

RBC Bearings INC  
Form DEF 14A  
July 26, 2006  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

**RBC BEARINGS INCORPORATED**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:

**RBC Bearings Incorporated  
One Trilogy Center  
Oxford, Connecticut 06478**

August 7, 2006

To our Stockholders:

You are cordially invited to attend the RBC Bearings Incorporated annual meeting of stockholders at 9:00 a.m. on September 26, 2006 at The Crowne Plaza, 1284 Strongtown Road, Southbury, CT 06488. The attached Notice of Annual Meeting and Proxy Statement describes all known items to be acted upon by stockholders at the meeting.

It is important that your shares are represented at the annual meeting, whether or not you plan to attend. To ensure your shares will be represented, we ask that you vote your shares using the enclosed proxy form for registered stockholders or the proxy voting instruction form for stockholders who hold shares through a broker or other nominee. If you vote by Internet or telephone, it is not necessary for you to return your proxy form or voting instruction form in the mail. Please vote your shares as soon as possible. This is your annual meeting and your participation is important.

If you are a registered stockholder and plan to attend the annual meeting, you will be required to present the detachable bottom portion of the enclosed proxy form to gain admission. If you hold shares through a broker or other nominee, you will be required to present a current statement from that institution showing an RBC Bearings Incorporated stockholding or the non-voting portion of the voting instruction form you may receive through that entity. Please note that the document evidencing your shareholdings, to be used to gain entry to the meeting, is non-transferable.

Please vote your shares promptly and join us at the meeting.

Sincerely,

Michael J. Hartnett  
Chief Executive Officer

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

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*To our Stockholders:*

The 2006 annual meeting of stockholders of RBC Bearings Incorporated will be held at The Crowne Plaza, 1284 Strongtown Road, Southbury, CT 06488, on Tuesday, September 26, 2006, beginning at 9:00 a.m. local time. At the meeting, the holders of the Company's outstanding common stock will consider and vote on the following matters:

- (1) the election of one director to serve a term of three years;
- (2) the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2007;
- (3) the approval of an amendment to our 2005 Long Term Incentive Plan to provide for an increase in the number of authorized shares to be issued under our 2005 Long Term Incentive Plan from 1,139,170 to 1,639,170; and
- (4) any other matter as may properly come before the meeting or any adjournment or postponement thereof.

Stockholders of record at the close of business on July 31, 2006 are entitled to notice of and to vote at the annual meeting and at any postponements or adjournments thereof. The directions to the meeting can be found in Appendix D of the attached proxy statement.

***YOUR VOTE IS IMPORTANT:***

**Whether or not you expect to be present at the meeting, please vote your shares by following the instructions on the enclosed proxy card or voting instruction card. If your shares are held in the name of a bank, broker or other recordholder, telephone or internet voting may be available to you and offered by them. Their procedures should be described in the voting form they send you. Any person voting by proxy has the power to revoke it at any time prior to its exercise at the meeting in accordance with the procedures described in the accompanying proxy statement.**

***IF YOU PLAN TO ATTEND:***

**Please note that space limitations make it necessary to limit attendance to stockholders and one guest. Admission to the meeting will be on a first-come, first-served basis. Registration will begin at 8:00 a.m., and seating will begin at 8:30 a.m. Each stockholder may be asked to present valid picture identification, such as a driver's license or passport. Stockholders holding stock in brokerage accounts (street name holders) will also need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras (including cellular phones with photographic capabilities), recording devices and other electronic devices will not be permitted at the meeting.**

By order of the Board of Directors,

Michael J. Hartnett  
*Chairman and Chief Executive Officer*

August 7, 2006

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**ONE TRIBOLOGY CENTER  
OXFORD, CONNECTICUT 06478**

**ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held September 26, 2006**

**PROXY STATEMENT**

The Board of Directors (the **Board**) of RBC Bearings Incorporated (the **Company**) is soliciting proxies from its stockholders to be used at the annual meeting of stockholders to be held on Tuesday, September 26, 2006, beginning at 9:00 a.m., at The Crowne Plaza, 1284 Strongtown Road, Southbury, CT 06488, and at any postponements or adjournments thereof. This proxy statement contains information related to the annual meeting. This proxy statement, a proxy card and the Company's Annual Report on Form 10-K for the fiscal year ended April 1, 2006 are being mailed to stockholders on or about August 7, 2006. The fiscal year ended April 1, 2006 is referred to as **fiscal 2006** in this proxy statement.

