

CBRE CLARION GLOBAL REAL ESTATE INCOME FUND  
Form 40-17G  
October 07, 2014  
FRANK CRYSTAL & CO INC.  
ATTN: TYLER ENTWISTLE  
32 OLD SLIP - 17TH FL.  
NEW YORK, NY 10005

**INSURED:** CBRE CLARION GLOBAL REAL ESTATE INCOME FUND  
**PRODUCT:** *DFIBond*  
**POLICY NO:** 82341519  
**TRANSACTION:** RENL\_RW

**Chubb Group of Insurance Companies**

15 Mountain View Road, Warren, New Jersey 07059

NAME OF ASSURED (including its **Subsidiaries**):

CBRE CLARION GLOBAL REAL ESTATE INCOME FUND

201 KING OF PRUSSIA RD, SUITE 600  
RADNOR, PA 19087

**DECLARATIONS  
FINANCIAL INSTITUTION INVESTMENT  
COMPANY ASSET PROTECTION BOND**

Bond Number: 82341519

**FEDERAL INSURANCE COMPANY**

Incorporated under the laws of Indiana  
a stock insurance company herein called the  
COMPANY

Capital Center, 251 North Illinois, Suite 1100  
Indianapolis, IN 46204-1927

**ITEM 1. BOND PERIOD:** from 12:01 a.m. on September 19, 2014  
to 12:01 a.m. on September 19, 2015

**ITEM 2. LIMITS OF LIABILITY DEDUCTIBLE AMOUNTS:**

If Not Covered is inserted below opposite any specified INSURING CLAUSE, such INSURING CLAUSE and any other reference shall be deemed to be deleted. **There shall be no deductible applicable to any loss under INSURING CLAUSE 1. sustained by any Investment Company.**

INSURING CLAUSE	LIMIT OF LIABILITY	DEDUCTIBLE AMOUNT
1. Employee	\$ 1,250,000	\$ 0
2. On Premises	\$ 1,250,000	\$ 10,000

3. In Transit	\$	1,250,000	\$	10,000
4. Forgery or Alteration	\$	1,250,000	\$	10,000
5. Extended Forgery	\$	1,250,000	\$	10,000
6. Counterfeit Money	\$	1,250,000	\$	10,000
7. Threats to Person	\$	1,250,000	\$	10,000
8. Computer System	\$	1,250,000	\$	10,000
9. Voice Initiated Funds Transfer Instruction	\$	1,250,000	\$	10,000
10. Uncollectible Items of Deposit	\$	100,000	\$	10,000
11. Audit Expense	\$	50,000	\$	5,000

**ITEM 3. THE LIABILITY OF THE COMPANY IS ALSO SUBJECT TO THE TERMS OF THE FOLLOWING ENDORSEMENTS EXECUTED SIMULTANEOUSLY HEREWITH:**

Endorsements 1-4

**IN WITNESS WHEREOF, THE COMPANY** has caused this Bond to be signed by its authorized officers, but it shall not be valid unless also signed by an authorized representative of the Company.

The COMPANY, in consideration of payment of the required premium, and in reliance on the APPLICATION and all other statements made and information furnished to the COMPANY by the ASSURED, and subject to the DECLARATIONS made a part of this Bond and to all other terms and conditions of this Bond, agrees to pay the ASSURED for:

***Insuring Clauses***

*Employee*

1. Loss resulting directly from **Larceny** or **Embezzlement** committed by any **Employee**, alone or in collusion with others.

*On Premises*

2. Loss of **Property** resulting directly from robbery, burglary, false pretenses, common law or statutory larceny, misplacement, mysterious unexplainable disappearance, damage, destruction or removal, from the possession, custody or control of the ASSURED, while such **Property** is lodged or deposited at premises located anywhere.

*In Transit*

3. Loss of **Property** resulting directly from common law or statutory larceny, misplacement, mysterious unexplainable disappearance, damage or destruction, while the **Property** is in transit anywhere:

- a. in an armored motor vehicle, including loading and unloading thereof,
- b. in the custody of a natural person acting as a messenger of the ASSURED, or
- c. in the custody of a **Transportation Company** and being transported in a conveyance other than an armored motor vehicle provided, however, that covered **Property** transported in such manner is limited to the following:

- (1) written records,
- (2) securities issued in registered form, which are not endorsed or are restrictively endorsed, or
- (3) negotiable instruments not payable to bearer, which are not endorsed or are restrictively endorsed.

Coverage under this INSURING CLAUSE begins immediately on the receipt of such **Property** by the natural person or **Transportation Company** and ends immediately on delivery to the premises of the addressee or to any representative of the addressee located anywhere.

***Insuring Clauses***

*(continued)*

***Forgery Or Alteration***

4. Loss resulting directly from:
- a. **Forgery** on, or fraudulent material alteration of, any bills of exchange, checks, drafts, acceptances, certificates of deposits, promissory notes, due bills, money orders, orders upon public treasuries, letters of credit, other written promises, orders or directions to pay sums certain in money, or receipts for the withdrawal of **Property**, or
  - b. transferring, paying or delivering any funds or other **Property**, or establishing any credit or giving any value in reliance on any written instructions, advices or applications directed to the ASSURED authorizing or acknowledging the transfer, payment, delivery or receipt of funds or other **Property**, which instructions, advices or applications fraudulently purport to bear the handwritten signature of any customer of the ASSURED, or shareholder or subscriber to shares of an **Investment Company**, or of any financial institution or **Employee** but which instructions, advices or applications either bear a **Forgery** or have been fraudulently materially altered without the knowledge and consent of such customer, shareholder, subscriber, financial institution or **Employee**;
- excluding, however, under this INSURING CLAUSE any loss covered under INSURING CLAUSE 5. of this Bond, whether or not coverage for INSURING CLAUSE 5. is provided for in the DECLARATIONS of this Bond.

For the purpose of this INSURING CLAUSE, a mechanically reproduced facsimile signature is treated the same as a handwritten signature.

***Extended Forgery***

5. Loss resulting directly from the ASSURED having, in good faith, and in the ordinary course of business, for its own account or the account of others in any capacity:
- a. acquired, accepted or received, accepted or received, sold or delivered, or given value, extended credit or assumed liability, in reliance on any original **Securities, documents or other written instruments** which prove to:
    - (1) bear a **Forgery** or a fraudulently material alteration,
    - (2) have been lost or stolen, or
    - (3) be **Counterfeit**, or
  - b. guaranteed in writing or witnessed any signatures on any transfer, assignment, bill of sale, power of attorney, guarantee, endorsement or other obligation upon or in connection with any **Securities, documents or other written instruments**.

Actual physical possession, and continued actual physical possession if taken as collateral, of such **Securities, documents or other written instruments** by an **Employee, Custodian**, or a Federal or State chartered deposit institution of the ASSURED is a condition precedent to the ASSURED having relied on such items. Release or return of such collateral is an acknowledgment by the ASSURED that it no longer relies on such collateral.



***Insuring Clauses***

*Extended Forgery*

*(continued)*

For the purpose of this INSURING CLAUSE, a mechanically reproduced facsimile signature is treated the same as a handwritten signature.

*Counterfeit Money*

6. Loss resulting directly from the receipt by the ASSURED in good faith of any **Counterfeit** money.

*Threats To Person*

7. Loss resulting directly from surrender of **Property** away from an office of the ASSURED as a result of a threat communicated to the ASSURED to do bodily harm to an **Employee** as defined in Section 1.e. (1), (2) and (5), a **Relative** or invitee of such **Employee**, or a resident of the household of such **Employee**, who is, or allegedly is, being held captive provided, however, that prior to the surrender of such **Property**:

- a. the **Employee** who receives the threat has made a reasonable effort to notify an officer of the ASSURED who is not involved in such threat, and
- b. the ASSURED has made a reasonable effort to notify the Federal Bureau of Investigation and local law enforcement authorities concerning such threat.

It is agreed that for purposes of this INSURING CLAUSE, any **Employee** of the ASSURED, as set forth in the preceding paragraph, shall be deemed to be an ASSURED hereunder, but only with respect to the surrender of money, securities and other tangible personal property in which such **Employee** has a legal or equitable interest.

*Computer System*

8. Loss resulting directly from fraudulent:

- a. entries of data into, or
- b. changes of data elements or programs within,  
a **Computer System**, provided the fraudulent entry or change causes:
  - (1) funds or other property to be transferred, paid or delivered,
  - (2) an account of the ASSURED or of its customer to be added, deleted, debited or credited, or
  - (3) an unauthorized account or a fictitious account to be debited or credited.

**Insuring Clauses**

(continued)

*Voice Initiated Funds*

*Transfer Instruction*

9. Loss resulting directly from **Voice Initiated Funds Transfer Instruction** directed to the ASSURED authorizing the transfer of dividends or redemption proceeds of **Investment Company** shares from a **Customer**'s account, provided such **Voice Initiated Funds Transfer Instruction** was:

- a. received at the ASSURED'S offices by those **Employees** of the ASSURED specifically authorized to receive the **Voice Initiated Funds Transfer Instruction**,
- b. made by a person purporting to be a **Customer**, and
- c. made by said person for the purpose of causing the ASSURED or **Customer** to sustain a loss or making an improper personal financial gain for such person or any other person.

In order for coverage to apply under this INSURING CLAUSE, all **Voice Initiated Funds Transfer Instructions** must be received and processed in accordance with the Designated Procedures outlined in the APPLICATION furnished to the COMPANY.

*Uncollectible Items of Deposit*

10. Loss resulting directly from the ASSURED having credited an account of a customer, shareholder or subscriber on the faith of any **Items of Deposit** which prove to be uncollectible, provided that the crediting of such account causes:

- a. redemptions or withdrawals to be permitted,
- b. shares to be issued, or
- c. dividends to be paid,

from an account of an **Investment Company**.

In order for coverage to apply under this INSURING CLAUSE, the ASSURED must hold **Items of Deposit** for the minimum number of days stated in the APPLICATION before permitting any redemptions or withdrawals, issuing any shares or paying any dividends with respect to such **Items of Deposit**.

**Items of Deposit** shall not be deemed uncollectible until the ASSURED'S standard collection procedures have failed.

*Audit Expense*

11. Expense incurred by the ASSURED for that part of the cost of audits or examinations required by any governmental regulatory authority or self-regulatory organization to be conducted by such authority, organization or their appointee by reason of the discovery of loss sustained by the ASSURED and covered by this Bond.

**General Agreements**

*Additional Companies  
Included As Assured*

A. If more than one corporation, or **Investment Company**, or any combination of them is included as the ASSURED herein:

- (1) The total liability of the COMPANY under this Bond for loss or losses sustained by any one or more or all of them shall not exceed the limit for which the COMPANY would be liable under this Bond if all such loss were sustained by any one of them.
- (2) Only the first named ASSURED shall be deemed to be the sole agent of the others for all purposes under this Bond, including but not limited to the giving or receiving of any notice or proof required to be given and for the purpose of effecting or accepting any amendments to or termination of this Bond. The COMPANY shall furnish each **Investment Company** with a copy of the Bond and with any amendment thereto, together with a copy of each formal filing of claim by any other named ASSURED and notification of the terms of the settlement of each such claim prior to the execution of such settlement.
- (3) The COMPANY shall not be responsible for the proper application of any payment made hereunder to the first named ASSURED.
- (4) Knowledge possessed or discovery made by any partner, director, trustee, officer or supervisory employee of any ASSURED shall constitute knowledge or discovery by all the ASSUREDS for the purposes of this Bond.
- (5) If the first named ASSURED ceases for any reason to be covered under this Bond, then the ASSURED next named on the APPLICATION shall thereafter be considered as the first named ASSURED for the purposes of this Bond.

*Representation Made By  
Assured*

B. The ASSURED represents that all information it has furnished in the APPLICATION for this Bond or otherwise is complete, true and correct. Such APPLICATION and other information constitute part of this Bond.

The ASSURED must promptly notify the COMPANY of any change in any fact or circumstance which materially affects the risk assumed by the COMPANY under this Bond.

Any intentional misrepresentation, omission, concealment or incorrect statement of a material fact, in the APPLICATION or otherwise, shall be grounds for rescission of this Bond.



**General Agreements**

*(continued)*

*Additional Offices Or  
Employees -  
Consolidation, Merger Or  
Purchase Or Acquisition  
Of Assets Or Liabilities -  
Notice To Company*

C. If the ASSURED, other than an **Investment Company**, while this Bond is in force, merges or consolidates with, or purchases or acquires assets or liabilities of another institution, the ASSURED shall not have the coverage afforded under this Bond for loss which has:

- (1) occurred or will occur on premises, or
- (2) been caused or will be caused by an employee, or
- (3) arisen or will arise out of the assets or liabilities, of such institution, unless the ASSURED:
  - a. gives the COMPANY written notice of the proposed consolidation, merger or purchase or acquisition of assets or liabilities prior to the proposed effective date of such action, and
  - b. obtains the written consent of the COMPANY to extend some or all of the coverage provided by this Bond to such additional exposure, and
  - c. on obtaining such consent, pays to the COMPANY an additional premium.

*Change Of Control -  
Notice To Company*

D. When the ASSURED learns of a change in control (other than in an **Investment Company**), as set forth in Section 2(a) (9) of the Investment Company Act of 1940, the ASSURED shall within sixty (60) days give written notice to the COMPANY setting forth:

- (1) the names of the transferors and transferees (or the names of the beneficial owners if the voting securities are registered in another name),
- (2) the total number of voting securities owned by the transferors and the transferees (or the beneficial owners), both immediately before and after the transfer, and
- (3) the total number of outstanding voting securities.

Failure to give the required notice shall result in termination of coverage for any loss involving a transferee, to be effective on the date of such change in control.

*Court Costs And  
Attorneys Fees*

E. The COMPANY will indemnify the ASSURED for court costs and reasonable attorneys fees incurred and paid by the ASSURED in defense, whether or not successful, whether or not fully litigated on the merits and whether or not settled, of any claim, suit or legal proceeding with respect to which the ASSURED would be entitled to recovery under this Bond. However, with respect to INSURING CLAUSE 1., this Section shall only apply in the event that:

- (1) an **Employee** admits to being guilty of **Larceny or Embezzlement**,
- (2) an **Employee** is adjudicated to be guilty of **Larceny or Embezzlement**, or

ICAP Bond (5-98)  
Form 17-02-1421 (Ed. 5-98)

Page 6 of 19

**General Agreements**

*Court Costs And*

*Attorneys Fees*

*(continued)*

(3) in the absence of 1 or 2 above, an arbitration panel agrees, after a review of an agreed statement of facts between the COMPANY and the ASSURED, that an **Employee** would be found guilty of **Larceny or Embezzlement** if such **Employee** were prosecuted.

The ASSURED shall promptly give notice to the COMPANY of any such suit or legal proceeding and at the request of the COMPANY shall furnish copies of all pleadings and pertinent papers to the COMPANY. The COMPANY may, at its sole option, elect to conduct the defense of all or part of such legal proceeding. The defense by the COMPANY shall be in the name of the ASSURED through attorneys selected by the COMPANY. The ASSURED shall provide all reasonable information and assistance as required by the COMPANY for such defense.

