

TIMKEN CO
Form PRE 14A
February 22, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

SCHEDULE 14A INFORMATION

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

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by

Rule 14a-6(e)(2)) Definitive Proxy Statement Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

The Timken Company

(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):

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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*Notice of
2010
Annual Meeting of
Shareholders
and
Proxy Statement*

THE TIMKEN COMPANY
Canton, Ohio U.S.A.

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Ward J. Timken, Jr.

Chairman Board of Directors

March 25, 2010

Dear Shareholder:

The 2010 Annual Meeting of Shareholders of The Timken Company will be held on Tuesday, May 11, 2010, at ten o'clock in the morning at the corporate offices of the Company in Canton, Ohio.

This year, you are being asked to act upon five matters. Details of these matters are contained in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement.

Please read the enclosed information carefully before voting your shares. Voting your shares as soon as possible will ensure your representation at the meeting, whether or not you plan to attend.

I appreciate the strong support of our shareholders over the years and look forward to a similar vote of support at the 2010 Annual Meeting of Shareholders.

Sincerely,

Ward J. Timken, Jr.

Enclosure

The Timken Company

1835 Dueber Avneue, S.W.

P.O. Box 6927

Canton, OH 44706-0927 U.S.A.

Telephone: 330-438-3000

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**THE TIMKEN COMPANY
Canton, Ohio**

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders of The Timken Company will be held on Tuesday, May 11, 2010, at 10:00 a.m., at 1835 Dueber Avenue, S.W., Canton, Ohio, for the following purposes:

1. To elect four Directors to serve in Class I for a term of three years.
2. To ratify the selection of Ernst & Young LLP as the independent auditor for the year ending December 31, 2010.
3. To approve The Timken Company Senior Executive Management Performance Plan, as amended and restated as of February 8, 2010.
4. To consider amending the Company's Amended Regulations to declassify the Board of Directors.
5. To consider amending the Company's Amended Regulations to authorize the Board of Directors to amend the Amended Regulations to the extent permitted by Ohio law.
6. To transact such other business as may properly come before the meeting.

Holders of Common Stock of record at the close of business on February 22, 2010, are the shareholders entitled to notice of and to vote at the meeting.

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING OF SHAREHOLDERS, PLEASE SIGN AND DATE THE ENCLOSED PROXY CARD AND RETURN IT IN THE POSTAGE-PAID ENVELOPE PROVIDED OR VOTE YOUR SHARES ELECTRONICALLY THROUGH THE INTERNET OR BY TELEPHONE. VOTING INSTRUCTIONS ARE PROVIDED ON THE ENCLOSED PROXY CARD.

Effect of Not Casting Your Vote. If you hold your shares in street name it is critical that you cast your vote if you want it to count in the election of Directors (Item 1 of this Proxy Statement). In the past, if you held your shares in street name and you did not indicate how you wanted your shares voted in the election of Directors, your bank or broker was allowed to vote those shares on your behalf in the election of Directors as they felt appropriate. Recent changes in regulation were made to take away the ability of your bank or broker to vote your uninstructed shares in the election of Directors on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your bank or broker how to vote in the election of Directors, no votes will be cast on your behalf. Your bank or broker will, however, continue to have discretion to vote any uninstructed shares on the ratification of the appointment of the Company's independent auditor (Item 2 of this Proxy Statement). They will not have discretion to vote uninstructed shares on management proposals (Items 3, 4 and 5 of this Proxy Statement). If you are a shareholder of record and you do not cast your vote, no votes will be cast on your behalf on any of the items of business at the Annual Meeting.

SCOTT A. SCHERFF

Corporate Secretary and

Vice President Ethics and Compliance

March 25, 2010

**YOUR VOTE IS IMPORTANT. PLEASE RETURN YOUR
PROXY CARD OR VOTE ELECTRONICALLY.**

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THE TIMKEN COMPANY

PROXY STATEMENT

The enclosed proxy is solicited by the Board of Directors of The Timken Company (the Company) in connection with the Annual Meeting of Shareholders to be held on May 11, 2010, at 10:00 a.m. local time at the Company's corporate offices, and at any adjournments and postponements thereof, for the purpose of considering and acting upon the matters specified in the foregoing Notice. The mailing address of the corporate offices of the Company is 1835 Dueber Avenue, S.W., Canton, Ohio 44706-2798. The approximate date on which this Proxy Statement and form of proxy will be first sent or given to shareholders is March 26, 2010.

The Board of Directors is not aware that matters other than those specified in the foregoing Notice will be brought before the meeting for action. However, if any such matters should be brought before the meeting, the persons appointed as proxies may vote or act upon such matters according to their judgment.