**ABOUT THE ANNUAL MEETING**

***Why did I receive these materials?***

We are soliciting proxies for the 2006 annual meeting of stockholders. You are receiving a proxy statement because you owned shares of our common stock on July 31, 2006 (the **Record Date**), and that entitles you to vote at the meeting. By use of a proxy, you can vote whether or not you attend the meeting. This proxy statement describes the matters on which we would like you to vote and provides information on those matters so that you can make an informed decision.

The notice of annual meeting, 2006 Annual Report, proxy statement and proxy are being mailed to stockholders on or about August 7, 2006.

***What information is contained in this proxy statement?***

The information in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, our Board and committees thereof, the compensation of directors and executive officers for fiscal 2006 and other information that the Securities and Exchange Commission requires us to provide annually to our stockholders.

***How may I obtain RBC Bearings' 10-K and other financial information?***

A copy of our 2006 Annual Report, which includes our 2006 Form 10-K, is enclosed and incorporated by reference herein.

Stockholders may request another free copy of our 2006 Annual Report, which includes our 2006 Form 10-K, from:

Corporate Secretary  
RBC Bearings Incorporated  
One Tribology Center  
Oxford, CT 06478

We will also furnish any exhibit to the 2006 Form 10-K if specifically requested. Stockholders may also find other filings with the SEC and corporate governance and other information on the investor relations page of our website at <http://www.rbcbearings.com/aboutrbc/investors.htm>.

***What is the purpose of the annual meeting?***

At our annual meeting, stockholders will act upon the matters outlined in the accompanying notice of annual meeting. In addition, management will report on our fiscal 2006 performance and respond to appropriate questions from stockholders.

***Who is entitled to vote at the meeting?***

Only stockholders of record at the close of business on the Record Date, are entitled to receive notice of and to participate in the annual meeting. If you were a stockholder of record on the Record Date, you will be entitled to vote all of the shares that you held on that date at the meeting, or any postponements or adjournments of the meeting.

***How many votes do I have?***

You will be entitled to one vote for each outstanding share of RBC Bearings Incorporated common stock you owned as of the Record Date on each matter considered at the meeting. As of July 1, 2006, there were 20,453,454 shares of the Company's common stock outstanding and eligible to vote. There is no cumulative voting.

***Who can attend the meeting?***

Subject to space availability, all stockholders as of the Record Date, or their duly appointed proxies, may attend the meeting, and each may be accompanied by one guest. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration will begin at 8:00 a.m., and seating will begin at 8:30 a.m. If you attend, please note that you may be asked to present valid picture identification, such as a driver's license or passport. Cameras (including cell phones with photographic capabilities), recording devices and other electronic devices will not be permitted at the meeting.

Please also note that if you hold your shares in street name (that is, through a broker, bank or other nominee), you will also need to bring a copy of a brokerage statement reflecting your stock ownership as of the Record Date and check in at the registration desk at the meeting.

Please let us know if you plan to attend the meeting by marking the appropriate box on the enclosed proxy card or, if you vote by telephone or Internet, indicating your plans when prompted.

***What constitutes a quorum?***

The presence at the meeting, in person or by proxy, of the holders of a majority of the aggregate voting power of the common stock outstanding on the Record Date will constitute a quorum, permitting the conduct of business at the meeting. As of July 1, 2006, 20,453,454 shares of common stock, representing the same number of votes, were outstanding. Thus, based on the July 1, 2006 number, the presence of the holders of common stock representing at least 10,226,728 votes will be required to establish a quorum.

Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of votes considered to be present at the meeting.