If the COMPANY declines to defend the ASSURED, no settlement without the prior written consent of the COMPANY nor judgment against the ASSURED shall determine the existence, extent or amount of coverage under this Bond.

If the amount demanded in any such suit or legal proceeding is within the DEDUCTIBLE AMOUNT, if any, the COMPANY shall have no liability for court costs and attorney's fees incurred in defending all or part of such suit or legal proceeding.

If the amount demanded in any such suit or legal proceeding is in excess of the LIMIT OF LIABILITY stated in ITEM 2. of the DECLARATIONS for the applicable INSURING CLAUSE, the COMPANY'S liability for court costs and attorney's fees incurred in defending all or part of such suit or legal proceedings is limited to the proportion of such court costs and attorney's fees incurred that the LIMIT OF LIABILITY stated in ITEM 2. of the DECLARATIONS for the applicable INSURING CLAUSE bears to the total of the amount demanded in such suit or legal proceeding.

If the amount demanded in any such suit or legal proceeding is in excess of the DEDUCTIBLE AMOUNT, if any, but within the LIMIT OF LIABILITY stated in ITEM 2. of the DECLARATIONS for the applicable INSURING CLAUSE, the COMPANY'S liability for court costs and attorney's fees incurred in defending all or part of such suit or legal proceedings shall be limited to the proportion of such court costs or attorney's fees that the amount demanded that would be payable under this Bond after application of the DEDUCTIBLE AMOUNT, bears to the total amount demanded.

Amounts paid by the COMPANY for court costs and attorneys' fees shall be in addition to the LIMIT OF LIABILITY stated in ITEM 2. of the DECLARATIONS.

**Conditions And  
Limitations**

*Definitions*

1. As used in this Bond:
  - a. **Computer System** means a computer and all input, output, processing, storage, off-line media libraries, and communication facilities which are connected to the computer and which are under the control and supervision of the operating system(s) or application(s) software used by the ASSURED.
  - b. **Counterfeit** means an imitation of an actual valid original which is intended to deceive and be taken as the original.
  - c. **Custodian** means the institution designated by an **Investment Company** to maintain possession and control of its assets.
  - d. **Customer** means an individual, corporate, partnership, trust customer, shareholder or subscriber of an **Investment Company** which has a written agreement with the ASSURED for **Voice Initiated Funds Transfer Instruction**.
  - e. **Employee** means:
    - (1) an officer of the ASSURED,
    - (2) a natural person while in the regular service of the ASSURED at any of the ASSURED S premises and compensated directly by the ASSURED through its payroll system and subject to the United States Internal Revenue Service Form W-2 or equivalent income reporting plans of other countries, and whom the ASSURED has the right to control and direct both as to the result to be accomplished and details and means by which such result is accomplished in the performance of such service,
    - (3) a guest student pursuing studies or performing duties in any of the ASSURED S premises,
    - (4) an attorney retained by the ASSURED and an employee of such attorney while either is performing legal services for the ASSURED,
    - (5) a natural person provided by an employment contractor to perform employee duties for the ASSURED under the ASSURED S supervision at any of the ASSURED S premises,
    - (6) an employee of an institution merged or consolidated with the ASSURED prior to the effective date of this Bond,
    - (7) a director or trustee of the ASSURED, but only while performing acts within the scope of the customary and usual duties of any officer or other employee of the ASSURED or while acting as a member of any committee duly elected or appointed to examine or audit or have custody of or access to **Property** of the ASSURED, or

**Conditions And  
Limitations**

*Definitions*

*(continued)*

(8) each natural person, partnership or corporation authorized by written agreement with the ASSURED to perform services as electronic data processor of checks or other accounting records related to such checks but only while such person, partnership or corporation is actually performing such services and not:

- a. creating, preparing, modifying or maintaining the ASSURED S computer software or programs, or
- b. acting as transfer agent or in any other agency capacity in issuing checks, drafts or securities for the ASSURED,

(9) any partner, officer or employee of an investment advisor, an underwriter (distributor), a transfer agent or shareholder accounting recordkeeper, or an administrator, for an **Investment Company** while performing acts coming within the scope of the customary and usual duties of an officer or employee of an **Investment Company** or acting as a member of any committee duly elected or appointed to examine, audit or have custody of or access to **Property of an Investment Company**.

The term **Employee** shall not include any partner, officer or employee of a transfer agent, shareholder accounting recordkeeper or administrator:

- a. which is not an affiliated person (as defined in Section 2(a) of the Investment Company Act of 1940) of an **Investment Company** or of the investment advisor or underwriter (distributor) of such **Investment Company**, or
- b. which is a bank (as defined in Section 2(a) of the Investment Company Act of 1940).

This Bond does not afford coverage in favor of the employers of persons as set forth in e. (4), (5) and (8) above, and upon payment to the ASSURED by the COMPANY resulting directly from **Larceny or Embezzlement** committed by any of the partners, officers or employees of such employers, whether acting alone or in collusion with others, an assignment of such of the ASSURED S rights and causes of action as it may have against such employers by reason of such acts so committed shall, to the extent of such payment, be given by the ASSURED to the COMPANY, and the ASSURED shall execute all papers necessary to secure to the COMPANY the rights provided for herein.

Each employer of persons as set forth in e.(4), (5) and (8) above and the partners, officers and other employees of such employers shall collectively be deemed to be one person for all the purposes of this Bond; excepting, however, the fifth paragraph of Section 13.

Independent contractors not specified in e.(4), (5) or (8) above, intermediaries, agents, brokers or other representatives of the same general character shall not be considered **Employees**.

**Conditions And  
Limitations**

*Definitions*

*(continued)*

- f. **Forgery** means the signing of the name of another natural person with the intent to deceive but does not mean a signature which consists in whole or in part of one's own name, with or without authority, in any capacity for any purpose.
- g. **Investment Company** means any investment company registered under the Investment Company Act of 1940 and listed under the NAME OF ASSURED on the DECLARATIONS.
- h. **Items of Deposit** means one or more checks or drafts drawn upon a financial institution in the United States of America.
- i. **Larceny or Embezzlement** means larceny or embezzlement as defined in Section 37 of the Investment Company Act of 1940.
- j. **Property** means money, revenue and other stamps; securities; including any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of deposit, certificate of interest or participation in any profit-sharing agreement, collateral trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any interest or instruments commonly known as a security under the Investment Company Act of 1940, any other certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase any of the foregoing; bills of exchange; acceptances; checks; withdrawal orders; money orders; travelers' letters of credit; bills of lading; abstracts of title; insurance policies, deeds, mortgages on real estate and/or upon chattels and interests therein; assignments of such policies, deeds or mortgages; other valuable papers, including books of accounts and other records used by the ASSURED in the conduct of its business (but excluding all electronic data processing records); and, all other instruments similar to or in the nature of the foregoing in which the ASSURED acquired an interest at the time of the ASSURED'S consolidation or merger with, or purchase of the principal assets of, a predecessor or which are held by the ASSURED for any purpose or in any capacity and whether so held gratuitously or not and whether or not the ASSURED is liable therefor.
- k. **Relative** means the spouse of an **Employee** or partner of the ASSURED and any unmarried child supported wholly by, or living in the home of, such **Employee** or partner and being related to them by blood, marriage or legal guardianship.
- l. **Securities, documents or other written instruments** means original (including original counterparts) negotiable or non-negotiable instruments, or assignments thereof, which in and of themselves represent an equitable interest, ownership, or debt and which are in the ordinary course of business transferable by delivery of such instruments with any necessary endorsements or assignments.

**Conditions And  
Limitations**

*Definitions*

*(continued)*

- m. **Subsidiary** means any organization that, at the inception date of this Bond, is named in the APPLICATION or is created during the BOND PERIOD and of which more than fifty percent (50%) of the outstanding securities or voting rights representing the present right to vote for election of directors is owned or controlled by the ASSURED either directly or through one or more of its subsidiaries.
- n. **Transportation Company** means any organization which provides its own or its leased vehicles for transportation or which provides freight forwarding or air express services.
- o. **Voice Initiated Election** means any election concerning dividend options available to **Investment Company** shareholders or subscribers which is requested by voice over the telephone.
- p. **Voice Initiated Redemption** means any redemption of shares issued by an **Investment Company** which is requested by voice over the telephone.
- q. **Voice Initiated Funds Transfer Instruction** means any **Voice Initiated Redemption** or **Voice Initiated Election**.

For the purposes of these definitions, the singular includes the plural and the plural includes the singular, unless otherwise indicated.

*General Exclusions -*

2. **This bond does not directly or indirectly cover:**

*Applicable to All Insuring  
Clauses*

- a. loss not reported to the COMPANY in writing within sixty (60) days after termination of this Bond as an entirety;
- b. loss due to riot or civil commotion outside the United States of America and Canada, or any loss due to military, naval or usurped power, war or insurrection. This Section 2.b., however, shall not apply to loss which occurs in transit in the circumstances recited in INSURING CLAUSE 3., provided that when such transit was initiated there was no knowledge on the part of any person acting for the ASSURED of such riot, civil commotion, military, naval or usurped power, war or insurrection;
- c. loss resulting from the effects of nuclear fission or fusion or radioactivity;
- d. loss of potential income including, but not limited to, interest and dividends not realized by the ASSURED or by any customer of the ASSURED;
- e. damages of any type for which the ASSURED is legally liable, except compensatory damages, but not multiples thereof, arising from a loss covered under this Bond;
- f. costs, fees and expenses incurred by the ASSURED in establishing the existence of or amount of loss under this Bond, except to the extent covered under INSURING CLAUSE 11.;
- g. loss resulting from indirect or consequential loss of any nature;





**Conditions And  
Limitations**

*General Exclusions -  
Applicable to All Insuring  
Clauses*

h. loss resulting from dishonest acts by any member of the Board of Directors or Board of Trustees of the ASSURED who is not an **Employee**, acting alone or in collusion with others;

*(continued)*

i. loss, or that part of any loss, resulting solely from any violation by the ASSURED or by any **Employee**:

(1) of any law regulating:

a. the issuance, purchase or sale of securities,

b. securities transactions on security or commodity exchanges or the over the counter market,

c. investment companies,

d. investment advisors, or

(2) of any rule or regulation made pursuant to any such law; or

j. loss of confidential information, material or data;

k. loss resulting from voice requests or instructions received over the telephone, provided however, this Section 2.k. shall not apply to INSURING CLAUSE 7. or 9.

*Specific Exclusions -  
Applicable To All Insuring  
Clauses Except Insuring  
Clause 1.*

3. **This Bond does not directly or indirectly cover:**

a. loss caused by an **Employee**, provided, however, this Section 3.a. shall not apply to loss covered under INSURING CLAUSE 2. or 3. which results directly from misplacement, mysterious unexplainable disappearance, or damage or destruction of **Property**;

b. loss through the surrender of property away from premises of the ASSURED as a result of a threat:

(1) to do bodily harm to any natural person, except loss of **Property** in transit in the custody of any person acting as messenger of the ASSURED, provided that when such transit was initiated there was no knowledge by the ASSURED of any such threat, and provided further that this Section 3.b. shall not apply to INSURING CLAUSE 7., or

(2) to do damage to the premises or **Property** of the ASSURED;

c. loss resulting from payments made or withdrawals from any account involving erroneous credits to such account;

d. loss involving **Items of Deposit** which are not finally paid for any reason provided however, that this Section 3.d. shall not apply to INSURING CLAUSE 10.;

e. loss of property while in the mail;



**Conditions And Limitations**

*Specific Exclusions -  
Applicable To All Insuring  
Clauses Except Insuring  
Clause 1.*

*(continued)*

- f. loss resulting from the failure for any reason of a financial or depository institution, its receiver or other liquidator to pay or deliver funds or other **Property** to the ASSURED provided further that this Section 3.f. shall not apply to loss of **Property** resulting directly from robbery, burglary, misplacement, mysterious unexplainable disappearance, damage, destruction or removal from the possession, custody or control of the ASSURED.
- g. loss of **Property** while in the custody of a **Transportation Company**, provided however, that this Section 3.g. shall not apply to INSURING CLAUSE 3.;
- h. loss resulting from entries or changes made by a natural person with authorized access to a **Computer System** who acts in good faith on instructions, unless such instructions are given to that person by a software contractor or its partner, officer, or employee authorized by the ASSURED to design, develop, prepare, supply, service, write or implement programs for the ASSURED s **Computer System**; or
- i. loss resulting directly or indirectly from the input of data into a **Computer System** terminal, either on the premises of the customer of the ASSURED or under the control of such a customer, by a customer or other person who had authorized access to the customer s authentication mechanism.

*Specific Exclusions -  
Applicable To All Insuring  
Clauses Except Insuring  
Clauses 1., 4., And 5.*

4. **This bond does not directly or indirectly cover:**

- a. loss resulting from the complete or partial non-payment of or default on any loan whether such loan was procured in good faith or through trick, artifice, fraud or false pretenses; provided, however, this Section 4.a. shall not apply to INSURING CLAUSE 8.;
- b. loss resulting from forgery or any alteration;
- c. loss involving a counterfeit provided, however, this Section 4.c. shall not apply to INSURING CLAUSE 5. or 6.

*Limit Of Liability/Non-  
Reduction And Non-  
Accumulation Of Liability*

5. At all times prior to termination of this Bond, this Bond shall continue in force for the limit stated in the applicable sections of ITEM 2. of the DECLARATIONS, notwithstanding any previous loss for which the COMPANY may have paid or be liable to pay under this Bond provided, however, that the liability of the COMPANY under this Bond with respect to all loss resulting from:

- a. any one act of burglary, robbery or hold-up, or attempt thereat, in which no **Employee** is concerned or implicated, or
- b. any one unintentional or negligent act on the part of any one person resulting in damage to or destruction or misplacement of **Property**, or
- c. all acts, other than those specified in a. above, of any one person, or



**Conditions And Limitations**

*Limit Of Liability/Non-Reduction And Non-Accumulation Of Liability (continued)*

d. any one casualty or event other than those specified in a., b., or c. above,

shall be deemed to be one loss and shall be limited to the applicable LIMIT OF LIABILITY stated in ITEM 2. of the DECLARATIONS of this Bond irrespective of the total amount of such loss or losses and shall not be cumulative in amounts from year to year or from period to period.

All acts, as specified in c. above, of any one person which

Richard Crowell	55,000	39,160	37,125	-	-	-	131,285
Dr. Amir Faghri	50,000	39,160	37,125	-	-	-	126,285
Alan B. Levine	55,000	39,160	37,125	-	-	-	131,285
Dr. Thomas J. O'Brien	50,000	39,160	37,125	-	-	-	126,285

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Since April 2, 2011 we have not been a party to, nor have we currently proposed, any transaction or series of similar transactions in which the amount exceeds \$120,000, and in which any director, executive officer, holder of more than 5% of our common stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than compensation agreements and other agreements which are described in the "Executive Compensation" section of this proxy statement. The Company's Directors and executive officers are subject to the Code of Ethics, which requires that an employee or Director avoid placing himself or herself in a position in which his or her personal interests could interfere in any way with the interests of the Company.