ELECTION OF DIRECTORS

The Company presently has twelve Directors who, pursuant to the Company's Amended Regulations, are divided into three classes with four Directors in Class I, four Directors in Class II and four Directors in Class III. From the 2009 Annual Meeting of Shareholders until November 10, 2009, there were eleven Directors, with four Directors in Class I, three Directors in Class II and four Directors in Class III. At the Board of Directors' meeting held on November 10, 2009, the Board passed a resolution increasing the size of the Board from eleven to twelve Directors, effective November 10, 2009, and electing John M. Ballbach to fill the vacancy apportioned to Class II. At the 2010 Annual Meeting of Shareholders, four Directors will be elected to serve in Class I for a three-year term to expire at the 2013 Annual Meeting of Shareholders. Candidates for Director receiving the greatest number of votes will be elected. Abstentions and broker non-votes (where a broker, other record holder, or nominee indicates on a proxy card that it does not have authority to vote certain shares on a particular matter) will not be counted in the election of Directors and will not have any effect on the result of the vote.

Pursuant to the Majority Voting Policy of the Board of Directors, any Director who fails to receive a majority of the votes cast in his or her election will submit his or her resignation to the Board of Directors promptly after the certification of the election results. The Board of Directors and the Nominating and Corporate Governance Committee will then consider the resignation in light of any factors they consider appropriate, including the Director's qualifications and service record, as well as any reasons given by shareholders as to why they voted against (or withheld votes from) the Director. The Board of Directors is required to determine whether to accept or reject the tendered resignation within 90 days following the election and to disclose its decision on a Form 8-K, as well as the reasons for rejecting any tendered resignation, if applicable.

If any nominee becomes unable, for any reason, to serve as a Director, or should a vacancy occur before the election (which events are not anticipated), the Directors then in office may substitute another person as a nominee or may reduce the number of nominees as they deem advisable. If the shareholders approve the proposal to declassify the Board of Directors, found on page 41, future Director elections will be conducted according to the revised Amended Regulations.

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ITEM NO. 1

ELECTION OF CLASS I DIRECTORS

The Board of Directors, by resolution at its February 9, 2010 meeting, based on the recommendation of the Nominating and Corporate Governance Committee of the Board, nominated the four individuals set forth below to be elected Directors in Class I at the 2010 Annual Meeting of Shareholders to serve for a term of three years expiring at the Annual Meeting of Shareholders in 2013 (or until their respective successors are elected and qualified). All of the nominees have been previously elected as a Director by the shareholders. Each of the nominees listed below has consented to serve as a Director if elected.

Unless otherwise indicated on any proxy, the persons named as proxies on the enclosed proxy form intend to vote the shares covered by such proxy form in favor of the nominees named below. The Board of Directors recommends a vote FOR the election of the nominees named below.

NOMINEES

The following information obtained in part from the respective nominees and in part from the records of the Company, sets forth information regarding each nominee as of January 8, 2010.

James W. Griffith, 56, has served as the President and Chief Executive Officer of The Timken Company since 2002. Mr. Griffith joined the Company in 1984, and has held positions as plant manager, Vice President of Manufacturing in North America and Managing Director of the Company's business in Australia. From 1996 to 1999, he led the Company's automotive business in North America and the Company's bearing business activities in Asia and Latin America. He was elected President and Chief Operating Officer in 1999. Since that time, Mr. Griffith has led a transformation of the Company focused on creating ever-increasing levels of value for customers and shareholders. With Mr. Griffith's broad experience and deep understanding of the Company, and as Chief Executive Officer, he is a key director for the Company. He has served on the Board of Directors since 1999. He also has been a director of Goodrich Corporation since 2002.

John A. Luke, Jr., 61, is the Chairman and Chief Executive Officer of MeadWestvaco Corporation, a leading global producer of packaging, coated and specialty papers, consumer and office products and specialty chemicals. He has held that position since 2003. Mr. Luke worked in a number of areas of Westvaco Corporation earlier in his career, including treasury, marketing and international sales, before joining its executive ranks in 1990. He led the process of merging the Westvaco Corporation with the Mead Corporation in 2002 to create MeadWestvaco Corporation, a large transformative transaction. As Chief Executive Officer of a company that was founded by his ancestors in 1888, Mr. Luke brings an understanding of the evolution of a family business into a global corporation. Mr. Luke's leadership of a large, public global company and his experience in dealing with the issues facing such a company, make him well-positioned for his role as a Director. He has served on the Board of Directors since 1999. Mr. Luke also has served as a director of The Bank of New York Mellon Corporation since 2007, MeadWestvaco Corporation since 2002 and The Bank of New York from 1996-2007.