***How do I vote?***

If you are a holder of record (that is, your shares are registered in your own name with our transfer agent), you can vote either in person at the annual meeting or by proxy without attending the annual meeting. We urge you to vote by proxy even if you plan to attend the annual meeting so that we will know as soon as possible that enough votes will be present for us to hold the meeting. If you attend the meeting in person, you may vote at the meeting and your proxy will not be counted. You can vote by proxy by completing, dating and signing the enclosed proxy card and returning it in the enclosed postage-paid envelope.

If you hold your shares in street name, you must either direct the bank, broker or other record holder of your shares as to how to vote your shares, or obtain a proxy from the bank, broker or other record holder to vote at the meeting. Please refer to the voter instruction cards used by your bank, broker or other record holder for specific instructions on methods of voting, including by telephone or using the Internet.

Your shares will be voted as you indicate. If you return the proxy card but you do not indicate your voting preferences, then the individuals named on the proxy card will vote your shares in accordance with the recommendations of the Board. The Board and management do not now intend to present any matters at the annual meeting other than those outlined in the notice of the annual meeting. Should any other matter requiring a vote of stockholders arise, stockholders returning the proxy card confer upon the individuals named on the proxy card discretionary authority to vote the shares represented by such proxy on any such other matter in accordance with their best judgment.

***Can I change my vote after I return my proxy card?***

Yes. If you are a stockholder of record, you may revoke or change your vote at any time before the proxy is exercised by filing with the Secretary of the Company a notice of revocation or a duly executed proxy bearing a later date or by attending the annual meeting and voting in person. For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker, bank or other nominee or, if you have obtained a legal proxy from your broker, bank or other nominee giving you the right to vote your shares, by attending the meeting and voting in person. In either case, the powers of the proxy holders will be suspended if you attend the meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy.

***Who counts the votes?***

Votes will be counted and certified by the Inspectors of Election, who are employees of LaSalle Bank N.A., the Company's transfer agent. If you are a stockholder of record, your signed proxy card is returned directly to LaSalle Bank N.A. for tabulation. If you hold your shares in street name through a broker, bank or other nominee, your broker, bank or other nominee will return one proxy card to LaSalle Bank N.A. on behalf of its clients.

***What are the Board's recommendations?***

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board. The Board's recommendations are set forth together with the description of each item in this proxy statement. In summary, the Board recommends a vote FOR each of the proposals.

***Will stockholders be asked to vote on any other matters?***

To the knowledge of the Company and its management, stockholders will vote only on the matters described in this proxy statement. However, if any other matters properly come before the meeting, the

persons named as proxies for stockholders will vote on those matters in the manner they consider appropriate.

***What vote is required to approve each item?***

**Election of Directors.** Directors are elected by a plurality of the votes cast at the meeting, which means that the one nominee who receives the highest number of properly executed votes will be elected as a director, even if that nominee does not receive a majority of the votes cast. Each share of our common stock is entitled to one vote for each of the director nominees. A properly executed proxy marked `withhold authority` with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

**Approval of Independent Registered Public Accounting Firm.** The ratification of the appointment of Ernst & Young LLP to serve as the Company's independent auditors for fiscal 2007 (Item 2) requires the affirmative vote of the majority of the votes cast.

A properly executed proxy marked `abstain` with respect to any matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

**Approval of an Amendment to Our 2005 Long Term Incentive Plan to Provide for an Increase in the Number of Authorized Shares to be issued under our 2005 Long Term Incentive Plan.** The approval of an amendment to our 2005 Long Term Incentive Plan to provide for the increase in the number of authorized shares to be issued under our 2005 Long Term Incentive Plan from 1,139,170 to 1,639,170 (Item 3) requires the affirmative vote of the majority of the votes cast.

A properly executed proxy marked `abstain` with respect to any matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

***How are votes counted?***

In the election of directors, you may vote `FOR` all or some of the nominees or your vote may be `WITHHELD` with respect to one or more of the nominees. You may not cumulate your votes for the election of directors.

For the other items of business, you may vote `FOR`, `AGAINST` or `ABSTAIN`. If you elect to `ABSTAIN`, the abstention has the same effect as a vote `AGAINST`. If you provide specific instructions with regard to certain items, your shares will be voted as you instruct on such items.