We have not made payments to directors other than the fees to which they are entitled as directors (described under the heading “Director Compensation”) and the reimbursement of expenses relating to their services as directors. We have made no loans to any director or officer nor have we purchased any shares of the Company from any director or officer.

## PRINCIPAL STOCKHOLDERS

The following table sets forth information known to the Company regarding beneficial ownership of the Company’s common stock, as of July 1, 2012, by each director and each of the executive officers identified in the Summary Compensation Table in the “Executive Compensation” section of this proxy statement and by all of its directors and executive officers as a group (10 persons). The table lists the number of shares and percentage of shares beneficially owned based on 23,444,052 shares of common stock outstanding as of July 1, 2012. The figures in the table assume the exercise of all stock options currently exercisable or exercisable within 60 days of July 1, 2012. Information in the table is derived from SEC filings made by such persons under Section 16(a) of the Exchange Act and other information received by the Company.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class	
Michael J. Hartnett	733,569	3.1	%
Daniel A. Bergeron	82,662	*	
Thomas C. Crainer	67,284	*	
Richard J. Edwards	65,180	*	
Thomas J. Williams	22,000	*	
Thomas M. Burigo	18,669	*	
Richard R. Crowell	43,060	*	
Dr. Amir Faghri	17,467	*	
Alan B. Levine	15,467	*	
Dr. Thomas J. O’Brien	18,967	*	
Mitchell I. Quain	-	-	
All directors and executive officers as a group (11 persons)	1,084,325	4.6	%

\*Less than one percent

(1) Unless otherwise indicated and subject to community property laws where applicable, the individuals named in the table above have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them. Beneficial ownership and percentage ownership are determined in accordance with the rules of the SEC. In calculating the number of shares beneficially owned by an individual and the percentage ownership of that individual, shares underlying options and warrants held by that individual that are either currently exercisable or exercisable within 60 days from July 1, 2012 are deemed outstanding. These shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other

individual.

The following table sets forth each stockholder which, as of July 1, 2012, is known by us to be the beneficial owner of more than 5% of our common stock. Information in the table is derived from SEC filings made by such persons pursuant to Section 13 of the Exchange Act and other information received by the Company. Except as indicated in the footnotes to this table, the entities named have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class		
Prudential Financial Inc., Jennison Associates LLC				
466 Lexington Ave	1,988,828	(a)	8.5	%
New York, NY 10017				
T. Rowe Price Associates, Inc.				
Baltimore, MD 21202-1009	1,746,930	(b)	7.5	%
BlackRock Inc.				
40 East 52 <sup>nd</sup> Street	1,406,317	(c)	6.0	%
New York, NY 10022				

- A filing of Form 13G with the SEC dated February 14, 2012, by Prudential Financial Inc. / Jennison Associates (a) LLC indicates that it has or shares voting or investment power over 1,988,828 shares of the Company's outstanding common stock.
- (b) A filing of Form 13G with the SEC dated February 13, 2012, by T. Rowe Price Associates, Inc. indicates that it has or shares voting or investment power over 1,746,930 shares of the Company's outstanding common stock.
- (c) A filing of Form 13G with the SEC dated February 13, 2012, by BlackRock Inc. indicates that it has or shares voting or investment power over 1,406,317 shares of the Company's outstanding common stock.

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires that the Company's executive officers, directors and greater than 10% owners file reports of ownership and changes of ownership of the Company's common stock with the SEC and Nasdaq. Based on a review of ownership reports filed with the SEC during fiscal 2012, the Company believes that all Section 16(a) filing requirements were met during the year.

### Executive Officers and Directors

The following table sets forth information concerning our directors and executive officers as of July 1, 2012. Each director is elected for a three-year term or until such person's successor is duly elected and qualified.

Name	Age	Positions
Michael J. Hartnett	66	Chairman, President and Chief Executive Officer
Daniel A. Bergeron	52	Vice President, Chief Financial Officer and Assistant Secretary
Thomas C. Crainer	54	Vice President and General Manager
Richard J. Edwards	56	Vice President and General Manager
Thomas J. Williams	60	Corporate General Counsel & Secretary
Thomas M. Burigo	60	Corporate Controller
Richard R. Crowell	57	Director
Dr. Amir Faghri	61	Director
Alan B. Levine	68	Director
Dr. Thomas J. O'Brien	64	Director
Mitchell I. Quain	60	Director

**Michael J. Hartnett** has been with the Company for 22 years. He has been the President and Chief Executive Officer since April, 1992 and Chairman of the Board since June, 1993. Prior to that, Mr. Hartnett served as President and General Manager of our Industrial Tectonics Bearings Corporation, or ITB, subsidiary from 1990, following eighteen years at The Torrington Company, one of the three largest bearings manufacturers in the U.S. While at The Torrington Company, Mr. Hartnett held the position of Vice President and General Manager of the Aerospace Business Unit and



was, prior to that, Vice President of the Research and Development Division. Mr. Hartnett holds an undergraduate degree from the University of New Haven, a Masters degree from Worcester Polytechnic Institute and a Ph.D. in Applied Mechanics from the University of Connecticut. Mr. Hartnett has also developed numerous patents, authored more than two dozen technical papers and is well known for his contributions to the field of tribology, the study of friction. Mr. Hartnett served as a director of Aftermarket Technology Corp., a publicly-held company in the business of re-manufacturing aftermarket components for automobiles until October 22, 2010, and currently serves as a director of Process Fab Inc., a private company in the business of precision manufacturing and related services. Mr. Hartnett provides our Board with significant leadership and executive experience. His proven leadership capability and his strong knowledge of the complex financial and operational issues facing mid-sized companies provides the Board with a unique and necessary perspective.

**Richard R. Crowell** has been a director since June, 2002 and chairman of the Compensation Committee since August, 2005. Mr. Crowell is a Managing Partner of Vance Street Capital LLC, a private equity investment firm he founded in 2007. Previously he was the President of Aurora Capital Group, a private equity investment firm he co-founded in 1991. Prior to establishing Aurora in 1991, Mr. Crowell was a Partner and President of Acadia Partners, a New York-based investment fund. From 1983 to 1987, he was a Managing Director, Corporate Finance for Drexel Burnham Lambert. He serves on the Executive Committee of the Board of Visitors for the UCLA Anderson School of Management. Mr. Crowell is a director of Process Fab Inc., SEMICOA Corporation, MCSC, Klune Industries and Leading Edge Aviation Services. All are private companies in the business of precision manufacturing, engineered solutions and related services. Mr. Crowell earned an M.B.A. from UCLA's Anderson School and a B.A. from the University of California, Santa Cruz. Mr. Crowell brings broad business, financial and executive leadership experience to the Board, developed through his leadership roles at Vance Street Capital LLC, Aurora Capital Group LLC, Acadia Partners and Drexel Burnham Lambert. He has extensive experience with a number of precision manufacturing and aerospace companies. In addition, Mr. Crowell's experience in private investment enables him to bring a valuable investor's view to our Board and his relationships across the financial community strengthen the Company's access to capital markets. His board memberships provide deep understanding of trends in the precision manufacturing and aerospace sectors, both of which present ongoing challenges and opportunities for the Company.

**Dr. Amir Faghri** has been a director at RBC Bearings Incorporated since July, 2004. Dr. Faghri has served as professor of Mechanical Engineering at the University of Connecticut since 1994. He was the Dean of the School of Engineering at the University of Connecticut from 1998-2006, and the Head of the Mechanical Engineering Department from 1994-1998. While holding such academic and administrative positions as distinguished and chair professor, department head, and Dean, Dr. Faghri authored seven books and edited volumes, more than 300 archival technical publications (including 200 journal papers), and 8 U.S. patents. He has served as a consultant to several major research centers and corporations, including Los Alamos and Oak Ridge national laboratories, Exxon Mobil Corporation, and Intel Corporation. Dr. Faghri's technical productivity is further complemented by his service on the editorial boards of eight scientific journals. Dr. Faghri has received many honors and awards, including the American Institute of Aeronautics & Astronautics (AIAA) Thermophysics Award in 1988, the American Society of Mechanical Engineering (ASME) Heat Transfer Memorial Award in 1988, the ASME James Harry Potter Gold Medal in 2005, and the ASME/AIChE Max Jakob Memorial Award in 2010. Dr. Faghri received his M.S. and Ph.D. degrees from the University of California at Berkeley (1974,1976) and a B.S. with highest honors from Oregon State University (1973). As former Dean of the School of Engineering at the University of Connecticut from 1998-2006, with financial oversight responsibilities for all engineering departments and research centers, Dr. Faghri provides the Company with a wealth of valuable executive and engineering experience. His association with U.S. companies and global academia provides the Company with valuable state of the art engineering resources and workforce development.

**Alan B. Levine** has been a director and chairman of our Audit Committee since October, 2005. Mr. Levine served as Chief Financial Officer and Director of Virtual Access Networks, Inc. (2001 to 2002) and Chief Financial Officer and Treasurer of Marathon Technologies Corporation (1998 to 2001). Mr. Levine is currently a Director of Magnetek, Inc. He was also a member of the Board of Directors and Audit Committee Chair of MCK Communications before the company's merger in November, 2003. Prior to this, Mr. Levine was with Ernst & Young LLP from 1974 to 1998, and was Partner from 1986 to 1998, where he established and directed an Entrepreneurial Services practice. From January, 2007 until July, 2011, he served as Vice President and Chief Financial Officer of the Graduate Management Admission Council. He is currently retired. He is a former Director and Audit Committee Chair of Nextera Enterprises, Inc. Mr. Levine earned a Bachelor of Arts degree from the University of Vermont. He also holds a Master

of Accounting degree from the University of Arizona and was a certified public accountant. As chairman of our Audit Committee Mr. Levine has demonstrated that he is valuable to the Audit Committee's function. He is the Company's designated "audit committee financial expert" as defined by SEC regulations. Mr. Levine brings to the Board extensive demonstrated expert knowledge and experience in accounting and finance from his Master of Accounting degree and as a former partner with Ernst & Young LLP and former Chief Financial Officer. This knowledge and experience gives Mr. Levine a perspective that he is able to use to help the Audit Committee and Board understand the highly technical issues management confronts on a daily basis and to serve as a critical resource for management. Mr. Levine's depth of business, accounting and financial experience make him an excellent candidate as a member of our Board.

**Dr. Thomas J. O'Brien** has been a director and Audit Committee member since February, 2006. Dr. O'Brien has served as a professor at the University of Connecticut since 1986 and as the Head of the Finance Department from 1999 until 2007. Prior to this, Dr. O'Brien held positions at the University of North Carolina—Chapel Hill, Duke University, University of North Carolina—Charlotte and Florida State University. In addition to Dr. O'Brien's distinguished career as a professor, he has also written several books and has co-authored numerous papers and articles covering topics in finance. Dr. O'Brien earned a Bachelor of Arts degree in Economics from Davidson College. He received his MBA from the University of Pennsylvania and holds a PhD in Finance from the University of Florida. When he was elected as a director, Dr. O'Brien had established an impressive academic record in finance, and was Head of the Finance Department at the University of Connecticut. Dr. O'Brien provides the Company with a wealth of valuable academic finance knowledge and executive experience. His continuing association with the University of Connecticut provides the Company and the Audit Committee with a valuable state of the art finance resource.

**Mitchell I. Quain** has been a director since September, 2012. He is currently a Senior Advisor to the Carlyle Group and was a Partner of One Equity Partners, a private investment firm, until December, 2011. From 2006 to 2010, he was a Senior Director of ACI Capital Corp. From 2002 to 2005, he was Chairman of Register.Com, Inc., an internet services provider, and from 1997 to 2001 he was employed with ABN AMRO and its predecessors in several capacities including Vice Chairman. Mr. Quain has a B.S.E.E. in electrical engineering from the University of Pennsylvania and an M.B.A. degree from the Harvard Business School and is a Chartered Financial Analyst. Previously Mr. Quain served on the Boards of publicly traded DeCrane Aircraft Holdings, Inc., Heico Corporation and Mechanical Dynamics, Inc. Mr. Quain is currently Chairman of the Board of Directors of Magnetek, Inc., and a director of Titan International, Inc., Hardinge Inc. and AstroMed, Inc. Mr. Quain's academic background, 30 years of investing experience, working knowledge of capital markets gained from his experiences as an investment banker, his knowledge and experience as a Chartered Financial Analyst and his service as a director of other publicly-traded industrial products manufacturers are valuable resources to the Board.

Set forth below is information concerning our executive officers who are not directors.

**Daniel A. Bergeron** has been with the Company for 9 years. He joined us in May, 2003 as Vice President, Finance. On August 5, 2003, he was appointed Vice President and Chief Financial Officer and Secretary. From November, 2002 through May, 2003, he served as Vice President and Chief Financial Officer of Allied Healthcare International, Inc., a publicly-held provider of healthcare staffing services. Mr. Bergeron served as Vice President and Chief Financial Officer at Paragon Networks International, Inc., a telecommunications company, from June, 2000 to October, 2002. From April, 1998 to February, 2000, he served as Vice President and Chief Financial Officer of Tridex Corporation, a publicly-held software company. From July, 1987 to March, 1998, Mr. Bergeron held various financial reporting positions with Dorr-Oliver Inc., an international engineering and manufacturing company, including Vice President and Chief Financial Officer from 1994 to March, 1998. Mr. Bergeron holds a B.S. in Finance from Northeastern University and a M.B.A. from the University of New Haven.

**Thomas C. Crainer** has been with the Company for 26 years. He joined us in 1986 as Plant Manager at the ITB division in California and was promoted to General Manager in 1995 and Vice President and General Manager in 2008. In 2000, Mr. Crainer became General Manager for RBC Schaublin. In 2003, he returned to the U.S. to assume additional responsibilities for our Heim Bearings, Engineered Component and Aircraft Products facilities. He had previously been employed for six years at TRW Bearing in Falconer, NY as Manufacturing Supervisor, Production Control Manager and Manufacturing Manager. He received an undergraduate degree in Business Administration from St. Bonaventure University and in 1991 he received an M.B.A. from the University of Phoenix.

**Richard J. Edwards** has been with the Company for 22 years. He joined us as Manufacturing Manager for the Hartsville, South Carolina facility in 1990. After holding the positions of Plant Manager for the Hartsville Plant, and Director of Operations for the RBC Divisions, he was named Vice President and General Manager for the RBC Divisions in 1996. Prior to joining us, Mr. Edwards spent six years with The Torrington Company as Materials Manager, and later Plant Superintendent in the Tyger River plant. He holds a Bachelor of Science degree in Management from Arizona State University.

