC revenue by up to $10 million over the next two quarters. However, revenue gains from other customers, new product sales or mix changes may offset some or all of the anticipated declines.

We expect our gross margin to be challenged in the next quarter by operational inefficiencies associated with various previously announced plant relocations.

In addition, we have a subsidiary in Venezuela using accounting for highly inflationary economies. Currency restrictions recently enacted by the Venezuelan government have the potential to impact the ability of our subsidiary to obtain U.S. dollars in exchange for Bolivars at the official foreign exchange rate. In January 2014, the Venezuelan government announced the expansion of its auction-based foreign exchange system (SICAD1). In March 2014, the Venezuelan government introduced an additional auction-based foreign exchange system (SICAD2) which permits all companies incorporated or domiciled in Venezuela to bid for U.S. dollars. As of March 29, 2014, the SICAD1 and SICAD2 exchange rates were 10.7 and 50.9 Bolivars per U.S. dollar, respectively. We continued to remeasure the Venezuelan assets and liabilities at the official exchange rate of 6.3 Bolivars per U.S. dollar as of March 29, 2014 as that was the specified rate used to convert currency or settle transactions and we believe the official foreign exchange rate of 6.3 Bolivars per U.S. dollars remains legally available to us. We expect that there may be a financial impact to

us when the official exchange rate is revalued, or further information becomes available, clarifying a more appropriate alternative exchange rate. As of March 29, 2014, we had Bolivar-denominated net monetary assets of approximately $12 million in Venezuela.

Results of Operations

Net Sales

	Three Months Ended	
	March 29, 2014	March 30, 2013
	(Dollars in Millions)	
Net Sales	$801.2	$778.2
Sales growth rate	3.0 %	(3.7)%
Net Sales by Segment:		
Electrical segment	$736.8	$711.0
Sales growth rate	3.6 %	(3.4)%
Mechanical segment	$64.4	$67.2
Sales growth rate	(4.2)%	(6.7)%

Three Months Ended March 29, 2014 Compared to March 30, 2014

Net sales for the first quarter 2014 included $23.4 million of incremental net sales from the recently acquired businesses. Excluding the acquired businesses, net sales for the first quarter 2014 decreased 0.1% and reflected (i) price decreases of approximately 0.5%, (ii) an increase from volume and mix changes of approximately 1.4% and (iii) a decrease from foreign currency translation of approximately 1.0%.

Electrical segment net sales in the first quarter included $23.4 million from businesses acquired within the last year. North American residential HVAC net sales increased 5.3% for the first quarter 2014 compared to the first quarter of 2013. North American commercial and industrial motor net sales decreased 3.6% due primarily to weaker sales to agriculture and commercial refrigeration applications, adverse weather conditions and the impact of foreign currency translation.

Mechanical segment net sales decreased $2.8 million or 4.2% for the first quarter 2014 compared to the first quarter 2013. Mechanical segment sales in North America for the three months ended March 29, 2014 decreased 6.7% compared to the three months ended March 30, 2013, primarily related to lower sales to the natural gas fracturing end market.

In the first quarter of 2014, net sales of high efficiency products increased 4.6% compared to the first quarter of 2013 and represented 19.9% of gross net sales compared to 19.6% of gross net sales in 2013.

First quarter 2014 net sales to regions outside the United States were flat compared to the first quarter 2013 and represented 33.9% of net sales. Excluding the impact of the businesses acquired in the last twelve months, net sales to regions outside the United States decreased 3.8% compared to first quarter 2013. Foreign currency exchange rates negatively impacted international sales by 2.9% for the first quarter 2014 compared to the first quarter 2013.

Gross Profit

	Three Months Ended	
	March 29, 2014	March 30, 2013
	(Dollars in Millions)	
Gross Profit	$194.4	$199.5
Gross profit percentage	24.3 %	25.6 %
Gross Profit by Segment:		
Electrical segment	$178.3	$181.3
Gross profit percentage	24.2 %	25.5 %
Mechanical segment	$16.1	$18.2
Gross profit percentage	25.0 %	27.1 %

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Three Months Ended March 29, 2014 Compared to March 30, 2014

Gross profit margin for the first quarter 2014 was 24.3% compared to 25.6% for the first quarter 2013. Gross profit margin for the first quarter 2014 was negatively impacted by $4.2 million of restructuring expenses, $1.0 million of purchase accounting adjustments from the acquired businesses and expenses associated with operational inefficiencies in connection with restructuring efforts. First quarter 2013 included $0.5 million of restructuring expenses.