If you hold your shares in `street name` through a broker, bank or other nominee rather than directly in your own name, then your broker, bank or other nominee is considered the stockholder of record, and you are considered the beneficial owner of your shares. The Company has supplied copies of its proxy materials for its 2006 annual meeting of stockholders to the broker, bank or other nominee holding your shares of record, and they have the responsibility to send these proxy materials to you. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote your shares at the annual meeting. The broker, bank or other nominee that is the stockholder of record for your shares is obligated to provide you with a voting instruction card for you to use for this purpose. If you hold your shares in a brokerage account but you fail to return your voting instruction card to your broker, your shares may constitute `broker non-votes`. Generally, `broker non-votes` occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. In tabulating the voting result for any particular proposal, shares that constitute `broker non-votes` are not considered present and entitled to vote on that proposal. If a quorum is present at the annual

meeting, the persons receiving the greatest number of votes will be elected to serve as directors. As a result, broker non-votes will not affect the outcome of the voting on the election of directors (Item 1). The ratification of the appointment of the Company's independent auditors (Item 2) requires the affirmative vote of the majority of the shares of common stock present in person or represented by proxy at the annual meeting and entitled to vote on the proposal. A broker non-vote is treated as not being entitled to vote on the matter and, therefore, is not counted for purposes of determining whether the proposal has been approved. Shares represented by such broker non-votes will, however, be counted in determining whether there is a quorum.

If you are a beneficial owner and your broker, bank or other nominee holds your shares in its name, the broker, bank or other nominee is permitted to vote your shares on the election of directors and the ratification of the appointment of Ernst & Young LLP as our independent auditor, even if the broker, bank or other nominee does not receive voting instructions from you.

***What should I do if I receive more than one set of voting materials?***

You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

***Where can I find the voting results of the annual meeting?***

The Company intends to announce the preliminary voting results at the annual meeting and publish the final results in its quarterly report on Form 10-Q for the quarter ending September 30, 2006.

***What is the deadline to propose actions for consideration at next year's annual meeting of stockholders?***

You may submit proposals for consideration at future stockholder meetings. For a stockholder proposal to be considered for inclusion in our proxy statement for the annual meeting next year, our Corporate Secretary must receive the written proposal at our principal executive offices no later than April 9, 2007. Such proposals also must comply with SEC regulations under Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

Corporate Secretary  
RBC Bearings Incorporated  
One Tribology Center  
Oxford, CT 06478

For a stockholder proposal that is not intended to be included in our proxy statement under Rule 14a-8, the stockholder must deliver a proxy statement and form of proxy to holders of a sufficient number of shares of our common stock to approve the proposal and provide the information required by our by-laws and give timely notice to the Corporate Secretary in accordance with our by-laws, which, in general, require that the notice be received by the Corporate Secretary:

- Not less than 60 days prior to the next meeting, and
- Not more than 90 days prior to the next meeting.

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.

***How may I recommend or nominate individuals to serve as directors?***

You may propose director candidates for consideration by the Board's Nominating and Corporate Governance Committee. Any such recommendations 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 Securities Exchange Act of 1934, as amended (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 such 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.

***How may I obtain a copy of RBC Bearings' by-law provisions regarding stockholder proposals and director nominations?***

You may contact the Corporate Secretary at our principal executive offices for a copy of the relevant Bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates.

***Who can help answer my questions?***

If you have any questions about the annual meeting or how to vote or revoke your proxy or if you need additional copies of this proxy statement or voting materials, you should contact our proxy solicitor:

**Georgeson Shareholder Communications**  
**17 State Street, 10th Floor**  
**New York, NY 10004**  
**866-482-4966**

**PROPOSALS SUBMITTED FOR STOCKHOLDER VOTE**

**ITEM 1 ELECTION OF DIRECTORS**

The Board currently is composed of seven directors and is divided into three classes serving staggered three-year terms: Class I consists of Robert Anderson, Class II consists of William P. Killian, Richard R. Crowell and Alan B. Levine and Class III consists of Dr. Michael J. Hartnett, Dr. Thomas J. O'Brien and Dr. Amir Faghri. Class I, Class II and Class III directors will serve until our annual meetings of stockholders in 2006, 2007 and 2008, respectively. Vacancies on the Board may be filled only by persons elected by a majority of the remaining directors. A director elected by the Board to fill a vacancy in a class, including vacancies created by an increase in the number of directors, shall serve for the remainder of the full term of that class, and until the director's successor is duly elected and qualified, or until the director's resignation or removal.

