

10 YEAR FINANCIAL ANALYSIS

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Financial Statement Data (\$000 omitted, except as indicated)										
INCOME STATEMENT										
Net Sales \$	1,428,707	756,557	619,098	605,292	663,571	598,203	550,661	550,277	493,174	285,393
Income From Operations \$ (EBIT)	134,572	55,162	47,226	47,227	56,060	71,608	72,440	81,113	74,381	51,120
Depreciation \$	31,175	21,061	21,014	22,134	22,294	20,023	18,875	17,887	15,653	10,553
Amortization \$ (12)	6,452	552	—	—	9,504	5,526	4,177	4,152	3,221	25
Interest Expense \$	22,090	6,787	6,462	9,399	22,239	15,332	9,406	11,479	10,804	357
Interest Income \$	442	183	79	149	221	274	220	306	810	1,052
Net Income \$	69,557	30,435	25,206	24,518	19,590	33,771	38,067	42,961	38,897	32,276
BALANCE SHEET										
Total Assets \$	1,342,554	1,352,052	734,445	733,988	746,599	792,407	508,165	485,070	488,699	196,996
Working Capital \$ (1)	268,489	279,710	160,101	157,405	161,044	185,781	131,370	117,305	100,627	92,613
Net Property, Plant & Equipment \$	244,329	253,673	169,098	173,740	184,873	189,078	151,373	147,929	151,259	74,616
Additions to Property, Plant & Equipment \$ (2)	28,261	16,281	17,965	10,754	15,426	16,994	11,422	14,836	16,076	11,112
Long Term Debt \$	386,332	547,350	195,677	222,812	345,667	393,510	148,166	166,218	192,261	2,168
Dividends Declared \$	15,233	12,358	12,016	11,512	10,018	10,066	10,065	10,033	9,993	9,902
Shareholders' Investment \$	647,996	538,179	398,704	381,423	280,150	273,889	252,626	224,497	189,427	160,023
Financial Ratios										
PROFITABILITY										
Operating Margin % (EBIT %)	9.4	7.3	7.6	7.8	8.4	12.0	13.2	14.7	15.1	17.9
Net Income %	4.9	4.0	4.1	4.1	3.0	5.6	6.9	7.8	7.9	11.3
Effective Tax Rate %	35.3	32.4	36.2	34.7	42.5	40.3	39.8	38.6	39.6	37.7
Return on Beginning Shareholders Investment %	12.9	7.6	6.6	8.8	7.2	13.4	17.0	22.7	24.3	23.8
GROWTH										
Net Sales: 10-Year Compound Growth Rate %	16.9	11.9	10.8	11.6	15.7	13.5	12.5	13.8	16.7	13.7
5-Year Compound Growth Rate %	19.0	6.6	2.4	4.2	18.4	14.8	17.5	19.8	19.5	13.1
Earnings Per Share: 10-Year Compound Growth Rate %	3.9	1.0	3.7	7.9	13.3	11.8	12.3	12.8	15.8	16.5
5-Year Compound Growth Rate %	7.8	(7.4)	(13.3)	(11.6)	(9.8)	0.1	10.0	24.1	31.8	42.2
LIQUIDITY AND LEVERAGE										
Current Ratio (3)	2.2:1	2.4:1	3.1:1	3.2:1	3.3:1	3.3:1	3.0:1	3.0:1	2.4:1	4.1:1
LTD to Total Capitalization % (4)	37.4	50.4	32.9	36.9	55.2	59.0	37.0	42.5	50.4	1.3
Interest Coverage Ratio (5)	6.7:1	8.1:1	7.3:1	5.0:1	2.5:1	4.7:1	7.7:1	7.1:1	7.0:1	146.6:1
Per Share Data and Investment Ratios										
Earnings Per Share (EPS) \$	2.34	1.24	1.01	1.01	0.94	1.61	1.82	2.06	1.87	1.57
Earnings Per Share (EPS) - Assuming Dilution \$	2.25	1.22	1.00	1.01	0.93	1.61	1.80	2.02	1.83	1.53
Dividends Declared Per Share \$	0.51	0.48	0.48	0.48	0.48	0.48	.48	.48	.48	.48
Book Value Per Share \$ (6)	21.14	18.54	15.93	15.24	13.42	13.10	12.04	10.74	9.09	7.75
Market Price Per Share: Annual High \$	38.94	29.38	24.45	29.31	22.90	21.63	25.63	33.25	32.75	22.38
Annual Low \$	25.25	19.14	14.96	15.75	16.10	14.60	15.50	17.50	18.00	15.50
Year End \$	35.40	28.60	22.00	20.70	21.80	17.06	20.63	23.00	29.56	19.63
Price/Earnings Ratio (Assuming Dilution) (7)(8)	15.7:1	23.4:1	22.0:1	20.5:1	23.4:1	10.6:1	11.5:1	11.4:1	16.2:1	12.8:1
Price/Book Value Ratio (7)(9)	1.7:1	1.5:1	1.4:1	1.4:1	1.6:1	1.3:1	1.7:1	2.1:1	3.3:1	2.5:1
Dividend Yield % (7)(10)	1.5	1.7	2.2	2.3	2.2	2.8	2.3	2.1	1.6	2.4
Dividend Payout % (paid) (11)	21.2	39.0	47.7	44.9	51.2	29.8	26.4	23.3	25.6	29.4
Other										
Average Shares Outstanding	29,675,206	24,602,868	25,029,942	24,186,839	20,868,896	20,984,423	20,959,182	20,893,182	20,805,844	20,616,825
Average Shares - Assuming Dilution	30,878,981	24,904,287	25,246,088	24,310,165	21,124,204	20,996,189	21,169,580	21,278,497	21,275,061	21,074,615
Market Capitalization (in millions of dollars)(7)	1,085.2	830.1	550.7	517.9	455.1	356.8	432.8	481.0	615.8	405.2
Annual Trading Volume (shares)	44,966,900	27,559,600	14,178,982	14,398,800	5,727,400	10,174,500	9,163,600	10,290,800	8,948,700	9,098,600