Electrical segment gross profit for the first quarter 2014 included $4.2 million of restructuring expenses and $1.0 million of purchase accounting adjustments from the acquired businesses. First quarter 2013 Electrical segment gross profit included $0.5 million of restructuring expense.

Mechanical segment gross profit margin was 25.0% for the first quarter 2014, compared to 27.1% for the first quarter 2013. Mechanical segment gross profit decline was primarily due to lower sales to the natural gas fracturing end market compared to fixed manufacturing costs.

Operating Expenses

	Three Months Ended			
	March 29, 2014		March 30, 2013	
	(Dollars in Millions)			
Operating Expenses	$124.7		$123.6	
As a percentage of net sales	15.6	%	15.9	%
Operating Expenses by Segment:				
Electrical segment	$115.5		$114.0	
As a percentage of net sales	15.7	%	16.0	%
Mechanical segment	$9.2		$9.6	
As a percentage of net sales	14.3	%	14.3	%

Three Months Ended March 29, 2014 Compared to March 30, 2014

Operating expenses for the first quarter of 2014 included $3.9 million of operating expenses from the acquired businesses as well as $0.5 million of acquisition related costs.

Electrical segment operating expenses for the first quarter 2014 included $3.9 million of operating expenses from the acquired businesses and $0.5 million of transaction costs. Electrical segment operating expenses for the first quarter 2013 included $0.4 million of restructuring charges.

Mechanical segment operating expenses for the first quarter 2014 were flat with the prior year on a percent of sales basis.

Income from Operations

	Three Months Ended			
	March 29, 2014		March 30, 2013	
	(Dollars in Millions)			
Income from Operations	$69.7		$75.9	
As a percentage of net sales	8.7	%	9.8	%
Income from Operations by Segment				
Electrical segment	$62.8		$67.3	
As a percentage of net sales	8.5	%	9.5	%
Mechanical segment	$6.9		$8.6	
As a percentage of net sales	10.7	%	12.8	%

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Three Months Ended March 29, 2014 Compared to March 30, 2014
Income from operations was $69.7 million for the first quarter 2014 compared to $75.9 million for the first quarter 2013. As a percentage of sales, income from operations was 8.7% for the first quarter 2014 compared to 9.8% for the first quarter 2013.
Electrical segment income from operations was 8.5% of net sales for the first quarter 2014 compared to 9.5% of net sales for the first quarter 2013.
Mechanical segment income from operations was 10.7% of net sales for the first quarter 2014 compared to 12.8% of net sales for the first quarter 2013.
Interest Expense, Net

	Three Months Ended	
	March 29, 2014	March 30, 2013
	(Dollars in Millions)	
Interest Expense, Net	$8.7	$9.9

Three Months Ended March 29, 2014 Compared to March 30, 2014
Net interest expense for the first quarter 2014 decreased driven by interest earned on investments with higher average interest rates compared to the first quarter 2013.
Provision for Income Taxes

	Three Months Ended	
	March 29, 2014	March 30, 2013
	(Dollars in Millions)	
Provision for Income Taxes	$16.0	$15.3
Effective Tax Rate	26.2 %	23.2 %

Three Months Ended March 29, 2014 Compared to March 30, 2014
The effective tax rate for the first quarter 2014 was 26.2% compared to 23.2% for the first quarter 2013 and was primarily driven by the benefit realized in the first quarter of 2013 for the retroactive reinstatement of the research and development tax credit. The lower effective rate as compared to the 35.0% statutory Federal income tax rate is driven by lower foreign tax rates.
Net Income Attributable to Regal Beloit Corporation and Earnings Per Share

	Three Months Ended	
	March 29, 2014	March 30, 2013
	(Amounts in Millions, Except Per Share Data)	
Net Income Attributable to Regal Beloit Corporation	$43.8	$49.5
Fully Diluted Earnings Per Share	$0.96	$1.09
Average Number of Diluted Shares	45.4	45.3

Three Months Ended March 29, 2014 Compared to March 30, 2014
Net Income Attributable to Regal Beloit Corporation for the first quarter 2014 was $43.8 million, a decrease of 11.5% compared to $49.5 million for the first quarter 2013. Fully diluted earnings per share was $0.96 for the first quarter 2014 compared to $1.09

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for the first quarter 2013. The average number of diluted shares was 45.4 million during the first quarter 2014 compared to 45.3 million during the first quarter 2013.