The term of office of the Class I director expires this year. Mr. Anderson is currently a director of RBC Bearings Incorporated and was appointed to the Board in June 1998. Our Nominating and Corporate Governance Committee reviewed the qualifications of the nominee for election to this class, and unanimously recommended that such nominee be submitted for re-election to the Board. If elected at the annual meeting, this nominee would serve until the 2009 annual meeting and until his successor is duly elected and qualified, or until the director's resignation or removal. On May 5, 2006, Mr. Michael Stone tendered his resignation as a Class I director of the Company, effective immediately.

For a stockholder to nominate an individual for director at the 2007 annual meeting, the stockholder must follow the procedures outlined below under the caption "Stockholder Proposals and Director Nominations for the 2007 Meeting." Stockholders may also nominate a director to be considered by the Board for recommendation to the stockholders in the Company's proxy statement for the 2007 annual meeting by following the procedures outlined below under the caption "Director Nominations to be Considered by the Board."

If you sign your proxy or voting instruction card but do not give instructions with respect to voting for directors, your shares will be voted for the person recommended by the Board. If you wish to give specific instructions with respect to voting for directors, you may do so by indicating your instructions on your proxy or voting instruction card.

If any nominee named herein for election as a director should for any reason become unavailable to serve prior to the annual meeting, the Board will, prior to the annual meeting, (i) reduce the size of the Board to eliminate the position for which that person was nominated, (ii) nominate a new candidate in place of such person and vote in favor of the new candidate all shares represented by stockholder proxies received by the Board, unless authority to vote for all candidates nominated by the Board is withheld, or (iii) leave the place vacant to be filled at a later time. The information presented below for the director nominee and the directors continuing in office has been furnished to the Company by the director nominee and directors.

Information regarding the nominee, as of April 1, 2006, is set forth below, including his age, the period he has served on the Board and the nominee's business experience.

**Nominee for Election for a Three-year Term Expiring at Our 2009 Annual Meeting**

*Robert Anderson* has been a director since June 1998. Mr. Anderson has served as Chairman Emeritus of Rockwell Corporation since February 1990. He also serves as a director of Aftermarket Technology Corporation and is a member of the Caltech Board of Trustees and a graduate of the Anderson School of the University of California, Los Angeles. Mr. Anderson is 85 years old.

<p><b>The Board recommends a vote <i>FOR</i> the election to the board of directors of the nominee listed above</b></p>
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**ITEM 2 THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL 2007**

The Audit Committee has appointed Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2007, and has further directed that the Board submit the selection of Ernst & Young LLP for ratification by the stockholders at the annual meeting. During fiscal year 2006, Ernst & Young LLP served as the Company s independent registered public accounting firm and also provided certain tax and other audit-related services. See Principal Accountant Fees and Services below. This proposal is put before the stockholders because, though the stockholder vote is not binding on the Audit Committee, the Audit Committee and the Board believe that it is good corporate practice to seek stockholder ratification of the Audit Committee s appointment of the independent auditors. If the appointment of Ernst & Young LLP is not ratified, the Audit Committee will evaluate the basis for the stockholders vote when determining whether to continue the firm s engagement, but may ultimately determine to continue the engagement of the firm or another audit firm without re-submitting the matter to stockholders. Even if the appointment of Ernst & Young LLP is ratified, the Audit Committee may in its sole discretion terminate the engagement of the firm and direct the appointment of another independent auditor at any time during the year if it determines that such an appointment would be in the best interests of our Company and our stockholders. Representatives of Ernst & Young LLP are expected to attend the annual meeting, where they will be available to respond to appropriate questions and, if they desire, to make a statement.