**Thomas J. Williams** has been with the Company for 6 years. He joined us as Corporate General Counsel and Secretary in May, 2006. From April, 2001 through May, 2006, he served as Assistant General Counsel of Ingersoll-Rand Company, a publicly-held manufacturing company. Mr. Williams was a member of the law firm of Pepe & Hazard LLP and was with the firm from February, 1999 to April, 2001. From February, 1998 to February, 1999, Mr. Williams was engaged in the private practice of law and financial planning. From August, 1981 to February, 1998, Mr. Williams served as Director of International Taxes and subsequently as Associate General Counsel and Assistant Secretary for The Stanley Works a publicly-held manufacturing company. From October, 1973 to August, 1981 Mr. Williams was employed by the Internal Revenue Service in Boston and New York as an Internal Revenue Agent and International Examiner. Mr. Williams holds a B.S.B.A. in Accounting from Stonehill College and a J.D. from Suffolk University and was a licensed certified public accountant.

**Thomas M. Burigo** has been with the Company for 9 years. He joined us as Manager of Accounting in 2003. He was promoted to Director of Accounting in 2005 and to Corporate Controller in 2006. From 1999 through 2002, he was employed by BrandDirect Marketing, Inc. as Director of Financial Reporting. Mr. Burigo had previously been employed for 10 years by Caldor Corporation, a publicly-held discount retail chain, holding various accounting and financial reporting positions. He holds a Bachelor of Arts degree in Mathematics from Boston College, an M.B.A in Accounting from Iona College and is a licensed certified public accountant.

There are no family relationships between any of our directors or executive officers.

## **EXECUTIVE COMPENSATION**

### **COMPENSATION DISCUSSION AND ANALYSIS**

#### **Overview**

The Compensation Committee has responsibility for determining the compensation of the Company's Chief Executive Officer (the "CEO") and for the review and approval of the CEO's recommendations regarding the compensation of other executive officers. The Compensation Committee also has the sole authority to retain and terminate any executive compensation consultants engaged to provide advice to the Compensation Committee in discharging its responsibilities and to retain other professional advisors, when necessary or appropriate. All goals and objectives and related compensation decisions regarding executive officers other than the CEO are determined in discussion with, and are based upon the recommendation of, the CEO, who is in the best position to initially assess performance. The Compensation Committee does not delegate any of this authority discussed above to any other person or persons.

The Compensation Committee evaluates the CEO's performance, and makes all determinations regarding compensation of the CEO, including the review and approval of corporate goals and objectives related to the CEO's compensation and evaluating the performance of the CEO in light of agreed upon goals and objectives and in accordance with the CEO's July 1, 2005 Employment Agreement and April 4, 2010 Employment Agreement.

The Compensation Committee, in consultation with the Board, the CEO and senior management, also has the authority to develop and approve the Company's executive compensation philosophy, including the balance between or mix of base salaries, cash and equity-based incentive compensation and other compensation components for the CEO and other executive officers. The Compensation Committee also makes recommendations to the full Board with respect to the compensation of directors for service on the Board.

#### **Compensation Objectives and Philosophy**

The Company's compensation program is designed to reward executives based on favorable performance and results. Compensation policies and plans (including benefits) are designed to attract and retain top quality and

experienced executives by providing the opportunity to earn competitive cash compensation based on corporate, business unit and individual performance, plus the opportunity to accumulate stock-based wealth commensurate with the long-term growth and value created for the Company's stockholders.

The Company seeks to attract executive talent by offering competitive base salaries and annual and long-term performance incentive opportunities. The Company provides incentives that promote both the short and long-term financial and strategic objectives of the Company. Achievement of short-term objectives is rewarded through base salary and annual performance incentives, while long-term incentive grants (primarily stock options and restricted stock) encourage executives to focus on and align themselves with the Company's long-term goals as well. These incentives are based on financial objectives of importance to the Company, including revenue and earnings growth and creation of stockholder value. The Company's compensation program also accounts for individual performance, which enables the Company to differentiate among executives and emphasize the link between personal performance and compensation.

The Compensation Committee compares the Company's senior management compensation levels with those of a peer group of companies in industries related to the Company and similar-size companies in the bearings industry.

The companies in such peer group of companies are:

Altra Holdings, Inc.	Kaman Corporation
Barnes Group Inc.	Kaydon Corp.
Circor International Inc	Moog Inc.
Crane Co.	Rexnord Corporation
EnPro Industries, Inc.	Silgan Holdings Inc.
Franklin Electric Co. Inc.	Triumph Group, Inc.
Heico Corp.	Wesco International Inc.
Hexcel Corp.	

In addition, the Compensation Committee and senior management periodically review the effectiveness and competitiveness of the Company's executive compensation structure with the assistance of independent consultants. Such consultants generally report directly to the Compensation Committee; however, senior management has engaged, and may in the future engage, compensation consultants, subject to Compensation Committee approval and oversight.

The key elements of executive compensation are base salary, annual performance incentive awards and long-term incentive awards. The Compensation Committee targets the base salary element to deliver compensation to each executive and all executives as a group within the mid-level range of compensation for persons having similar responsibilities at companies in the comparison group. The Compensation Committee targets the annual performance incentive awards and long-term incentive awards elements to deliver compensation to each executive and all executives as a group that exceeds industry average ranges of compensation for persons having similar responsibilities at companies in the comparison group based on an assessment of performance by the CEO. Based on the last competitive compensation assessment conducted by compensation consultants for the Company, such incentive awards were targeted at the 60th percentile of industry average ranges in the aggregate as a group.

### **Compensation Program Components**

The Compensation Committee regularly reviews and updates the Company's compensation program for the CEO and other executive officers to ensure that compensation levels and benefits are competitive and reasonable using the guidelines described above. The particular elements of the compensation program for the CEO and other executive officers are set forth in more detail below.

### **Base Salaries**

The base salary of the CEO is determined in accordance with the CEO's July 1, 2005 and April 4, 2010 Employment Agreements. The Compensation Committee annually reviews and approves the CEO's recommendations with respect to base salaries of other executive officers. In the case of the other executive officers, the CEO and Compensation Committee take into account the results achieved by the individual executive officer, his or her future potential, scope of responsibilities and experience and competitive salary practices. Base salary levels for the other executive officers are primarily determined by the CEO and approved by the Compensation Committee at levels the CEO and Compensation Committee deem appropriate to attract and retain the level of competence necessary for the position. Annually, thereafter, base salaries for the other executive officers are determined by an assessment of the individual executive officer's sustained performance, the impact of such performance on the results of the Company, and such salary's competitive relationship to industry and market level considerations within the ranges the Compensation Committee considers reasonable and necessary for that executive officer position.



## **Annual Incentive Compensation Plan**

Under the Company's annual incentive compensation plan, the Company pays performance-based annual incentive awards, the details of which are disclosed in the SUMMARY COMPENSATION table below, focused on matching rewards with results.

In the case of the CEO, and in accordance with the CEO's July 1, 2005 and April 4, 2010 Employment Agreements, the CEO is entitled to an annual performance bonus equal to (a) a percentage of the CEO's base salary determined at the discretion of the Board of Directors if the percentage of the Company's actual EBITDA to plan is less than ninety percent; (b) one hundred percent of the CEO's base salary if the percentage of the Company's actual EBITDA to plan is at least ninety percent but less than one hundred percent; (c) one hundred fifty percent of the CEO's base salary if the percentage of the Company's actual EBITDA to plan is at least one hundred percent but less than one hundred ten percent; and (d) two hundred percent of the CEO's base salary if the percentage of the Company's actual EBITDA to plan is one hundred ten percent or higher.

The Vice President and Chief Financial Officer is eligible for an annual performance bonus targeted to equal fifty percent of his base salary. The bonus is determined at the discretion of the CEO if the percentage of the Company's actual EBITDA to plan is less than ninety percent and can reach up to one hundred twenty five percent of the targeted annual performance bonus if the percentage of the Company's actual EBITDA to plan is one hundred five percent or higher.

In the case of executive officers in charge of operating segments, for the Company's 2008 fiscal year and beyond, each is eligible for a cash incentive bonus targeted to equal sixty percent of base salary. The targeted percentage is made up of three elements: (1) thirty percent of base salary upon achieving one hundred percent of the established annual revenue and profit plan, with a minimum threshold of more than eighty percent of plan, and an opportunity to earn up to sixty percent of base salary if the achievement is equal to one hundred and twenty percent of plan; (2) up to fifteen percent of base salary based on year to year revenue growth achievement in excess of that percentage equal to two times U.S. Gross Domestic Product; and (3) up to fifteen percent of base salary, at the discretion of the CEO, upon achievement of acceptable customer service levels, development of human resources and the Company's overall performance. The actual bonuses determined by the CEO are not limited to the targeted percent.

Other executive officers are entitled to an annual performance bonus targeted to equal a percent of their base salary determined at the discretion of the CEO based on the Company's overall performance and the individual's performance. The actual bonuses determined by the CEO are not limited to the targeted percent.

In addition to the annual incentive compensation plan payments based on the metrics set forth above, the Compensation Committee may pay additional discretionary bonuses to the named executive officers in the case of exceptional performance based on a subjective evaluation of performance relative to a number of factors, including "Cash Flow", "Cumulative Earnings Per Share Growth", "Customer Service Levels", "Debt (Net Debt) to Capital", "Development of Human Resources", "EBIT", "EBIT Margins", "EBITDA", "EBITDA Margins", "Earnings Per Employee", "Earnings Per Share", "Free or Excess Cash Flow", "Free or Excess Cash Flow Per Share", "Interest Coverage Ratio", "Leverage Ratio", "Net Income", "Net Profit Margin", "Operating Cash Flow", "Operating Income", "Operating Margins", "Pre-Tax Profit", "Pre-Tax Profit Margin", "Profit Margin", "Return on Capital", "Return on Net Assets", "Return on Total Assets", "Return on Equity", "Sales", "Sales Growth", "Sales Per Employee," "Total Return to Stockholders", "U.S. Gross Domestic Product", "Working Capital" and "Working Capital as a Percent of Net Sales."

For fiscal 2012, the EBITDA per plan approved by the Board of Directors was equal to \$81,600,000 representing an increase of 11.5 percent as compared to fiscal 2011 actual EBITDA of \$73,200,000.

After the results of a Company's fiscal year are complete the actual EBITDA will be calculated. In addition, the actual revenue and profits results with respect to Mr. Edward's and Mr. Crainer's operating segments will be calculated.

Based on the actual EBITDA result, the CEO's annual performance bonus will be calculated based on the formula in his Employment Agreement as set forth above. Based on the actual EBITDA result, the CFO's annual performance bonus will be calculated based on the formula as set forth above. Based on the actual revenue and profits results with respect to Mr. Edward's and Mr. Crainer's operating segments, their respective performance bonuses will be calculated based on the formulas set forth above and the discretion of the CEO based on an evaluation of their performance. The annual performance bonuses for all other executive officers are then determined by and at the discretion of the CEO based on the Company's overall performance and his assessment of the individual's performance.

The Compensation Committee will then determine whether any additional discretionary bonuses should be paid to any of the named executive officers based on exceptional performance after a subjective evaluation of performance relative to the factors set forth above. In the event an additional discretionary bonus is paid to any executive officer, an enumeration of the factors relied on by the Compensation Committee will be disclosed herein.

For fiscal 2012, the Company's EBITDA per plan was equal to \$81,623,000 and the actual Company EBITDA was equal to \$95,959,000. Thus, the actual EBITDA to plan was equal to one hundred seventeen and five tenths percent. The CEO was therefore entitled to a maximum annual performance bonus equal to \$1,601,654 calculated at two hundred percent of his base salary of \$800,827. The CFO was entitled to a maximum annual performance bonus equal to \$191,875 calculated at sixty two and one half percent of his base salary of \$307,000.

For fiscal 2012, the Compensation Committee further subjectively evaluated the individual performance of the CEO. Based primarily on the fact that actual EBITDA to plan was equal to one hundred seventeen and five tenths percent, the Committee determined that the CEO should be paid an additional discretionary bonus in the amount of \$398,346. For fiscal 2012, the Compensation Committee, upon recommendation of the CEO, further subjectively evaluated the individual performance of the CFO. Based primarily on the fact that actual EBITDA to plan was equal to one hundred seventeen and five tenths percent, the Compensation Committee determined that the CFO should be paid an additional discretionary bonus in the amount of \$108,125.

For fiscal 2012, Mr. Crainer was awarded an annual performance bonus in the amount of \$266,400. For fiscal 2012, Mr. Crainer achieved 124.5 % of his goal under element (1) of his operating plan and therefore received a payment equal to 2 times the targeted amount under that element which is 30% of his base salary of \$296,000; this calculates to \$177,600. Mr. Crainer also achieved 100% of his goal under element (2) of his operating plan and therefore received a payment equal to 100% of his targeted amount under that element which is 15% of his base salary of \$296,000; this calculates to \$44,400. Last, Mr. Crainer received a payment under element (3) of his operating plan, equal to 100% of the targeted amount under that element which is 15% of his base salary of \$296,000; this calculates to \$44,400.

For 2012, Mr. Edwards was awarded an annual performance bonus in the amount of \$216,800. For fiscal 2012, Mr. Edwards achieved 115 % of his goal under element (1) of his operating plan and therefore received a payment equal to 1.75 times the targeted amount under that element which is 30% of his base salary of \$280,000; this calculates to \$147,000. Mr. Edwards also achieved 100% of his goal under element (2) of his operating plan and therefore received a payment equal to 100% of his targeted amount under that element which is 15% of his base salary of \$280,000; this calculates to \$42,000. Last, Mr. Edwards received a payment under element (3) of his operating plan, equal to 66% of the targeted amount under that element which is 15% of his base salary of \$280,000; this calculates to \$27,800.

For fiscal 2012, Mr. Williams was awarded an annual performance bonus in the amount of \$125,000. This amount represents fifty three percent of his base salary of \$235,000. The annual performance bonus was based on the assessment and recommendation of the CEO based on the Company's overall performance and his assessment of Mr. Williams' performance.

The base salaries referenced above are the base salaries in effect when the annual performance bonuses were determined. These base salaries differ from the base salaries reflected in the Summary Compensation Table due to base salaries straddling fiscal years.

### **Long-Term Equity Incentive Program**

The Company's 2005 Long-Term Incentive Plan provides for grants of stock options, restricted stock and other types of equity awards for executive officers and other key managers. The objectives of the 2005 Long-Term Incentive Plan are to align management and stockholder long-term interests by creating a strong and direct long-term relationship between executive compensation and stockholder returns. The Compensation Committee strongly believes that by providing those individuals who have substantial responsibility for the management and growth of the Company with an opportunity to increase their ownership of Company common stock, the best interests of stockholders, executive officers and key managers are more closely aligned. If equity incentives are to be awarded to executive officers, the grant is based upon the perceived incentive that grant will provide and the benefits that the grant may have on long-term stockholder value. The determination of the number of shares granted is based upon the level and contribution of the employee. Our directors, executive officers and certain other employees are eligible for grants under the plan. The purpose of the plan is to provide these individuals with incentives to maximize stockholder value and otherwise contribute to our success and to enable us to attract, retain and reward the best available persons for positions of responsibility.