Liquidity and Capital Resources

Our principal sources of liquidity are operating cash flow, committed credit lines and existing cash balances. In addition to operating income, other significant factors affect our liquidity including working capital levels, capital expenditures, dividends, acquisitions, availability of debt financing, and the ability to attract long-term capital on acceptable terms.

Cash flow provided by operating activities ("operating cash flow") was $45.8 million for the three months ended March 29, 2014, a $20.2 million decrease from the three months ended March 30, 2013, due to lower net income and increased working capital requirements in 2014.

Cash flow used in investing activities was $94.7 million for the three months ended March 29, 2014, an increase of $67.9 million from the three months ended March 30, 2013 primarily due to the acquisition of Hy-Bon. Capital expenditures were $22.3 million in the three months ended March 29, 2014 compared to $20.6 million in the three months ended March 30, 2013. Business acquisitions were $77.3 million for the three months ended March 29, 2014, compared to $6.0 million for the three months ended March 30, 2013, driven by the Hy-Bon acquisition in 2014.

Cash flow used in financing activities for the three months ended March 29, 2014 was $7.1 million compared to $3.0 million in the three months ended March 30, 2013 due to declines in net activity related to short-term borrowing.

Working capital was $1.0 billion at March 29, 2014 and December 28, 2013, respectively.

The following table presents selected financial information and ratios as of March 29, 2014 and December 28, 2013 (in millions):

	March 29, 2014	December 28, 2013
Cash and Cash Equivalents	$406.4	$466.0
Trade Receivables, Net	543.8	463.8
Inventories	646.0	618.7
Working Capital	1,003.9	1,025.0
Current Ratio	2.3:1	2.5:1

A significant amount of operating income is earned in jurisdictions where it is deemed to be permanently reinvested. Our most prominent jurisdiction of operation is the U.S. We currently do not intend nor foresee a need to repatriate funds to the U.S., and no provision for U.S. income taxes has been made with respect to such earnings. It is expected that existing cash and cash equivalents available to the U.S., the cash generated by U.S. operations, committed credit lines as well as the expected ability to access the capital markets will be sufficient to fund U.S. operating and capital needs for at least the next twelve months and thereafter for the foreseeable future. There are no current trends, demands or uncertainties that are believed reasonably likely to require repatriation or to have a material impact on our ability to fund our U.S. operations.

In August 2014 $150.0 million of the 2007 Notes will mature. We anticipate repaying these Notes at maturity with a combination of existing cash and borrowings under our revolving credit facility.

At March 29, 2014, we had $750.0 million of senior notes (the "Notes") outstanding. Details on the senior notes at March 29, 2014 were (in millions):

	Principal	Interest Rate	Maturity
Floating Rate Series 2007A	$150.0	Floating (1)	August 2014
Floating Rate Series 2007A	100.0	Floating (1)	August 2017
Fixed Rate Series 2011A	100.0	4.1%	July 2018
Fixed Rate Series 2011A	230.0	4.8 to 5.0%	July 2021
Fixed Rate Series 2011A	170.0	4.9 to 5.1%	July 2023
	$750.0		

(1) Interest rates vary as LIBOR varies. At March 29, 2014, the interest rate was 0.9%.

We have a $500.0 million revolving credit facility (the “Facility”) that matures in June 2016. The Facility permits the Company to borrow at interest rates based upon a margin above LIBOR. The margin varies with the ratio of total funded debt to EBITDA

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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 total funded debt to EBITDA. At March 29, 2014, we had no outstanding balance on the Facility and had $23.5 million of standby letters of credit issued under the Facility and $476.5 million of available borrowing capacity.

At March 29, 2014, other notes payable of approximately $17.8 million were outstanding with a weighted average interest rate of 2.7%.

Based on rates for instruments with comparable maturities and credit quality, which are classified as Level 2 inputs, the approximate fair value of our Notes was $762.3 million and $779.6 million as of March 29, 2014 and December 28, 2013, respectively. We estimate that the fair value of other debt approximates book value.

The Notes and the Facility require us to meet specified financial ratios and to satisfy certain financial condition tests. We were in compliance with all financial covenants as of March 29, 2014. We believe that we will continue to be in compliance with these covenants for the foreseeable future.

We have interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk (See also Note 13 of Notes to Condensed Consolidated Financial Statements).

Critical Accounting Policies

Our disclosures of critical accounting policies, which are contained in our Annual Report on Form 10-K for the year ended December 28, 2013, have not materially changed since that report was filed.