**Our Board recommends a vote FOR the ratification of the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for fiscal year 2007. If the appointment is not ratified, our audit committee will consider whether it should select another independent registered public accounting firm.**

**Vote Required**

Ratification of the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for fiscal year 2007 requires the affirmative vote of a majority of the shares of the Company s common stock present in person or represented by proxy at the annual meeting.

<p><b>The Board recommends a vote <i>FOR</i> the ratification of the appointment of ERNST &amp; YOUNG LLP as the Company s independent auditors for fiscal 2007.</b></p>
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**ITEM 3 INCREASE AUTHORIZED SHARES**

The Board and the Compensation Committee have determined that it is in the best interest of the Company and its shareholders to amend the Company s 2005 Long-Term Incentive Plan (the Plan ) to increase the number of shares of Common Stock available for issuance from 1,139,170 to 1,639,170 (the Plan Amendment ). The Board and the Compensation Committee have approved the Plan Amendment to be effective as of the date of approval by the Company s shareholders. The Plan Amendment will not become effective unless shareholder approval is obtained at the annual general meeting of shareholders. The principal features of the Plan are summarized below and are qualified in their entirety by reference to the full text of the Plan. Copies of the Plan are available upon written request from Corporate Secretary, RBC Bearings Incorporated, One Tribology Center, Oxford, CT 06478.

*Description of the Plan.* We adopted the 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. The purpose of the Plan is to provide our directors, officers and other employees and persons who engage in services for us 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.

*Administration of the Plan.* The Plan is administered by our Compensation Committee, which consists solely of two or more non-employee directors (as defined in Rule 16b-3 under the Exchange Act). The Compensation Committee may make all decisions and determinations regarding the Plan as it deems necessary or advisable for the administration of 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, are set forth consistent with the Plan in a written agreement with the grantee.

*Number of Shares.* As of April 1, 2006 1,139,170 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, options for 683,502 shares of common stock were awarded to Dr. Hartnett at the time of our initial public offering in August 2005 at an average price equal to the offering price of \$14.50 per share and the remainder have been reserved for grants to our employees and directors at the discretion of our Compensation Committee. During fiscal 2006 the Company issued an additional 12,500 options for shares of common stock. As of April 1, 2006, the 2005 Long-Term Incentive Plan had 443,168 shares of common stock available for issuance pursuant to stock options or other equity awards. We may grant shares of restricted stock to our employees and directors in the future under the Plan. The Board and the Compensation Committee believe that this is not a sufficient number of shares of common stock to accomplish the objectives described above. The addition of 500,000 shares of common stock to the Plan will enable the Company to further promote these objectives.

*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 Dr. Hartnett discussed above), and it may not award incentive 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 determines the exercise price and term of any option in its discretion, however, 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 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. The Board and the Compensation Committee have resolved that from the total addition of 500,000 shares of common stock to the Plan, a maximum of one-third will 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 an 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 by the grantee or by us, 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.

*Eligibility.* Our directors, officers and other employees and persons who engage in services for us are eligible for grants under the Plan. As of the date of this Proxy Statement, there are 4 officers, 7 directors, other than the CEO who is an officer and a director and approximately 1,200 employees who are eligible to receive grants under the Plan.

*Federal Income Tax Consequences.*

The following is a discussion of certain U.S. federal income consequences relevant to participants in the Plan who are subject to federal income tax and the Company. It is not intended to be a complete description of all possible tax consequences with respect to awards granted under the Plan and does not address state, local or foreign tax consequences. Accordingly, holders of awards granted under the Plan should consult their own tax advisers for specific advice with respect to all federal, state or local tax effects before exercising any options or share appreciation rights, and before disposing of any shares of stock acquired pursuant to an award. Moreover, the Company does not represent that the foregoing tax consequences apply to any particular participant's specific circumstances or will continue to apply in the future and makes no undertaking to maintain the tax status (such as an ISO) of any award.