The Compensation Committee generally provides that equity incentives vest over a period of three to five years which increases the long-term aspect of these awards. As a result of the extended vesting schedule, the dollar value of these stock-based incentives can appreciate to substantial amounts since there is a longer time period for the Company stock price to appreciate. Further, the Compensation Committee believes that the extended vesting of equity incentives also promotes retention and spreads compensation expense over a longer term. This expense is amortized over the vesting

period of the equity incentive subject to the provisions of Financial Accounting Standard (FAS) 123(R) (now Accounting Standards Codification (ASC) 718). Because the Company's tax deduction is based on the fair market value at the time restrictions lapse, the after-tax cost of this program can be very favorable to the Company based on future appreciation of Company common stock.

### *Stock Options*

Executives (including the executive officers) receive nonqualified stock options that:

- have an exercise price equal to the fair market value of common stock on the date of grant;
- typically vest over a three to five-year period in equal amounts each year; and
- expire seven years after the date of grant.

Under accounting rules, the value of the stock options at the time of grant is expensed over the vesting period in the year the options are earned. When executives exercise stock options, they are taxed at ordinary income tax rates (subject to withholding) and the Company receives a corresponding tax deduction.

### *Restricted Shares*

Executives (including certain executive officers) receive restricted shares that typically vest over a three to five year period in equal amounts each year.

Under accounting rules, the grant date fair value is expensed over the service/vesting period based on the shares that are earned. The executives are generally taxed at ordinary income tax rates (subject to withholding) when the shares vest, and the Company receives a corresponding tax deduction.

As of the end of fiscal 2012, there remained 387,700 shares available for issuance as restricted shares under the 2005 Long-Term Incentive Plan.

For further information regarding Base Salary, Annual Incentive and the Long-Term Equity Incentive Program for the CEO and certain other executive officers, see "Summary Compensation" below.

### **Retirement Plans**

The Company does not maintain any pension programs for the benefit of the CEO or other executive officers. The Company has a defined contribution plan under Section 401(k) of the Internal Revenue Code ("Code") for all of its employees not covered by a collective bargaining agreement. The CEO and other executive officers are entitled to participate in this 401(k) plan on the same terms and conditions as all other eligible employees subject to a 5% of eligible employee compensation participation limit for highly compensated employees. The plan is funded by eligible participants through employee contributions and by the Company through matching contributions equal to 30% of the first 6% of eligible employee compensation. These employee matching contributions were suspended by the Company on January 1, 2009 and reinstated on April 4, 2010 by the Company through matching contributions equal to 10% of the first 3.5% of eligible employee compensation.

### **Supplemental Executive Retirement Plan**

To attract and retain highly qualified senior management executives, the Company has adopted a Supplemental Executive Retirement Plan (the "SERP") effective September 1, 1996. The SERP is a nonqualified supplemental pension plan for executives selected by the CEO that provides pension benefits in excess of those provided by the

Company's 401(k) plan discussed above. The SERP allows eligible employees to elect to defer, until termination of their employment, the receipt of up to twenty five percent of their current compensation. The Company makes contributions equal to fifty percent of the deferral amount, up to seven percent of the employees' annual compensation, which vests in full after three years of service. The SERP was amended in August 2008, allowing eligible employees to defer up to 75% of their current salary and up to 100% of bonus compensation. Also, the vesting period was reduced to one year of service.

The matching contributions were suspended by the Company on January 1, 2009 and reinstated on April 1, 2011 by the Company through matching contributions equal to 25% of the first 7% of eligible employee compensation.

### **Employment Agreements**

On July 1, 2005, the Company entered into an employment agreement with Dr. Michael J. Hartnett, in connection with his appointment as President and CEO of the Company. A copy of the agreement is filed as Exhibit 10.19 to Amendment No. 4 to the Form S-1 Registration Statement dated August 8, 2005. On April 22, 2010 the Company entered into a new Employment Agreement with Dr. Michael J. Hartnett, effective April 4, 2010, pursuant to which Dr. Hartnett continued to be employed as President, Chief Executive Officer and Chairman of the Board. The new Employment Agreement replaced the July 1, 2005 Employment Agreement, has a two year initial term with automatic annual renewals thereafter, is substantially similar to his current Employment Agreement and provides for (i) the continuation of his current base salary and annual performance bonus formula based on the Company's performance in relation to an approved operating plan; and (ii) an amended change in control provision consistent with those provisions previously approved for other Executive Officers of the Company and discussed under "Change-in-Control Compensation Agreement". A copy of the April 4, 2010 new Employment Agreement is filed as Exhibit 10.1 to Current Report on Form 8-K dated April 26, 2010. No other executive officers have employment agreements and are employed "at will".

## **Perquisite Programs**

The Company's executive officers are eligible to participate in the Company's broad-based benefit programs, including health, disability and life insurance, and relocation programs. The perquisites provided to the CEO are set forth in Schedule A to the CEO's July 1, 2005 Employment Agreement and the April 4, 2010 Employment Agreement. Certain named executive officers may also receive certain Company- provided perquisites including, reimbursement of certain personal expenses, a leased vehicle or a vehicle allowance. These items are intended to provide those executives with a competitive perquisite program. For further information regarding specific perquisites provided to the named executive officers, see "Summary Compensation" below.

## **Change-in-Control Compensation Agreements**

Change-in-control compensation agreements generally protect income for key executives who would likely be involved in decisions regarding and/or successful implementation of merger/acquisition activity and who are at risk for job loss if a takeover occurs. We believe it is in the best interests of the Company and its stockholders to have such an agreement with our CEO and other executive officers in order (i) for the Board to be able to receive and rely upon the executive's advice and counsel as to the best interests of the Company and its stockholders without concern that they might be distracted or influenced by the personal uncertainties and risks created by merger and/or acquisition proposals or threats, and (ii) to encourage them to remain with the Company and to continue to devote full attention to the Company's business.

The April 4, 2010 Employment Agreement with Michael J. Hartnett provides that in the event of his termination of employment due to a Change-in-control of the Company, he will generally be entitled to a payment equal to 2.5 times his annual base salary plus 2.5 times his target incentive compensation in effect at termination.

On February 1, 2010, the Company entered into Change in Control Letter Agreements with Daniel A. Bergeron, Thomas M. Burigo, Thomas C. Crainer, Richard J. Edwards, and Thomas J. Williams. Each Change in Control Letter Agreement entitles the executive to severance benefits if his employment with the Company is terminated under certain circumstances within 24 months after a change in control of the Company. The amount of severance will generally be equal to 150% of the executive's annual base salary plus 150% of the executive's target incentive compensation in effect at termination. In addition, each executive will be entitled to a pro-rata annual bonus for the year in which his termination of employment occurs and to continue participating in the Company's welfare benefit programs for up to 18 months following his termination of employment. The Change in Control Letter Agreements also commit the executives to remain employed with the Company in the event of a tender or exchange offer and includes a non-compete covenant for 12 months following the executive's termination of employment due to a change in control.



The form of the Change in Control Letter Agreement entered into with each of the named executives is attached as Exhibit 10.1 to Form 10-Q filed February 1, 2010.

In addition, the restricted stock grants and stock options owned by Michael J. Hartnett and the other executive officers, contain change-in-control provisions. If a holder of these restricted stock grants or stock options ceases to be an employee because he or she is terminated without cause (as defined in the 2005 Long-Term Incentive Plan) within 18 months after a change-in-control (as defined in the 2005 Long-Term Incentive Plan ), all then unvested restricted stock and stock options shall vest on the date the holder ceases to be an employee. In addition, if there is a change-in-control of the Company or similar event, the Compensation Committee may, in its discretion, provide for the lapsing of restrictions on a participant's restricted stock and the vesting of stock options on such terms and conditions as it deems appropriate.

### **Compensation Committee Policy Regarding Compliance with Section 162 (m) of the Code**

Section 162(m) of the Code precludes a public corporation from taking a deduction for compensation in excess of \$1 million in any taxable year for its chief executive officer or any of its four other highest paid executive officers, unless certain specific and detailed criteria are satisfied.

The Compensation Committee considers the anticipated tax treatment to the Company and the executive officers in its review and establishment of compensation programs and payments. The deductibility of some types of compensation payments can depend upon the timing of an executive's vesting or exercise of previously granted rights. Interpretations of and changes in applicable tax laws and regulations as well as other factors beyond the Compensation Committee's control also can affect deductibility of compensation. For these and other reasons, the Compensation Committee has determined that it will not necessarily seek to limit executive compensation to that deductible under Section 162(m) of the Code.

Incentive bonus payments and restricted stock grants paid or awarded by the Company up until fiscal year 2010 were exempt from the deduction limitations under Section 162(m) pursuant to exceptions set forth in the Regulations issued pursuant to Section 162(m).

The Executive Officer Performance Based Compensation Plan (the "Plan") is a plan pursuant to which executive officers selected by the Compensation Committee become eligible to receive an incentive bonus or a restricted stock grant based upon the Company's meeting certain financial performance goals. The Plan is intended to constitute a qualified "performance-based compensation" for purposes of Section 162(m) of the Code. The Plan has an effective date of April 3, 2011. Dr. Hartnett was designated a Participant under the Plan by the Compensation Committee for fiscal 2012 and fiscal 2013. Dr. Hartnett's incentive bonus payable pursuant to his April 4, 2010 Employment Agreement is covered under the Plan. In addition, pursuant to the Plan, the Compensation Committee approved the award of grants of restricted stock to Dr. Hartnett equal to 25,000 shares for fiscal year 2012 and 35,000 shares for fiscal year 2013 if actual EBITDA to plan equals or exceeds eighty percent. Actual restricted stock awards in excess of approved amounts would not be deductible under Section 162(m) of the Code. The discretionary bonuses paid to Dr. Hartnett for the fiscal 2011 and fiscal 2012 years would not be deductible under Section 162(m) of the Code.

The cost to the Company of the incentive bonus amounts to be paid or restricted stock grants to participants cannot be determined at this time because payout of incentive bonus amounts and restricted stock grants are based on the Company's future financial performance, the related performance measures set by the Committee and the number of participants named by the Committee. The Committee envisions that future incentive bonus amounts to be paid or restricted stock grants to participants will be consistent with the compensation and incentive programs approved by the Committee from time to time and described in the Company's Annual Proxy to Stockholders under "Compensation Discussion and Analysis".

The Compensation Committee will continue to monitor developments and assess alternatives for preserving the deductibility of compensation payments and benefits to the extent reasonably practicable, consistent with its compensation policies and as determined to be in the best interests of the Company and its stockholders.

### **Compensation Committee Interlocks and Insider Participation**

The members of the Compensation Committee for fiscal 2012 were Richard R. Crowell, Alan B. Levine and Amir Faghri. No member of the Compensation Committee was at any time during fiscal 2012 or at any other time an officer or employee of the Company, and no member had any relationship with the Company requiring disclosure as a related-party transaction in the section "Certain Relationships and Related Transactions" of this proxy statement. No executive officer of the Company has served on the board of directors or compensation committee of any other entity that has or has had one or more executive officers who served as a member of the Board or the Compensation Committee during fiscal 2012.

**COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION**

The Compensation Committee of the Board has reviewed and discussed with management the Compensation Discussion and Analysis. Based on that review and discussion, the members of the Compensation Committee identified below recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully submitted,

The Compensation Committee of the Board of RBC Bearings Incorporated

Richard R. Crowell (Chairman)

Alan B. Levine

Dr. Amir Faghri

27

## SUMMARY COMPENSATION

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation (\$)	All Other Compensation (\$)	Total (\$)
Michael J. Hartnett	2012	775,405	398,346	1,318,100	1,550,000	1,601,654	-	55,528 (5)	5,699,033
	2011	727,304	674,614	826,000	-	1,525,386	-	65,384 (5)	3,818,688
	2010	643,580	-	568,250	846,000	-	-	31,483 (5)	2,089,313
Daniel A. Bergeron	2012	300,007	108,125	282,450	310,000	191,875	-	12,745 (6)	1,205,202
	2011	278,231	17,187	-	-	182,813	-	2,415 (6)	480,646
	2010	248,200	-	68,190	169,200	50,000	-	6,000 (6)	541,590
Thomas C. Crainer	2012	293,635	-	188,300	310,000	266,400	-	16,844 (7)	1,075,179
	2011	268,385	-	-	-	175,000	-	8,270 (7)	451,655
	2010	240,986	-	68,190	211,500	50,000	-	6,647 (7)	577,323
Richard J. Edwards	2012	275,961	-	188,300	310,000	216,800	-	14,370 (8)	1,005,431
	2011	255,077	45,870	-	-	104,130	-	8,474 (8)	413,551
	2010	230,320	-	68,190	169,200	25,000	-	7,417 (8)	500,127
Thomas J. Williams	2012	232,123	-	75,320	155,000	125,000	-	5,832 (9)	593,275
	2011	215,677	-	-	-	56,250	-	912 (9)	272,839
	2010	194,465	-	34,095	84,600	45,000	-	- (9)	358,160

(1) Column (c) includes amounts deferred by the officer pursuant to 401(k) Plan.

(2) A \$500,000 bonus in fiscal 2011 was paid to Mr. Hartnett pursuant to an employment agreement dated April 4, 2010. Bonuses for fiscal 2012, fiscal 2011 and fiscal 2010 were paid under the Company's incentive compensation plan and are reflected in column (g). In fiscal 2011 and 2012, additional discretionary bonuses were paid to Mr. Hartnett and Mr. Bergeron. A discretionary bonus was also paid to Mr. Edwards in fiscal 2011.

(3)

The amounts in columns (e) and (f) represent the fair market value on the date of grant of restricted shares and non qualified stock options granted each year. For additional information on the valuation assumptions regarding the restricted stock and stock option awards, refer to Note 16 to our financial statements for fiscal 2012 included in the Company's Annual Report on Form 10-K filed with the SEC on May 30, 2012.

(4) The amounts in column (g) consist of annual cash bonuses earned in fiscal 2012, fiscal 2011 and fiscal 2010 and paid in the following fiscal year under the Company's incentive compensation plan.

For fiscal 2012, Mr. Hartnett received the maximum amount under the EBITDA calculation plus an additional \$398,346 which was awarded at the discretion of the Compensation Committee based on performance.

For fiscal 2012, Mr. Bergeron received the maximum amount under the EBITDA calculation plus an additional \$108,125 which was awarded at the discretion of the CEO based on performance.

For fiscal 2012, Mr. Crainer achieved 124.5% of his goal under element (1) of his operating plan and therefore received a payment equal to 200% of the targeted amount under that element which is 30% of his base salary of \$296,000; this calculates to \$177,600. Mr. Crainer also achieved 100% of his goal under element (2) of his operating plan and therefore received a payment equal to 100% of his targeted amount under that element which is 15% of his base salary of \$296,000; this calculates to \$44,400. Last, Mr. Crainer received a payment under element (3) of his operating plan equal to 100% of the targeted amount under that element which is 15% of his base salary of \$296,000; this calculates to \$44,400.

For fiscal 2012, Mr. Edwards achieved 115% of his goal under element (1) of his operating plan and therefore received a payment equal to 175% of his targeted amount under that element which is 30% of his base salary of \$280,000; this calculates to \$147,000. Mr. Edwards also achieved 100% of his goal under element (2) of his operating plan and therefore received a payment equal to 100% of his targeted amount under that element which is 15% of his base salary of \$280,000; this calculates to \$42,000. Last, Mr. Edwards received a payment under element (3) of his operating plan equal to 66% of the targeted amount under that element which is 15% of his base salary of \$280,000; this calculates to \$27,800.