ITEM 3. 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 policies and procedures, which strictly prohibit the use of financial instruments for speculative purposes.
All qualified 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 ("AOCI") in each accounting period. The ineffective portion of the 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 March 29, 2014, net of interest rate swaps, we had $506.6 million of fixed rate debt and $261.2 million of variable rate debt. As a result, interest rate changes in variable rate debt 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 the weighted average borrowing rate on outstanding variable rate debt at March 29, 2014 would result in an immaterial change in after-tax annualized earnings.
We 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 these instruments, as of March 29, 2014, are as follows (in millions):

Instrument	Notional Amount	Maturity	Rate Paid	Rate Received	Fair Value (Loss)
Swap	$150.0	August 23, 2014	5.3%	LIBOR (3 month)	$(3.8)
Swap	100.0	August 23, 2017	5.4%	LIBOR (3 month)	(15.0)

As of March 29, 2014, the interest rate swap liabilities of $(3.8) million and $(15.0) million were included in Hedging Obligations (current) and Hedging Obligations (noncurrent), respectively. As of December 28, 2013, the interest rate swap liabilities of $(5.7) million and $(16.1) million were included in Hedging Obligations (current) and Hedging Obligations (noncurrent), respectively. The unrealized loss on the effective portion of the contracts net of tax of $(11.6) million and $(13.5) million as of March 29, 2014 and December 28, 2013, 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. We do not hedge our exposure to the translation of reported results of foreign subsidiaries from local currency to United States dollars.
Venezuela
The Company has a subsidiary in Venezuela using accounting for highly inflationary economies. Currency restrictions recently enacted by the Venezuelan government have the potential to impact the ability of the Company's subsidiary to obtain U.S. dollars in exchange for Bolivars at the official foreign exchange rate. In January 2014, the Venezuelan government announced the expansion of its auction-based foreign exchange system (SICAD1). In March 2014, the Venezuelan government introduced an additional auction-based foreign exchange system (SICAD2) which permits all

companies incorporated or domiciled in Venezuela to bid for U.S. dollars. As of March 29, 2014, the SICAD1 and SICAD2 exchange rates were 10.7 and 50.9 Bolivars per U.S. dollar, respectively. The Company continued to remeasure the Venezuelan assets and liabilities at the official exchange rate of 6.3 Bolivars per U.S. dollar as of March 29, 2014 as that was the specified rate used to convert currency or settle transactions and the Company believes the official foreign exchange rate of 6.3 Bolivars per U.S. dollars remains legally available to it. As of March 29, 2014, the Company had Bolivar-denominated net monetary assets of approximately $12 million in Venezuela.

Derivatives

As of March 29, 2014, derivative currency assets (liabilities) of $5.3 million, $1.3 million, $(2.9) million and $(1.1) million, are recorded in Prepaid Expenses and Other Current Assets, Other Noncurrent Assets, Hedging Obligations (current), and Hedging Obligations (noncurrent), respectively. As of December 28, 2013, derivative currency assets (liabilities) of $8.4 million, $0.7 million, $(3.1) million and $(0.7) million, are recorded in Prepaid Expenses and Other Current Assets, Other Noncurrent Assets, Hedging Obligations (current), and Hedging Obligations (noncurrent), respectively. The unrealized gains on the effective portion of the contracts of $1.7 million net of tax, and $3.4 million net of tax, as of March 29, 2014 and December 28, 2013, was recorded in AOCI. At March 29, 2014, we had $0.9 million, net of tax, of currency gains on closed hedge instruments in AOCI that will be realized in earnings when the hedged items impact earnings. At December 28, 2013, we had $0.8 million of derivative currency gains on closed hedge instruments in AOCI that were realized in 2014 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 March 29, 2014 (in millions):

Currency	Notional Amount	Fair Value	Gain (Loss) From 10% Appreciation of Counter Currency	10% Depreciation of Counter Currency
Mexican Peso	$218.2	$4.2	$21.8	$ (21.8)
Chinese Renminbi	159.4	(0.9)	15.9	(15.9)
Indian Rupee	37.5	(0.4)	3.8	(3.8)
Euro	11.4	(0.2)	1.1	(1.1)
Thai Baht	4.5	(0.1)	0.5	(0.5)
Australian Dollar	2.1	—	0.2	(0.2)

Gains and losses indicated in the sensitivity analysis would be offset by gains and losses on the underlying forecasted non-U.S. dollar denominated cash flows.