*Non-Qualified Stock Option.* A participant who is granted a non-qualified stock option will not recognize income at the time the option is granted. Upon the exercise of the option, however, the excess, if any, of the market value of the common shares on the date of exercise over the option price will be treated as ordinary income to the participant, and the Company will generally be entitled to an income tax deduction in the same year in an amount measured by the amount of ordinary income taxable to the participant. The participant will be entitled to a cost basis for the common shares for income tax purposes equal to the amount paid for the common shares plus the amount of ordinary income taxable at the time of exercise. Upon a subsequent sale of such common shares, the participant will recognize short-term or long-term capital gain or loss, depending upon his or her holding period for such common shares.

*Incentive Stock Options.* A participant who is granted an ISO satisfying the requirements of the Tax Code will not recognize income at the time the option is granted and generally will not recognize income upon exercise of the option provided such participant was an employee of the Company or a subsidiary at all times from the date of grant until three months prior to exercise. The excess of the fair market value over the option exercise price is, however, included in determining the participant's alternative minimum tax as of the date of exercise. If the participant does not dispose of shares received upon exercise of the option for one year after exercise and two years after grant of the option (the Holding Period), upon the disposition of such shares the participant will recognize long-term capital gain or loss based on the difference between the option exercise price and the fair market value of shares on the date of disposition. In such event, the Company is not entitled to a deduction for income tax purposes in connection with the exercise of the option. If the participant disposes of the shares received upon exercise of the option without satisfying the Holding Period requirement, the participant must generally recognize ordinary income equal to the lesser of (i) the fair market value of the shares at the date of exercise of the option over the exercise price or (ii) the amount realized upon the disposition of such shares over the exercise price. Any further appreciation is taxed as short-term or long-term capital gain, depending on the participant's Holding



Period. If the disposition fails to satisfy the Holding Period, the Company would be entitled to an income tax deduction in the same year in an amount measured by the amount of ordinary income taxable to the participant.

*Share appreciation rights.* A participant will generally not be taxed at the time a SAR is granted nor will the Company receive a tax deduction. Upon exercise of a SAR, a participant will recognize taxable income equal to the fair market value of the shares received on the exercise date. The Company will be entitled to an income tax deduction in the amount of such income recognized by the participant. SARs that are paid in cash may be subject to taxation at vesting rather than at exercise because the tax treatment of certain SARs is unsettled under Section 409A of the Tax Code (see the discussion below).

*Restricted Shares and Restricted Share Units.* A participant will not recognize any income at the time an award of restricted shares or restricted share units is granted, nor will the Company be entitled to a deduction at that time. In the year in which restrictions on the restricted shares lapse, the participant will recognize ordinary income in an amount equal to the excess of the fair market value of the shares on the date of vesting over the amount, if any, the participant paid for the shares. Similarly, upon the vesting of restricted share units, the participant will recognize ordinary income in an amount equal to the fair market value of the shares received. With respect to awards of both restricted shares and restricted share units, the Company will be entitled to a tax deduction at the same time and in the same amount as the participant recognizes income.

*Performance Awards.* A participant who is awarded performance shares will not recognize income and the Company will not be allowed a deduction at the time that the award is made. When a participant receives payment for performance shares in common shares, the fair market value of the shares received will be ordinary income to the participant. If payment is made in cash, the amount of cash received will be ordinary income to the participant. In either case, the Company will be entitled to a tax deduction in the amount of such income recognized by the participant.

*Dividend Equivalents.* A participant who is awarded dividend equivalents generally will not recognize taxable income, and the Company will not receive a tax deduction, until shares or cash are distributed pursuant to the award. When the participant receives payment for dividend equivalents in common shares or cash, the fair market value of the shares or the amount of cash received will be ordinary income to the participant and the Company will be entitled to a deduction in the amount of such income recognized by the participant.

The Compensation Committee will require payment of any amount it may determine to be necessary to withhold for federal, state, local or other taxes as a result of the grant, vesting or exercise of an award. In compliance with the American Jobs Creation Act of 2004, after January 1, 2005, the maximum federal withholding rate will be used for supplemental wage payments in excess of \$1,000,000 during any taxable year.