For fiscal 2012, Mr. Williams was awarded an annual performance bonus in the amount of \$125,000. This amount represents fifty three percent of his base salary of \$235,000. The annual performance bonus was based on the assessment and recommendation of the CEO based on the Company's overall performance and his assessment of Mr. Williams' performance.

For fiscal 2011, Mr. Hartnett received the maximum amount under the EBITDA calculation plus an additional \$174,614 which was awarded at the discretion of the Compensation Committee based on performance.

For fiscal 2011, Mr. Bergeron received the maximum amount under the EBITDA calculation plus an additional \$17,187 which was awarded at the discretion of the CEO based on performance.

For fiscal 2011, Mr. Crainer achieved 108% of his goal under element (1) of his operating plan and therefore received a payment equal to 140% of the targeted amount under that element which is 30% of his base salary of \$282,500; this calculates to \$118,650. Mr. Crainer also achieved 100% of his goal under element (2) of his operating plan and therefore received a payment equal to 100% of his targeted amount under that element which is 15% of his base salary of \$282,500; this calculates to \$42,375. Last, Mr. Crainer received a payment under element (3) of his operating plan, equal to 33% of the targeted amount under that element which is 15% of his base salary of \$282,500; this calculates to

\$13,975.

For fiscal 2011, Mr. Edwards achieved 86% of his goal under element (1) of his operating plan and therefore received a payment equal to 30% of his targeted amount under that element which is 30% of his base salary of \$267,000; this calculates to \$24,030. Mr. Edwards also achieved 100% of his goal under element (2) of his operating plan and therefore received a payment equal to 100% of his targeted amount under that element which is 15% of his base salary of \$267,000; this calculates to \$40,050. Last, Mr. Edwards received a payment under element (3) of his operating plan representing 100% of the targeted amount under that element which is 15% of his base salary of \$267,000; this calculates to \$40,050. In addition, based on a subjective assessment of Mr. Edwards' performance for fiscal 2011 and taking into consideration the negative impact on Mr. Edwards' operating plan results due to the recessionary environment in certain new markets causing reduced demand for new products which was beyond his control, the Committee determined that Mr. Edwards should be paid an additional discretionary bonus in the amount of \$45,870.

For fiscal 2011, Mr. Williams was awarded an annual performance bonus in the amount of \$56,250. This amount represents twenty five percent of his base salary of \$225,000. The annual performance bonus was based on the assessment and recommendation of the CEO based on the Company's overall performance and his assessment of Mr. Williams' performance.

For fiscal 2010, Mr. Crainer's bonus includes 55% of the maximum earned portion under element (3) of his bonus formula based on a subjective evaluation of performance by the CEO.

For fiscal 2010, Mr. Edwards' bonus includes 65% of the maximum earned portion under element (3) of his bonus formula based on a subjective evaluation of performance by the CEO.

(5) Consists of a leased vehicle of \$2,601 in fiscal 2012, \$3,024 in fiscal 2011 and \$1,483 in fiscal 2010, healthcare expense reimbursements of \$2,927 in fiscal 2012 and \$12,360 in fiscal 2011 and reimbursement of personal expenses per Mr. Hartnett's employment agreements of \$50,000 in fiscal 2012 and fiscal 2011 and \$30,000 in fiscal 2010.

(6) Consists of a leased vehicle of \$7,677 in fiscal 2012, \$1,522 in fiscal 2011 and a vehicle allowance of \$6,000 in fiscal 2010, employer match contributed to Mr. Bergeron's SERP account of \$4,202 in fiscal 2012 and employer match contributions to Mr. Bergeron's 401(k) account of \$866 in fiscal 2012 and \$893 in fiscal 2011.

(7) Consists of Company-paid life insurance premiums of \$1,120 in fiscal 2012 and fiscal 2011 and \$783 in fiscal 2010, a leased vehicle of \$1,786 in fiscal 2012, \$1,783 in fiscal 2011 and \$1,343 in fiscal 2010, healthcare expense reimbursements of \$5,000 in fiscal 2012, \$4,262 in fiscal 2011 and \$4,521 in fiscal 2010, employer match contributed to Mr. Crainer's 401(k) account of \$870 in fiscal 2012 and \$1,105 in fiscal 2011 and employer match contributed to Mr. Crainer's SERP account of \$8,068 in fiscal 2012.

(8) Consists of Company-paid life insurance premiums of \$1,805 in fiscal 2012, fiscal 2011 and fiscal 2010, a leased vehicle of \$5,784 in fiscal 2012, \$5,689 in fiscal 2011 and \$5,612 in fiscal 2010, employer match contributed to Mr. Edwards' 401(k) account of \$778 in fiscal 2012 and \$980 in fiscal 2011 and employer match contributed to Mr. Edwards' SERP account of \$6,003 in fiscal 2012.

(9) Consists of employer match contributed to Mr. Williams' 401(k) account of \$866 in fiscal 2012 and \$912 in fiscal 2011 and employer match contributed to Mr. Williams' SERP account of \$4,966 in fiscal 2012.



## GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock Option Awards
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	(#)	(#)	(\$/Sh)	(\$)(9)
Michael J. Hartnett	-	(1)	800,827(2)	1,601,654(3)	-	-	-	-	-	-	-
	10/6/2011	-	-	-	-	-	-	35,000	-	-	1,318,100
	10/6/2011	-	-	-	-	-	-	-	100,000	37.66	1,550,000
Daniel A. Bergeron	-	(4)	153,500(5)	191,875 (6)	-	-	-	-	-	-	-
	10/6/2011	-	-	-	-	-	-	7,500	-	-	282,450
	10/6/2011	-	-	-	-	-	-	-	20,000	37.66	310,000
Thomas C. Crainer	-		177,600(7)	266,400 (7)	-	-	-	-	-	-	-
	10/6/2011	-	-	-	-	-	-	5,000	-	-	188,300
	10/6/2011	-	-	-	-	-	-	-	20,000	37.66	310,000
Richard J. Edwards	-		168,000(7)	252,000 (7)	-	-	-	-	-	-	-
	10/6/2011	-	-	-	-	-	-	5,000	-	-	188,300
	10/6/2011	-	-	-	-	-	-	-	20,000	37.66	310,000
Thomas J. Williams	-		94,340 (10)	-	-	-	-	-	-	-	-
	10/6/2011	-	-	-	-	-	-	2,000	-	-	75,320
	10/6/2011	-	-	-	-	-	-	-	10,000	37.66	155,000

(1) Under the Annual Incentive Compensation Plan, if the target is not met, the amount of the award is at the discretion of the Board. For fiscal 2012 the Company EBITDA performance was equal to 117.6% of plan.

(2) Equals 100% of base salary (90% to 99.9% of EBITDA to plan).

(3) Equals 200% of base salary (110% or greater of EBITDA to plan). (The payout would equal 150% of base salary if the Company achieves 100% to 109.9% of EBITDA to plan).

(4) If the target is not met, the amount of the award is at the discretion of the CEO.

(5) Equals 50% of base salary (90% to 94.9% of EBITDA to plan).

(6) Equals 125% of target (105% or higher of EBITDA to plan).

(7) Target is 60% of base salary. The targeted percentage is made up of three elements: (1) thirty percent of base salary upon achieving one hundred percent of the established annual revenue and profit plan, with a minimum threshold of more than eighty percent of plan and an opportunity to earn up to sixty percent of base salary if the achievement is equal to one hundred and twenty percent of plan; (2) up to fifteen percent of base salary based on year to year revenue growth achievement in excess of that percentage equal to two times U.S. Gross Domestic Product; and (3) up to fifteen percent of base salary, at the discretion of the CEO, upon achievement of acceptable customer service levels, development of human resources and the Company's overall performance.

(8) Awarded under the 2005 Long-Term Equity Incentive Program.

(9) Awarded under the 2005 Long-Term Equity Incentive Program. The Grant Date Fair Value of restricted stock awards is based on the grant date closing price of \$37.66.

(10) Target is 40% of base salary. The actual amount is determined at the discretion of the CEO based on the Company's overall performance and the individual's performance.

The following descriptions of our equity plans and employment agreements with Mr. Hartnett is necessary to an understanding of the Summary Compensation Table and Grants of Plan Based Awards Table above.

### **Mr. Hartnett Employment Agreement**

On July 1, 2005, we entered into an employment agreement with Mr. Hartnett. Under the terms of the employment agreement, Mr. Hartnett was employed as our Chief Executive Officer. On April 22, 2010 the Company entered into a new Employment Agreement with Mr. Hartnett, effective April 4, 2010, pursuant to which Mr. Hartnett will continue to be employed as President, Chief Executive Officer and Chairman of the Board. The new Employment Agreement replaces the July 1, 2005 Employment Agreement. Mr. Hartnett's new Employment Agreement has a two year initial term with automatic annual renewals thereafter.

Mr. Hartnett's current employment agreement provides for a base salary effective April 4, 2010 of \$60,531 per month. Mr. Hartnett's base salary is subject to an automatic annual increase effective December 1 of each year in a

percentage amount equal to the greater of (i) five percent (5%) or (ii) the percentage change in the consumer price index for the prior year. Mr. Hartnett's base salary as of July 1, 2011 is equal to \$63,558 per month. Mr. Hartnett is also entitled to an annual performance bonus with respect to each fiscal year during which he remains an employee in an amount determined as a percentage of Mr. Hartnett's base salary, based on the amount by which our performance exceeds (or fails to meet) EBITDA targets in an operating plan. Upon signing the current employment agreement, Mr. Hartnett was provided with a \$500,000 retention payment and 25,000 share restricted stock grant.

Mr. Hartnett's current employment agreement also contains non-competition provisions prohibiting Mr. Hartnett from competing against us during the term of the employment agreement and for two years thereafter without our prior written consent. Mr. Hartnett is also entitled to certain additional benefits (beyond those generally available to our employees) including medical and hospitalization insurance and additional life insurance. We are also required to maintain an apartment in Los Angeles for use by Mr. Hartnett while on business.

### **1998 Stock Option Plan**

Effective February 18, 1998, we adopted the RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.) 1998 Stock Option Plan. The terms of the 1998 Stock Option Plan provide for the grant of options to purchase up to 8,413,900 shares of common stock to officers and employees of, and consultants (including members of the Board) to the Company and our subsidiaries. Options granted may be either incentive stock options (under Section 422 of the Code) or non-qualified stock options. The 1998 Stock Option Plan is to be administered by our Board or a committee to which the Board delegates its responsibilities. As of July 1, 2011, there were no outstanding options. The 1998 Stock Option Plan has been frozen and no additional stock options will be awarded pursuant to the plan.

The exercise price of options granted under the 1998 Stock Option Plan was determined by our Board, but in no event was less than 100% of the Fair Market Value (as defined in the 1998 Stock Option Plan) of the common stock on the date of grant. Options granted under the 1998 Stock Option Plan may be exercised during the period set forth in the agreement pursuant to which the options are granted, but in no event more than ten years following grant.

The 1998 Stock Option Plan provides that the number of shares for which outstanding options shall be exercisable, and the exercise price thereof, shall be adjusted upon the happening of stock dividends, stock splits, recapitalizations and certain other capital events regarding our Company or the common stock. Upon any merger, consolidation or combination where shares of common stock are converted into cash, securities or other property, outstanding options shall be converted into the right to receive upon exercise the consideration as would have been payable in exchange for the shares of common stock underlying such options had such options been exercised prior to such event.

Options granted under the 1998 Stock Option Plan are not transferable by the holders thereof except by the laws of descent and distribution. Our Board has the right to establish such rules and regulations concerning the 1998 Stock Option Plan and to make such determinations and interpretations of the terms thereof as it deems necessary or advisable.

## **2001 Stock Option Plan**

The RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.) 2001 Stock Option Plan was adopted in fiscal 2002 and amended and restated on October 24, 2003. The terms of the 2001 Stock Option Plan provide for the grant of options to purchase up to 1,008,553 shares of common stock to officers and employees of, and consultants (including members of our Board) to, the Company and our subsidiaries selected by the CEO to participate in the plan. Options granted may be either incentive stock options (under Section 422 of the Code) or non-qualified stock options. The 2001 Stock Option Plan, which expires in July 2011, is to be administered by our Board or a committee to which the Board delegates its responsibilities. As of July 1, 2011, there were outstanding options to purchase 107,300 shares of common stock granted under the 2001 Stock Option Plan, all of which were exercisable. The 2001 Stock Option Plan has been frozen and no additional stock options will be awarded pursuant to the plan.

The exercise price of options granted under the 2001 Stock Option Plan was determined by the Board, but in no event was less than 100% of the Fair Market Value (as defined in the 2001 Stock Option Plan) of the common stock on the date of grant. Options granted under the 2001 Stock Option Plan may be exercised during the period set forth in the agreement pursuant to which the options are granted, but in no event more than ten years following grant.

The 2001 Stock Option Plan provides that the number of shares for which outstanding options shall be exercisable, and the exercise price thereof, shall be adjusted upon the happening of stock dividends, stock splits, recapitalizations

and certain other capital events regarding our Company or the common stock. Upon any merger, consolidation or combination where shares of common stock are converted into cash, securities or other property, outstanding options shall be converted into the right to receive upon exercise the consideration as would have been payable in exchange for the shares of common stock underlying such options had such options been exercised prior to such event.

Options granted under the 2001 Stock Option Plan are not transferable by the holders thereof except (1) by the laws of descent and distribution, (2) transfers to members of any holder's immediate family (which for purposes of the 2001 Stock Option Plan shall be limited to the participant's children, grandchildren and spouse), (3) to one or more trusts for the benefit of such family members, or (4) to partnerships or limited liability companies in which such family members and/or trusts are the only partners or members; provided, that options may be transferred pursuant to sections (2) through (4) hereof only if the option expressly so provides, or as otherwise approved by the CEO or the Board in their discretion. Our Board has the right to establish such rules and regulations concerning the 2001 Stock Option Plan and to make such determinations and interpretations of the terms thereof as it deems necessary or advisable.

### **2005 Long-Term Equity Incentive Plan**

We adopted our 2005 Long-Term Incentive Plan effective upon the completion of our initial public offering in August 2005. The plan provides for grants of stock options, stock appreciation rights, restricted stock and performance awards. Our directors, officers and other employees and persons who engage in services for us are eligible for grants under the plan. The purpose of the plan is to provide these individuals with incentives to maximize stockholder value and otherwise contribute to our success and to enable us to attract, retain and reward the best available persons for positions of responsibility.