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. The majority of 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 $1.4 million, $0.1 million, $(9.5) million and $(0.2) million were recorded in Prepaid Expenses and Other Current Assets, Other Noncurrent Assets, Hedging Obligations (current) and Hedging Obligations (noncurrent), respectively, at March 29, 2014. Derivative commodity assets (liabilities) of $4.7 million and $(2.5) million are recorded in Prepaid Expenses and Hedging Obligations (current), respectively, at December 28, 2013. The unrealized gain (loss) on the effective portion of the contracts of $(5.0) million net of tax and $1.3 million net of tax, as of March 29, 2014 and December 28, 2013, respectively, was recorded in AOCI. At March 29, 2014, we had $(1.6) million, net of tax, of derivative commodity losses on closed hedge instruments in AOCI that will be realized in earnings when the hedged items impact earnings. At December 28, 2013, there was $(1.5) million, net of tax, of derivative commodity losses on closed hedge instruments in AOCI that were realized in 2014 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 March 29, 2014 (in millions):

Commodity	Notional Amount	Fair Value	Gain (Loss) From 10% Appreciation of Commodity Prices	10% Depreciation of Commodity Prices

Copper	$159.9	$(7.9)	$16.0	$ (16.0)
Aluminum	8.9	(0.3)	0.9	(0.9)

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Gains and losses indicated in the sensitivity analysis would be offset by the actual prices of the commodities.
The net AOCI balance of $(15.6) million loss at March 29, 2014 includes $(9.1) million of net current deferred losses expected to be realized in the next twelve months.

Counterparty Risk

We are exposed to credit losses in the event of non-performance by the counterparties to various financial agreements, including our interest rate swap agreements, foreign currency exchange contracts and commodity hedging transactions. We manage exposure to counterparty credit risk by limiting our counterparties to major international banks and financial institutions meeting established credit guidelines and continually monitoring their compliance with the credit guidelines. We do not obtain collateral or other security to support financial instruments subject to credit risk. We do not anticipate non-performance by our counterparties, but cannot provide assurances.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) as of the end of the period covered by this report. Based on such evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company’s disclosure controls and procedures were effective 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 the Company files or submits under the Exchange Act is accumulated and communicated to our management, including its Chief Executive Officer and its Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

There were no changes in the Company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There have been no material changes in the legal matters described in Part I, Item 3 of the Company’s Annual Report on Form 10-K for the year ended December 28, 2013, which is incorporated here by reference.

ITEM 1A. RISK FACTORS

Our business and financial results are subject to numerous risks and uncertainties. The risks and uncertainties have not changed materially from those reported in Item 1A in our 2013 Annual Report on Form 10-K for the year ended December 28, 2013, which is incorporated here by reference.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table contains detail related to the repurchase of our common stock based on the date of trade during the quarter ended March 29, 2014.

2014 Fiscal Month	Total Number of Shares	Average Price Paid per Share	Total Number of Shares Purchased as a Part	Maximum Number of Shares that May be

	Purchased		of Publicly Announced Plans or Programs	Purchased Under the Plans or Programs
December 29 to February 1	626	$74.46	—	3,000,000
February 2 to March 1	1,748	$73.69	—	3,000,000
March 2 to March 29	6,411	$73.41	—	3,000,000
	8,785		—	

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 the Company withhold shares of common stock otherwise issuable under the award, (b) tender back shares received in connection with such award or (c) deliver other previously owned shares of common stock, in each case having a value equal to the exercise price or the amount to be withheld. During the quarter ended March 29, 2014, there were 8,785 shares acquired in connection with equity incentive plans.

The Board of Directors has approved repurchase programs for up to three million shares of the Company's common stock. Management is authorized to effect purchases from time to time in the open market or through privately negotiated transactions.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
12	Computation of Ratio of Earnings to Fixed Charges.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.
101	The following materials from Regal Beloit Corporation’s Quarterly Report on Form 10-Q for the quarter ended March 29, 2014, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Income, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Equity, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements, furnished herewith.

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SIGNATURES

Pursuant to the requirements 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.

REGAL BELOIT CORPORATION
(Registrant)

/s/ Charles A. Hinrichs
Charles A. Hinrichs
Vice President
Chief Financial Officer
(Principal Financial Officer)

Date: May 8, 2014

REGAL BELOIT CORPORATION
(Registrant)

/s/ Peter J. Rowley
Peter J. Rowley
Vice President
Corporate Controller
(Principal Accounting Officer)

Date: May 8, 2014

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