

**COMPENSATION AND HUMAN RESOURCE  
COMMITTEE OF THE BOARD OF DIRECTORS**

**CHARTER**

**COMMITTEE PURPOSE**

The Compensation and Human Resource Committee (the “Committee”) will assist, monitor and recommend to the Board of Directors (the “Board”) of Regal-Beloit on matters fulfilling the Board’s responsibilities with regard to compensation, benefits and performance of the Chief Executive Officer and Corporate Officers. In addition, the Committee will review and monitor succession and leadership development planning.

**COMMITTEE COMPOSITION**

The Committee shall be comprised of at least three members of the Board. The members shall be designated by the Board and shall be independent in accordance with Rule 16b-3 of the Securities and Exchange Act of 1934 and under 162 (m) of the Internal Revenue Code. The Board will designate the Chairman of the Committee. No Director may serve on the Committee unless he or she is a “Non-Employee Director” under the qualifications set forth in Rule 16b-3 of the Securities Exchange Act of 1934. The Corporate Vice President of Human Resources and the Chief Executive Officer will normally be in attendance at each meeting, excluding executive session discussions. The Committee is encouraged, as it deems necessary, to use outside legal and compensation experts in the execution of its duties.

**MEETINGS**

The Committee will meet a minimum of two times annually or more frequently as deemed appropriate by the Committee. Teleconferences may be held as an acceptable method of discussing matters before the Committee. Two or more members present shall constitute a quorum. The Committee may from time to time request other members of management, outside consultants and other parties as are appropriate to be present to discuss matters under consideration. The Committee shall meet regularly in executive session, without Company management present.

**DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

The duties and responsibilities of the Committee shall include the following:

1. Review, recommend, and assist the Board in approving executive compensation and benefits for the Chief Executive Officer, and other Key Executives that support the overall business strategy. Such executive compensation will strive: a) to attract and retain key executives critical to our business success; b) link overall compensation with organization performance; and c) offer competitive compensation opportunities in relation to our peer group as established by the Committee and the Committee’s retained consultant.

2. Determine the components of executive compensation including, salaries, annual bonuses, equity based incentives, retirement program, change of control agreement, and other perquisites for the Key Executives referenced above.
3. Exercise all authority provided to the Committee by the Board to oversee, administer and interpret the Company's Equity Based Plans. Approve all new awards recommended by management, whether the new awards relate to new hires, promotions, annual grants, or special recognitions. The Committee will review and approve all suggested modifications to the plan documents.
4. Review Chief Executive Officer's performance. Evaluate the Chief Executive Officer's performance relative to the goals, objectives and performance parameters as set by the Committee.
5. Review annually with the Chief Executive Officer, the overall performance of the other Corporate Officers. Review and approve Chief Executive Officer's compensation recommendation for each officer other than the Chief Executive Officer.
6. Review the overall organization structure and the performance of the Company's top talent for purposes of organizational growth and succession planning.
7. Review and recommend to the Board the Compensation Discussion and Analysis required by Item 402 of Regulation S-K promulgated by the Securities and Exchange Commission. Such Compensation Discussion and Analysis to be included in the company's Annual Report to Shareholders or Proxy Statement for the Annual Meeting of Shareholders.
8. Engage independent advisors, including compensation consultants, as the Committee may deem necessary in executing its responsibilities, including approving the independent advisor's fees and other retention terms.
9. Review and recommend to the Board on those matters of director or officer indemnification.
10. Maintain Committee minutes recording the topics and activities of the Committee.
11. Review and evaluate annually the performance of the Committee and the adequacy of this Charter and make any recommendations to the Board that may be appropriate.

(January 2007)