2,939,170 shares of our common stock were authorized for issuance under the plan, subject to adjustment in the event of a reorganization, stock split, merger or similar change in our corporate structure or the outstanding shares of common stock. Of this amount, 683,502 options were awarded to Mr. Hartnett at the time of our initial public offering in August, 2005 at the offering price of \$14.50 per share and the remainder was reserved for grants to our employees and directors at the discretion of our Compensation Committee. During fiscal 2009, the Company issued an additional 198,500 options and 43,500 restricted stock grants. During fiscal 2010, the Company issued an additional 363,000 options and 41,000 restricted stock grants. During fiscal 2011, the Company issued an additional 8,000 options and 25,000 restricted stock grants. During fiscal 2012, the Company issued an additional 198,599 options and 115,600 restricted stock grants. During fiscal 2013 through July 1, 2012, the Company issued an additional 192,000 options and 57,800 restricted stock grants. As of July 1, 2012, the 2005 Long-Term Incentive Plan had 282,791 stock options or other equity awards available for issuance. We may grant shares of restricted stock to our employees and directors in the future under the plan. Our Compensation Committee administers the plan. Our Board also has the authority to administer the plan and to take all actions that the Compensation Committee is otherwise authorized to take under the plan. The terms and conditions of each award made under the plan, including vesting requirements, will be set forth consistent with the plan in a written agreement with the grantee.

*Stock Options.* Under the plan, the Compensation Committee or the Board may award grants of incentive stock options and other non-qualified stock options. The Compensation Committee also has the authority to grant options that will become fully vested and exercisable automatically upon a change in control. The Compensation Committee may not, however, award to any one person in any calendar year options to purchase common stock equal to more than 10% of the total number of shares authorized under the plan (other than the initial award to Mr. Hartnett discussed above), and it may not award incentive stock options first exercisable in any calendar year whose underlying shares have a fair market value greater than \$100,000 determined at the time of grant.

The Compensation Committee will determine the exercise price and term of any option in its discretion, provided that, the exercise price may not be less than 100% of the fair market value of a share of common stock on the date of grant. In the case of any incentive stock option, the option must be exercised within 10 years of the date of grant. The exercise price of an incentive stock option awarded to a person who owns stock constituting more than 10% of our voting power may not be less than 110% of such fair market value on such date and the option must be exercised within five years of the date of grant.

*Restricted Stock.* Under the plan, the Compensation Committee may award restricted stock, subject to the conditions and restrictions, and for the duration that it determines in its discretion. All of the 282,791 shares available for issuance are available to be used for restricted stock awards.

*Stock Appreciation Rights.* The Compensation Committee may grant stock appreciation rights, or SARs, subject to the terms and conditions contained in the plan. Under the plan, the exercise price of a SAR must equal the fair market value of a share of our common stock on the date the SAR was granted. Upon exercise of a SAR, the grantee will receive an amount in shares of our common stock equal to the difference between the fair market value of a share of common stock on the date of exercise and the exercise price of the SAR, multiplied by the number of shares as to

which the SAR is exercised.

*Performance Awards.* The Compensation Committee may grant performance awards contingent upon achievement of set goals and objectives regarding specified performance criteria, over a specified performance cycle. Awards may include specific dollar-value target awards, performance units, the value of which is established at the time of grant, and/or performance shares, the value of which is equal to the fair market value of a share of common stock on the date of grant. The value of a performance award may be fixed or fluctuate on the basis of specified performance criteria. A performance award may be paid out in cash and/or shares of common stock or other securities.

*Amendment and Termination of the Plan.* The Board may amend or terminate the plan in its discretion, except that no amendment will become effective without prior approval of our stockholders if such approval is necessary for continued compliance with the performance-based compensation exception of Section 162(m) of the Code or any stock exchange or Nasdaq listing requirements. If not previously terminated by the Board, the plan will terminate on the tenth anniversary of its adoption.

On March 29, 2006, we accelerated vesting with respect to all outstanding options and warrants under our existing stock option plans. Such acceleration was approved by our Board. As of July 1, 2012, there were 1,817,188 outstanding stock options, 1,145,016 of which were exercisable.



The Company does not have an established quantitative formula to determine the number of shares of stock options and/or restricted shares granted to each named executive officer. The grants are based on the Compensation Committee's subjective evaluation based on an understanding and assessments of each individual named executive officer and a comparison to the competitive market for executive compensation. The factors taken into consideration by the Compensation Committee with respect to grants to named executive officers of stock options and/or restricted shares include the named executive's responsibilities, experience level, retention risk, tenure, job performance and achievement of short-term and long-term goals.

The Compensation Committee typically reviews approval of equity grants on an annual fiscal year basis. The timing of the meeting is scheduled to allow the Compensation Committee to review prior year performance and assemble all necessary information. Grants are generally scheduled to follow release of earnings for the applicable quarter. The date is not selected or changed to increase the value of stock option awards for executives or directors.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END  
OPTION AWARDS

STOCK AWARDS

Name	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Option Prices			Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)	Equity Incentive Plan Awards: Market Payout Value of Unearned Shares, Units or Rights That Have Not Vested	
			Number of Awards: (#)	Option Exercise Price (\$)	Expiration Date			Number of Awards: (#)	Value of Unearned Shares, Units or Rights That Have Not Vested (\$)
Michael J. Hartnett	533,502	-	-	14.50	8/10/2015	-	-	-	-
	40,000	-	-	22.66	7/12/2013	-	-	-	-
	80,000	20,000	(2)	31.91	2/12/2015	-	-	-	-
	100,000	-	-	20.37	11/11/2015	-	-	-	-
	40,000	60,000	(3)	22.73	11/16/2016	-	-	-	-
	-	100,000	(4)	37.66	10/6/2018	-	-	-	-
	-	-	-	-	-	5,000	(14) 230,650	-	-
	-	-	-	-	-	8,333	(15) 384,401	-	-
-	-	-	-	-	16,667	(16) 768,849	-	-	
-	-	-	-	-	35,000	(17) 1,614,550	-	-	
Daniel A. Bergeron	30,000	-	-	22.66	7/12/2013	-	-	-	-
	16,000	4,000	(5)	31.91	2/12/2015	-	-	-	-
	20,000	-	-	20.37	11/11/2015	-	-	-	-
	8,000	12,000	(6)	22.73	11/16/2016	-	-	-	-
	-	20,000	(7)	37.66	10/6/2018	-	-	-	-
	-	-	-	-	-	600	(18) 27,678	-	-
	-	-	-	-	-	1,000	(19) 46,130	-	-
-	-	-	-	-	7,500	(20) 345,975	-	-	
Thomas C. Crainer	4,000	-	-	22.66	7/12/2013	-	-	-	-
	20,000	5,000	(8)	31.91	2/12/2015	-	-	-	-
	25,000	-	-	20.37	11/11/2015	-	-	-	-
	10,000	15,000	(9)	22.73	11/16/2016	-	-	-	-

Edgar Filing: CBRE CLARION GLOBAL REAL ESTATE INCOME FUND - Form 40-17G

	-	20,000	(7)	-	37.66	10/6/2018	-	-	-	-
	-	-	-	-	-	-	600	(18)	27,678	-
	-	-	-	-	-	-	1,000	(19)	46,130	-
	-	-	-	-	-	-	5,000	(21)	230,650	-
Richard J. Edwards	20,000	-	-	-	22.66	7/12/2013	-	-	-	-
	9,600	2,400	(10)	-	31.91	2/12/2015	-	-	-	-
	20,000	-	-	-	20.37	11/11/2015	-	-	-	-
	8,000	12,000	(6)	-	22.73	11/16/2016	-	-	-	-
	-	20,000	(7)	-	37.66	10/6/2018	-	-	-	-
	-	-	-	-	-	-	400	(22)	18,452	-
	-	-	-	-	-	-	1,000	(19)	46,130	-
	-	-	-	-	-	-	5,000	(21)	230,650	-
Thomas J. Williams	8,000	2,000	(11)	-	31.91	2/12/2015	-	-	-	-
	10,000	-	-	-	20.37	11/11/2015	-	-	-	-
	4,000	6,000	(12)	-	22.73	11/16/2016	-	-	-	-
	-	10,000	(13)	-	37.66	10/6/2018	-	-	-	-
	-	-	-	-	-	-	500	(23)	23,065	-
	-	-	-	-	-	-	2,000	(24)	92,260	-

(1) These amounts are based on a price per share of \$46.13, the closing sales price for a share of our common stock on the last business day of fiscal 2012 (March 30, 2012) as quoted by Nasdaq.

(2) These options vest as follows: 20,000 on February 12, 2013.

(3) These options vest as follows: 20,000 on November 16, 2012, 20,000 on November 16, 2013 and 20,000 on November 16, 2014.

(4) These options vest as follows: 20,000 on October 6, 2012, 20,000 on October 6, 2013, 20,000 on October 6, 2014, 20,000 on October 6, 2015 and 20,000 on October 6, 2016.

(5) These options vest as follows: 4,000 on February 12, 2013.

(6) These options vest as follows: 4,000 on November 16, 2012, 4,000 on November 16, 2013 and 4,000 on November 16, 2014.

(7) These options vest as follows: 4,000 on October 6, 2012, 4,000 on October 6, 2013, 4,000 on October 6, 2014, 4,000 on October 6, 2015 and 4,000 on October 6, 2016.

(8) These options vest as follows: 5,000 on February 12, 2013.

(9) These options vest as follows: 5,000 on November 16, 2012, 5,000 on November 16, 2013 and 5,000 on November 16, 2014.

(10) These options vest as follows: 2,400 on February 12, 2013.

(11) These options vest as follows: 2,000 on February 12, 2013.

(12) These options vest as follows: 2,000 on November 16, 2012, 2,000 on November 16, 2013 and 2,000 on November 16, 2014.

(13) These options vest as follows: 2,000 on October 6, 2012, 2,000 on October 6, 2013, 2,000 on October 6, 2014, 2,000 on October 6, 2015 and 2,000 on October 6, 2016.

(14) These restricted stock awards vest as follows: 5,000 on February 12, 2013.

(15) These restricted stock awards vest as follows: 8,333 on November 16, 2012.

- (16) These restricted stock awards vest as follows: 8,334 on April 4, 2012 and 8,333 on April 4, 2013.
- (17) These restricted stock awards vest as follows: 7,000 on October 6, 2012, 7,000 on October 6, 2013, 7,000 on October 6, 2014, 7,000 on October 6, 2015 and 7,000 on October 6, 2016.
- (18) These restricted stock awards vest as follows: 600 on February 12, 2013.
- (19) These restricted stock awards vest as follows: 1,000 on November 16, 2012.
- (20) These restricted stock awards vest as follows: 1,500 on October 6, 2012, 1,500 on October 6, 2013, 1,500 on October 6, 2014, 1,500 on October 6, 2015 and 1,500 on October 6, 2016.
- (21) These restricted stock awards vest as follows: 1,000 on October 6, 2012, 1,000 on October 6, 2013, 1,000 on October 6, 2014, 1,000 on October 6, 2015 and 1,000 on October 6, 2016.
- (22) These restricted stock awards vest as follows: 400 on February 12, 2013.
- (23) These restricted stock awards vest as follows: 500 on November 16, 2012.
- (24) These restricted stock awards vest as follows: 400 on October 6, 2012, 400 on October 6, 2013, 400 on October 6, 2014, 400 on October 6, 2015 and 400 on October 6, 2016.

## OPTION EXERCISES AND STOCK VESTED

Name	OPTION AWARDS		STOCK AWARDS	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(1)
Michael J. Hartnett	-	-	30,000	1,229,484
Daniel A. Bergeron	-	-	3,600	147,008
Thomas C. Crainer	-	-	3,600	147,008
Richard J. Edwards	12,500	436,090	3,400	137,832
Thomas J. Williams	-	-	1,000	40,325

(1) The fair market value was based on the closing price of our common stock on the date of vesting.

## NON-QUALIFIED DEFERRED COMPENSATION

Name	Executive Contributions in Last Fiscal Year (\$)(1)	Registrant Contributions in Last Fiscal Year (\$)(2)	Aggregate Earnings in Last Fiscal Year (\$)(3)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last Fiscal Year End (\$)
Michael J. Hartnett	-	-	556	-	387,468
Daniel A. Bergeron	16,806	4,202	(951 )	-	208,852
Thomas C. Crainer	63,770	8,068	7,362	-	268,909
Richard J. Edwards	24,013	6,003	1,748	(20,469 )	87,603
Thomas J. Williams	19,862	4,966	192	-	148,073

(1) These amounts represent contributions made by each individual to the SERP. These amounts are included in the "Salary" column for each individual in the Summary Compensation Table.

- (2) These amounts represent contributions made by the Company to the SERP. These amounts are included in the “All Other Compensation” column for each individual in the Summary Compensation Table.
- (3) These amounts consist of appreciation (depreciation) and earnings (loss) on such individual’s account under the SERP.

### **Supplemental Retirement Plan**

Effective September 1, 1996, we adopted a non-qualified supplemental retirement plan, or SERP, for a select group of executive officers and management employees designated by our CEO. The SERP allows eligible employees to elect to defer until termination of their employment the receipt of up to 25% of their current salary. Until January 1, 2010 when the Company match was suspended, the Company made contributions equal to the lesser of 50% of the deferrals or 3.5% of the employee’s annual salary, which vest in full after three years of service following the effective date of the SERP. The match was reinstated on April 1, 2011 by the Company through matching contributions equal to 25% of the first 7% of eligible employee compensation. The SERP was amended in August, 2008, allowing eligible employees to defer up to 75% of their current salary and up to 100% of bonus compensation. Also, the vesting period was reduced to one year of service.

Accounts are paid, either in a lump sum or installments, upon retirement, death or termination of employment. Accounts are generally payable from our general assets. Employees' rights to receive payments are subject to the rights of our creditors.

## POTENTIAL PAYMENTS UPON CHANGE-IN-CONTROL OR TERMINATION

The table below summarizes the executive benefits and payments that would have been due to the CEO and other executive officers upon termination in connection with a change-in-control or termination of employment occurring on March 31, 2012, which in the case of Mr. Hartnett are based on the provisions of his current Employment Agreement and in the case of the other Executive Officers are based on their change-in-control letter agreements.

## CHANGE IN CONTROL

Benefits and Payments Upon Change-in-Control	Named Executive Officers				
	Michael J. Hartnett (1)(2)	Daniel A. Bergeron <sup>(5)</sup>	Thomas C. Crainer <sup>(5)</sup>	Richard J. Edwards <sup>(5)</sup>	Thomas J. Williams <sup>(5)</sup>
Base salary	\$2,002,068	\$460,500	\$444,000	\$420,000	\$353,775
Incentive compensation plans payments	12,646,130	1,421,688	1,359,375	1,330,575	614,540
Other payments	42,691	48,013	47,377	50,030	46,147
Stock options vested and value upon termination (3)	2,535,400	507,080	591,500	484,328	253,540
Restricted stock vested and value upon termination (4)	2,998,450	419,783	304,458	295,232	115,325
Total	\$20,224,739	\$2,857,064	\$2,746,710	\$2,580,165	\$1,383,327

On April 22, 2010, the Company entered into an employment agreement with Michael J. Hartnett, effective April 4, 2010, pursuant to which Mr. Hartnett will continue to be employed as President, CEO and Chairman of the Board of Directors of the Company. The employment agreement with Michael J. Hartnett provides that in the event (1) of his termination of employment due to a change-in-control of the Company, he will generally be entitled to payment of his base salary and pro rata bonus through the date of termination, a severance payment of 250% of his base salary, annual bonus and annual equity awards and the continuation of certain benefits set forth in Schedule A of his employment agreement.

