

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 CORPORATION (the “Company”) on matters fulfilling the Board’s responsibilities with regard to compensation, benefits and performance of the Chief Executive Officer and other Key Executives (as defined below). 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 each of them shall be independent in accordance with the standards of the New York Stock Exchange and shall satisfy the requirements to be considered “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code of 1986. The Board will designate the Chairperson 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.

MEETINGS

The Committee will meet a minimum of three 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 and overseeing executive compensation and benefit programs for the Chief Executive Officer and the other executive officers of the Company (the “Key Executives”) that support the overall business strategy. Such programs will be designed to, among other things: a) attract and retain key executives critical to our business success; b) link overall compensation with organization performance; c) ensure that executives’ long-term interests are aligned with shareholders’ interests; and d) 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, which may include salaries, annual bonuses, equity based incentives, retirement program, change of control agreements and perquisites, for the Key Executives.
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 and approve the terms of offer letters, employment agreements, severance agreements, change-in-control agreements, indemnification agreements and other material agreements between the Company and the Key Executives.
5. Review and evaluate the Chief Executive Officer's performance relative to the goals, objectives and performance parameters as set by the Board or the Committee.
6. Review annually with the Chief Executive Officer, the overall performance of the other Key Executives. Review and approve Chief Executive Officer's compensation recommendation for each Key Executive other than the Chief Executive Officer.
7. Review the overall organization structure and the performance of the Company's top talent for purposes of organizational growth and succession planning.
8. 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 shall be included in the Company's Proxy Statement for the Annual Meeting of Shareholders.
9. As part of its review and determinations concerning compensation the Key Executives and the Compensation Discussion and Analysis, the Committee shall take into account the advisory shareholder vote on executive compensation (the "say on pay" vote) for the most recent and upcoming annual meetings of the Company in accordance with applicable laws and regulations (including voting standards) and prior say on pay votes.
10. Determine and recommend to the Board a desired frequency for say on pay votes to be proposed to the Company's shareholders at the annual meeting at least once every six years and in accordance with applicable laws, regulations and listing standards and prior shareholder votes.
11. Retain independent consultants, legal counsel and other advisors as deemed appropriate and may select, retain, terminate and approve the fees and other retention terms of such advisors as it deems appropriate, without approval of the Board or management of the Company. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant or other advisor so retained. The Company shall pay any fees or expenses, including the ordinary administrative expenses of the Committee that are necessary and appropriate in carrying out the Committee's duties.

12. The Committee shall be responsible for evaluating the independence of any executive compensation consultant engaged by the Committee by, among other things, reviewing and approving the consultant's scope of work, both for duties provided to the Committee and for duties provided to the Company; approving annually the consultant's fee structure for services rendered (with the Chairperson of the Committee reviewing and approving actual fees incurred); reviewing annually the fees paid by the Company to the consultant for all services provided to the Company; maintaining safeguards to ensure the consultant's independence; and determining whether, and under what circumstances, the consultant participates in Committee meetings and executive sessions.
13. Determine stock ownership guidelines for the Key Executives and monitor compliance with such guidelines.
14. On an annual basis, review and evaluate the Company's policies and practices in compensating employees, including non-Key Executives, as they relate to risk management practices and risk-taking incentives.
15. Make regular reports to the Board.
16. Maintain Committee minutes recording the topics and activities of the Committee.
17. 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 27, 2012)