ABOUT THE COMPANY

2005 marked the 50th year of operation for Regal Beloit, a leading international manufacturer of electrical and mechanical motion control components headquartered in Beloit, Wisconsin. From electric motors and generators to gear reducers, and electronic switchgear, Regal Beloit's products are often concealed within, but essential to the function of so much of the equipment powering the world. You will find Regal Beloit products in home furnaces, pumps, elevators, conveyors, x-ray machines, office equipment, machine tools, power stations and thousands of other critical uses.

Regal Beloit's strength is in its market diversity as it serves an expansive array of markets from heavy industry to high technology. Markets include HVAC, food processing, medical, material handling, petro-chemical, construction, manufacturing, agriculture and mining, to name a few. Few companies can match Regal Beloit's abilities to adapt and modify products to required specifications and deliver consistent quality, at a fair price and a time dictated by the customer.

Regal Beloit's ongoing success can be attributed, in part, to an aggressive acquisition program, which has become a company hallmark. 2004 saw two major acquisitions from General Electric (GE), which effectively doubled the size of Regal Beloit. The Company now has over 11,000 employees and 69 manufacturing and service/distribution facilities throughout the United States and in Canada, Mexico, Europe and Asia.

Regal Beloit stock is traded on The New York Stock Exchange® under the symbol RBC.

NOTES

- (1) Current assets minus current liabilities.
- (2) Additions to property, plant and equipment exclude acquisitions.
- (3) Current assets divided by current liabilities.
- (4) Long-term debt divided by the sum of long-term debt plus shareholders' investment.
- (5) Income from operations (EBIT) divided by interest expense.
- (6) Shareholder's investment divided by shares outstanding at December 31st.
- (7) Calculations use closing stock price on December 31st.
- (8) Market price per share divided by EPS.
- (9) Market price per share divided by book value per share.
- (10) Annualized dividend rate at December 31 divided by closing stock price at December 31.
- (11) Dollars of dividends paid divided by net income.
- (12) From 2002 only includes amortization of intangible assets, excluding goodwill.