The actual amount of the incentive compensation plans payment is assumed to be equal to 150% of base salary for (2) the applicable fiscal year, in accordance with Mr. Hartnett's employment agreement, as well as equity grants equal to those awarded in the previous year.



(3) All unvested stock options granted to the named executive officers would vest upon a change-in-control.

(4) All restrictions associated with restricted stock grants would lapse upon a change of control.

(5) The other named executive officers, in the event of a change-in-control, will generally be entitled to payment of their base salary and pro rata bonus through the date of termination, a severance payment of 150% of their base salary, annual bonus and annual equity awards and the continuation of certain health and welfare plan benefits set forth in their change-in-control agreements.

**TERMINATION**

The following summarizes executive benefits and payments that would have been due the CEO upon termination of employment other than due to a change-in-control occurring on March 31, 2012. No other executive officer has an employment agreement with the Company providing for payments to them upon termination of employment other than due to a change-in-control.

Benefits and Payments Upon Termination	Named Executive Officer
	Michael J. Hartnett
Death or Disability/Without Cause (1)	
Base salary	\$814,174
Incentive bonus payments	1,601,654
Other payments	225,215
Stock options vested and value upon termination (2)	2,535,400
Restricted stock vested and value upon termination (3)	2,998,450
Total	\$8,174,893
With Cause (4)	
Base salary	\$400,414
Other payments	112,608
Total	\$513,022
Voluntary Termination (5)	
Base salary	\$400,414
Other payments	108,312
Stock options vested and value upon termination (2)	2,535,400
Restricted stock vested and value upon termination (3)	2,998,450
Total	\$6,042,576

(1) The employment agreement with Michael J. Hartnett provides that in the event of his termination of employment due to his death or disability, or without cause, he will generally be entitled to payment of his base salary plus a pro rata portion of his annual bonus plus the continuation of certain benefits set forth in Schedule A of his employment agreement for the remainder of the period ending March 30, 2013.

(2) All unvested stock options granted to Michael J. Hartnett would vest upon his death or disability.

(3) All restrictions associated with restricted stock grants would lapse upon his death or disability.

(4) The employment agreement with Michael J. Hartnett provides that in the event of his termination of employment with cause, he will generally be entitled to payment of his base salary in addition to being entitled to the continuation of certain benefits set forth in Schedule A of his employment agreement for six months following the date of his termination of employment.

(5) The employment agreement with Michael J. Hartnett provides that in the event of voluntary termination, he will generally be entitled to payment of his base salary in addition to being entitled to the continuation of certain benefits set forth in Schedule A of his employment agreement for six months following the date of his termination of employment. In addition, all restricted stock and stock options would immediately fully vest.

## 401(k) Plan

We maintain the Roller Bearing Company of America 401(k) Retirement Plan, or the 401(k) Plan, a plan established pursuant to Section 401(k) of the Code, for the benefit of our non-union employees. All non-union employees who have completed six months of service with us are entitled to participate. Subject to various limits, employees are entitled to defer up to 25% of their annual salary on a pre-tax basis and up to an additional 10% of their annual salary on an after-tax basis.

Effective April 3, 2004, we set matching contributions to our 401(k) Plan at a rate of 25% of an employee's pre-tax contribution up to 4% of annual salary. Effective June 1, 2007, we increased the matching contributions to our 401(k) Plan at a rate of 30% of an employee's pre-tax contribution up to 6% of annual salary. These employee matching contributions were suspended by the Company on January 1, 2009 and reinstated on April 4, 2010 by the Company through matching contributions equal to 10% of the first 3.5% of eligible employee compensation.

We also maintain a 401(k) plan for non-union employees at our Bremen MBC facility. These employee matching contributions were suspended by the Company on January 1, 2009 and will be evaluated in the future for reinstatement based on economic conditions. We also maintain three 401(k) plans for our union employees. Subject to various limits, union employees are entitled to defer up to 25% of their annual salary on a pre-tax basis. We make employer contributions (matching and, in some cases, non-elective contributions) based on requirements in applicable collective bargaining agreements.

## Equity Compensation Plan Information

The following table provides information about the Company's common stock that may be issued upon the exercise of options, warrants and rights under all of our existing equity compensation plans as of July 1, 2012, including the Company's 1998 Stock Option Plan, 2001 Stock Option Plan and the 2005 Long Term Incentive Plan. The Company purchases shares on the open market for issuance under its various equity plans thus minimizing any dilutive effect of such plans.

Plan Category	Equity Compensation Plan Information		
	(A)	(B)	(C)
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	<b>Weighted-average exercise price of</b>	Number of securities remaining available for future issuance under equity compensation plans (excluding

			<b>outstanding options,</b>	securities reflected in
			<b>warrants and rights</b>	column (A)
Equity compensation plans approved by stockholders	1,817,188	(1)	25.28	282,791
				(2)

(1) The Company does not have equity compensation plans which have not been approved by the Company's stockholders.

(2) Applies to the 2005 Long Term Incentive Plan only as no further equity grants may be made under the 1998 Stock Option Plan and 2001 Stock Option Plan.

**PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The following table presents fees for professional services rendered by Ernst & Young LLP for fiscal 2011 and fiscal 2012.

Fee Category	Fiscal Year	
	April 2, 2011	March 31, 2012
Audit Fees	\$637,000	\$741,830
Audit-Related Fees	-	-
Tax Fees	-	-
Total Fees	\$637,000	\$741,830

*Audit Fees:* Consists of fees billed for professional services rendered for the audit of our consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by Ernst & Young LLP in connection with statutory and regulatory filings or engagements.

*Audit-Related Fees:* Consists of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under “Audit Fees.”

*Tax Fees:* Consists principally of fees for services provided in connection with worldwide tax planning and compliance services, expatriate tax services, and assistance with tax audits and appeals.

All audit, audit-related and tax services performed by Ernst & Young LLP in fiscal 2012 were pre-approved by the Audit Committee, which concluded that the provision of such services by Ernst & Young LLP was compatible with the maintenance of that firm’s independence in the conduct of its auditing functions.

Pursuant to the Audit Committee charter, the Audit Committee must approve all audit engagement fees and other significant compensation to be paid to the independent registered public accounting firm and the terms of such engagement. The Audit Committee’s charter provides that individual engagements must be separately approved. Additionally, the Audit Committee must pre-approve any non-audit services to be provided to the Company by the independent registered public accounting firm. The Audit Committee policy also requires specific approval by the Audit Committee if total fees for audit-related and tax services would exceed total fees for audit services in any fiscal year. The Audit Committee charter authorizes the Audit Committee to delegate to one or more of its members pre-approval authority with respect to permitted services.

## **MATTERS RELATING TO REGISTERED PUBLIC ACCOUNTING FIRM**

### **Audit Committee Report**

The Audit Committee of the Board has reviewed and discussed the audited financial statements with management, which has represented that the financial statements were prepared in accordance with accounting principles generally accepted in the United States. The Audit Committee discussed with management the quality and acceptability of the accounting principles employed, including all critical accounting policies used in the preparation of the financial statements and related notes, the reasonableness of judgments made, and the clarity of the disclosures included in the statements.

The Audit Committee also reviewed the consolidated financial statements of the Company for fiscal 2012 with Ernst & Young LLP, the Company's independent registered public accounting firm for fiscal 2012, who are responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States. The Audit Committee has discussed with Ernst & Young LLP, the matters required to be discussed by Statement on Auditing Standards No. 61, "Communication with Audit Committees."

The Audit Committee also reviewed management's report on its assessment of the effectiveness of the Company's internal control over financial reporting and the independent registered public accounting firm's report on management's assessment of and the effectiveness of the Company's internal control over financial reporting.

The Audit Committee has received the written disclosures and the letter from Ernst & Young LLP required by Independence Standards Board Standard No. 1 “Independence Discussion with Audit Committees” and has discussed with Ernst & Young LLP its independence and has considered whether the provision of non-audit services by Ernst & Young LLP to the Company is compatible with maintaining Ernst & Young LLP’s independence.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in the Company’s Annual Report on Form 10-K for the year ended March 31, 2012 for filing with the SEC.

The Audit Committee has selected Ernst & Young LLP as the Company’s independent registered public accounting firm for fiscal 2013.

Respectfully submitted,

The Audit Committee of the Board of RBC Bearings Incorporated

Dr. Thomas J. O’Brien

Dr. Amir Faghri

Alan B. Levine (Chairman)

## **STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS FOR 2013 MEETING**

Stockholder proposals intended for inclusion in the Company’s proxy statement relating to the next annual meeting in 2013 must be received by the Company no later than March 28, 2013. Any such proposal must comply with Rule 14a-8 of Regulation 14A of the proxy rules of the SEC.

Under the Company’s by-laws, proposals of stockholders not intended for inclusion in the proxy statement, but intended to be raised at the Company’s regularly scheduled annual meeting of stockholders to be held in 2013, must be received by the Company not less than 60 days nor more than 90 days prior to the meeting; *provided, however*, that in the event that less than 70 days’ notice or prior public announcement of the date of the meeting is given or made to



stockholders, notice by the stockholder to be timely must be received not later than the close of business on the 10th day following the date on which such notice of the date of the annual meeting was mailed or such public announcement was made. Such proposals must also comply with the procedures outlined in the Company's by-laws, a copy of which is available upon request from the Corporate Secretary, RBC Bearings Incorporated, One Tribology Center, Oxford, CT 06478.

## **DIRECTOR NOMINATIONS TO BE CONSIDERED BY THE BOARD**

You may nominate director candidates for consideration by the Board's Nominating and Corporate Governance Committee. Any such nomination should include the nominee's name and qualifications for Board membership and should be directed to the Corporate Secretary at the address of our principal executive offices set forth above. In addition, our by-laws permit stockholders to nominate directors for election at an annual stockholder meeting. To nominate a director, a stockholder must deliver timely notice of such stockholder's intent to make such nomination in writing to the Corporate Secretary. To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not less than 60 nor more than 90 days prior to the date of the first anniversary of the previous year's annual meeting. In the event that the date of the annual meeting is changed by more than 30 days from such anniversary date, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was mailed or public disclosure of the meeting was made. To be in proper form, a stockholder's notice shall set forth (i) as to each person whom the stockholder proposes to nominate for election as a director at such meeting (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by the person and (D) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Regulation 14A under the Exchange Act; and (ii) as to the stockholder giving the notice (A) the name and record address of such stockholder, (B) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by such stockholder, (C) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (D) a representation that the stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (E) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Regulation 14A under the Exchange Act. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

The Company evaluates director nominees recommended by stockholders in the same manner in which it evaluates other director nominees. The Company has established through its Nominating and Corporate Governance Committee selection criteria that identify desirable skills and experience for prospective Board members, including consideration of the potential candidate's qualification as independent, as well as consideration of diversity, age, skills, expertise and experience in the context of the Board and other criteria determined by the Nominating and Corporate Governance Committee from time to time.

#### **ADDITIONAL INFORMATION**

The Company will bear the cost of the annual meeting and the cost of this proxy solicitation, including mailing costs. In addition to solicitation by mail, directors, officers, and regular employees of the Company may solicit proxies by telephone or otherwise, with no specific additional compensation to be paid for such services. The Company has not retained any third party to assist in this solicitation. The Company also will reimburse, upon request, all brokers and other persons holding shares of common stock for the benefit of others for their reasonable expenses in forwarding the Company's proxy materials and any accompanying materials to the beneficial owners of the Company's common stock and in obtaining authorization from beneficial owners to give proxies.

The Board knows of no matter to be brought before the annual meeting other than the matters identified in this proxy statement. If, however, any other matter properly comes before the annual meeting, the individuals named in the proxy solicited by the Board intend to vote on it on behalf of the stockholders they represent in the manner they consider appropriate.

By order of the Board of Directors,  
s/ Thomas J. Williams /  
Corporate Secretary

Dated: July 27, 2012

**Appendix A**

Directions To:

The Crowne Plaza

1284 Strongtown Road

Southbury, CT 06488

Connecticut I-84 East or West to exit 16.

Go right at the end of the exit onto Strongtown Road.

Hotel is 0.25 miles on the right.

45

RBC BEARINGS INCORPORATED

PLEASE MARK VOTE IN OVAL IN THE FOLLOWING MANNER USING DARK INK ONLY.

The board of directors recommends you vote “**FOR**” the following:

1. Election of Directors:

Nominees:

For All	Withhold All	For All Except
..	..	..

1. Mitchell I. Quain 2. Alan B. Levine 3. Richard R. Crowell.

To withhold authority to vote for any individual nominee(s), mark “For All Except” and write the number(s) of the nominee(s) on the line below.

---

NOTE: Nominee 1 for Election in Class I for a One-year Term Expiring at our 2013 Annual Meeting. Nominees 2 and 3 for Election in Class II for a Three-year Term Expiring at our 2015 Annual Meeting.

2. To ratify the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for the fiscal year 2013.

For	Against	Abstain
..	..	..

3. To approve the compensation of our named executive officers.

For   Against   Abstain  
o   o           o

**NOTE:** Such other business as may properly come before the meeting or any adjournment thereof.

This Proxy will be voted in the manner directed herein by the undersigned.

For address change/comments, mark here.

(see reverse for instructions)

Please  
indicate  
if you  
plan to   YesNo  
attend  
this  
meeting  
          o   o

Signature [PLEASE SIGN WITHIN BOX]   Date:  
Signature (Joint Owners)                   Date:

RBC BEARINGS INCORPORATED

PROXY FOR 2012 ANNUAL MEETING OF STOCKHOLDERS

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned stockholder(s) of RBC Bearings Incorporated, a Delaware corporation (the "Company"), hereby revoking any proxy heretofore given, does hereby appoint Michael J. Hartnett, Daniel A. Bergeron and Thomas J. Williams, and each of them, with full power to act alone, the true and lawful attorneys-in-fact and proxies of the undersigned, with full powers of substitution, and hereby authorize(s) them and each of them, to represent the undersigned and to vote all shares of common stock of the Company that the undersigned is entitled to vote at the 2012 Annual Meeting of Stockholders of the Company to be held on September 14, 2012 at 9:00 a.m., local time, at The Crowne Plaza, 1284 Strongtown Road, Southbury, Connecticut 06488, and any and all adjournments and postponements thereof, with all powers the undersigned would possess if personally present, on the following proposals, each as described more fully in the accompanying proxy statement, and any other matters coming before said meeting.

IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED "FOR" THE ELECTION OF THE NOMINEES FOR DIRECTOR NAMED IN PROPOSAL 1, "FOR" PROPOSAL 2 AND "FOR" PROPOSAL 3 AND IN THE DISCRETION OF THE PROXIES ON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY ADJOURNMENTS OR POSTPONEMENTS THEREOF TO THE EXTENT PERMITTED UNDER APPLICABLE LAW.

ADDRESS CHANGE / COMMENTS/:

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

**Continued and to be signed on reverse side**