*Section 409A of the Tax Code.* Certain awards under the Plan may be subject to Tax Code Section 409A. Section 409A was added to the Tax Code by the American Jobs Creation Act of 2004. Section 409A generally applies to compensation deferred under a nonqualified deferred compensation plan on or after January 1, 2005. Section 409A imposes new requirements on a participant's election to defer compensation and the participant's selection of the timing and form of distribution of the deferred compensation with respect to certain awards under the Plan. Also, Section 409A generally provides that the distributions must be made on or following the occurrence of certain events (e.g. the participant's separation from service (as defined in Section 409A), a predetermined date, or the participant's death). Section 409A imposes restrictions on a participant's ability to change his or her distribution timing or form with respect to awards under the Plan after the compensation has been deferred. For certain participants who are officers of the Company or its subsidiary corporations and who would otherwise receive a distribution upon separation from service, Section 409A requires that such participant's distribution



commence no earlier than six months after such officer's separation from service (as defined in Section 409A).

Stock options, SARs that are distributable in shares of Common Stock and restricted stock awards granted under the Plan generally are not considered deferred compensation subject to Section 409A. Restricted share unit awards and other awards may be subject to Section 409A, depending on the terms of the award. The Company intends that awards made under the Plan that are subject to Section 409A will comply with the requirements of Section 409A.

A nonqualified deferred compensation plan must satisfy the requirements of Section 409A in form and in operation. If the Plan fails to satisfy the requirements of Section 409A, a participant in the Plan may recognize ordinary income on the amounts deferred under the Plan, to the extent vested, prior to when the compensation is actually or constructively received. Also, if a Plan fails to comply, Section 409A imposes an additional 20% federal income tax on compensation recognized as ordinary income, as well as certain interest on amounts treated as tax underpayments related to such deferred compensation. Awards granted under the Plan are intended to comply with Section 409A to the extent applicable. The Internal Revenue Service recently issued guidance under Section 409A and is expected to issue regulations or additional guidance under Section 409A in the future. Accordingly, the requirements of Section 409A (and the application of those requirements to awards under the Plan) are not entirely clear.

The Plan is not subject to any provision of ERISA, nor is it a qualified employee benefit plan under Section 401(a) of the Tax Code.

*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 Internal Revenue Code or any stock exchange listing requirements. If not previously terminated by the Board, the Plan will terminate on August 15, 2015.

The foregoing is only a summary of the Plan and is qualified in its entirety by reference to its full text. A copy of the Plan, reflecting the Plan Amendment is attached as Appendix E to this Proxy Statement.

In addition to the Plan, the Company has other stock-based compensation plans: The RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.) 1998 Stock Option Plan ( 1998 Plan ) and the RBC Bearings Incorporated (f/k/a Roller Bearing Holding Company, Inc.) 2001 Stock Option Plan ( 2001 Plan ). No further options may be granted under the 1998 Plan or the 2001 Plan.

<p><b>The Board recommends a vote <i>FOR</i> the approval of the amendment to the Company's 2005 Long Term Incentive Plan.</b></p>
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#### ITEM 4 OTHER MATTERS

As of the date of this proxy statement, the Company knows of no business that will be presented for consideration at the 2006 annual meeting other than the items referred to above. If any other matter is properly brought before the meeting for action by stockholders, proxies in the enclosed form returned to the Company will be voted in accordance with the recommendation of the Board or, in the absence of such a recommendation, in accordance with the best judgment of the proxy holder.

**BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

**Number of Meetings of the Board of Directors**

The Board held 7 meetings during fiscal 2006. The standing committees of the Board, which were established in connection with the Company's initial public offering in August 2005 held an aggregate of 7 meetings during fiscal 2006. Each director attended at least 90% of the aggregate number of meetings of the Board and the Board committees on which he served held during the period for which he served as a director during fiscal 2006.

**Attendance at Annual Meetings of the Stockholders**

All directors are encouraged to attend the annual meeting of the stockholders and all directors properly nominated for election are expected to attend the annual meeting of the stockholders.