



Code of Ethics and Business Conduct

BALDOR ELECTRIC COMPANY and Affiliates

Code of Ethics and Business Conduct

Adopted by Baldor's Board of Directors on February 9, 2004
and including any amendments through February 28, 2010.

Baldor's reputation is our greatest asset. The purpose of this code of ethics is to enhance and protect this asset. Of many code of ethics written, one of the most famous and lasting was written almost 100 years ago at West Point Academy. It's short, simple, and to-the-point, and it says:

"I will not lie, cheat, or steal, nor tolerate those who do."

Baldor's Code of Ethics and Business Conduct dictates that we have trustful relationships with all those with whom we relate - employees, customers, shareholders, suppliers, government agencies, etc. Good relationships are based on trust and trust is based on truth.

We not only agree individually to not lie, cheat, or steal from those with whom we have relationships, but we also agree to not put up with those who do. All Baldor directors, officers, and employees should avoid any situation that would create a conflict of interest. Baldor officials and personnel should make fair and ethical decisions in all transactions.

All decisions should be made to maximize corporate opportunities and minimize corporate risk, while ensuring the protection and proper use of Baldor's assets. As such, Baldor employees may not accept gratuities beyond a nominal value in any form, for themselves or anyone else, from anyone doing business or proposing to do business with Baldor. Additional policies which Baldor's directors, officers, and employees must follow are set forth on the attached Exhibit "A".

All Baldor officials and employees should follow the compliance standards, procedures, laws, rules, and regulations (including insider trading laws) associated with the applicable business dealings, whether governed by internal Baldor policies or external regulatory agencies.

Finally, with "truth" being the key word, all of us must do our best to see that all public pronouncements made by Baldor personnel, financial and otherwise, consist of true statements. Should a mistake ever be made where an untrue statement is issued to any of our constituents, immediately upon discovering the mistake, a public retraction to all involved will be made.

Baldor has appropriate policies and penalties procedures for any violation of this Code of Ethics and Business Conduct. Those who violate Baldor's internal policies, and/or external regulations on behalf of Baldor, will be dealt with appropriately and fairly.

If you see or suspect an ethics violation, please report it to one of the following people. Any report of an ethics violation will be kept strictly confidential.

John A. McFarland	Chairman and CEO	(479) 648-5709
Ronald E. Tucker	President and COO	(479) 648-5793
Jason W. Green	Vice President - Human Resources	(479) 649-5188

Any employee, shareholder, or other interested party may communicate any concern directly and anonymously to the Chairman of the Audit Committee by using any or all of the following methods:

Calling Baldor's Ethics hotline toll-free	(866) 563-4001
Emailing the Company	baldor-ethics@baldor.com

Contacting the following ...

Chairman of the Audit Committee		
c/o Larry L. Johnston	Baldor Electric Company	(479) 648-5961
Vice President - Audit Services	P O Box 2400	(479) 648-5701 fax

5711 R S Boreham Jr St
Fort Smith AR 72902

Exhibit "A"

to the

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Conflicts of Interest - A conflict situation can arise when an employee, officer, or director takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest also arise when an employee, officer, or director, or a member of his or her family, receives improper benefits as a result of his or her position at Baldor. Loans to, or guarantees of obligations of, such persons are of special concern. Baldor strictly prohibits any director, officer, or employee to engage in any conduct which creates a conflict of interest with Baldor.

Corporate Opportunities - Directors, officers, and employees are expressly prohibited from:

- a. Taking for themselves personally, opportunities that are discovered through the use of Baldor property, information, or position;
- b. Using Baldor property, information, or position for personal gain; or
- c. Competing with Baldor directly or with any business that Baldor is considering.

Confidentiality - The dissemination, sale, or use of confidential information of Baldor or any customer of Baldor to which Baldor has a duty to maintain information in confidence is prohibited, except when disclosure is authorized or legally mandated.

Fair Dealing - Each director, officer, and employee should deal fairly with customers, suppliers, competitors, and employees of Baldor. None should take unfair advantage of anyone through manipulation, concealment, abuse of confidential, proprietary or trade secret information, misrepresentation of material facts, or any other unfair dealing-practice.

Protection and Proper Use of Baldor Assets - All employees should protect Baldor's assets and property and ensure their efficient use. Theft, carelessness, and waste of Baldor assets and property have a direct impact on Baldor's profitability.

Interpretation of Code - Any question or interpretation under this Code of Ethics and Business Conduct will be handled by those individuals specifically named in the Code. The Executive Committee of the Board of Directors will have authority to waive compliance with this Code of Ethics and Business Policy for any employee of Baldor; provided, however, waiver of compliance with this policy for any director or officer may only be made only by the Board, or a designated Committee of the Board. Any waiver for any executive officer or director will be promptly disclosed by Baldor to its shareholders by either posting notice of such waiver on Baldor's website or by filing notice of the waiver on a Form 8-K with the SEC.