Frank C. Sullivan, 49, has held the position of Chairman and Chief Executive Officer of RPM International Inc., a world leader in specialty coatings, since 2008. He was appointed RPM's Chief Executive Officer in 2002, prior to which he held positions in sales and corporate development before becoming Chief Financial Officer in 1993. He held various positions in the areas of commercial lending and corporate finance in the banking industry before joining RPM in 1987. With Mr. Sullivan's extensive financial background, he serves as the financial expert for the Company's Audit Committee. As Chief Executive Officer of a major public company, Mr. Sullivan possesses invaluable experience to deal with the wide range of issues facing the Company, and he is particularly knowledgeable in the area of acquisitions due to the substantial level of activity by RPM in that area. Grandson of the founder of RPM, Mr. Sullivan also brings to the Board knowledge and understanding of the evolution of a family business into a large public company. He has served on the Board of Directors since 2003, and he has been a director of RPM International, Inc. since 1995.

Ward J. Timken, 67, currently serves as President of The Timken Foundation of Canton, a private charitable foundation to promote civic betterment through capital funds grants. He has held that position since 2004. The Timken Foundation is not affiliated with The Timken Company. During his thirty-six year career with the Company before retiring in 2003, Mr. Timken worked in steel operations, corporate development and human resources. For many years

he was responsible for community relations and was

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regarded as the face of the company in plant locations globally. He traveled extensively during his career, becoming extremely familiar with the Company's global manufacturing operations, and he brings a wealth of knowledge regarding the Company's history and capabilities to his position as a member of the Board of Directors. He has served on the Board since 1971. Mr. Timken is also a substantial long-term shareholder of the Company.

Ward J. Timken is the father of Ward J. Timken, Jr. and the cousin of John M. Timken, Jr.

CONTINUING DIRECTORS

The remaining eight Directors, named below, will continue to serve in their respective classes until their respective terms expire. The following information obtained in part from the respective Directors and in part from the records of the Company, sets forth information regarding each Director as of January 8, 2010.

John M. Ballbach, 49, has served as President and Chief Executive Officer of VWR International LLC, a leading global laboratory supply company, since 2005, and was appointed Chairman of the Board of that company in 2007. Mr. Ballbach joined the Valspar Corporation in 1990 and progressed through a series of management positions to become its President and Chief Operating Officer from 2002 until 2004. Mr. Ballbach's global perspective and experience in supply chain management are particularly helpful to the Board as the Company continues to sharpen its focus on growth opportunities in diverse industrial markets with strong aftermarket potential. He has served on the Board of Directors since 2009. Mr. Ballbach served as a director of Celanese AG in 2005-2006. Mr. Ballbach's term expires in 2011.

Phillip R. Cox, 62, has been the President and Chief Executive Officer of Cox Financial Corporation, a financial services company that he founded, for over 35 years. In addition to his service on the Company's Board of Directors since 2004, Mr. Cox is currently non-executive Chairman of Cincinnati Bell, and he has served as a director there since 1993. He also has served as a director of Touchstone Mutual Funds since 1994 and Diebold, Incorporated since 2005. Mr. Cox formerly served as a director of Duke Energy Corporation from 2006-2008, and prior to its merger with Duke Energy, Cinergy Corp. from 1994-2005. With his life-long background of dealing with financial matters, Mr. Cox brings significant acumen to the Board. Mr. Cox's term expires in 2011.

Jerry J. Jasinowski, 71, retired in 2004 from the position of President of the National Association of Manufacturers (NAM), the nation's largest industrial trade association. He held that position for fourteen years. He also served as the President of The Manufacturing Institute, the education and research arm of the NAM during 2005 and 2006. With the increasing federal regulatory complexities facing the Company, Mr. Jasinowski's extensive experience in Washington, including service as assistant secretary for policy at the U.S. Department of Commerce, brings a valuable perspective to the Board. In addition to his experience leading a complex business organization, Mr. Jasinowski brings expertise in economics and a deep understanding of the issues facing global manufacturing companies to his role as a director. Mr. Jasinowski has served on the Board of Directors since 2004, and was a director of Harsco Corporation from 1999-2009 and webMethods, Inc. from 2001-2008. He also has served as a director of The Phoenix Companies, Inc. since 2000. Mr. Jasinowski's term expires in 2011.

Joseph W. Ralston, 66, has served as Vice Chairman of The Cohen Group, an organization that provides clients with comprehensive tools for understanding and shaping their business, political, legal, regulatory and media environments, since 2003. General Ralston completed a distinguished 37-year Air Force career as Commander, U.S. European Command and Supreme Allied Commander Europe, NATO in 2003. Previously, General Ralston served as Vice Chairman of the Joint Chiefs of Staff, the nation's second highest-ranking military officer. In his current role, General Ralston is in a position to keep the Company's Board of Directors advised on the rapidly changing global political environment, as well as developments in the aerospace industry. As someone who was previously responsible for thousands of troops, General Ralston is familiar with complex human resource issues. Additionally, with the increased regulatory oversight of corporate governance, General Ralston's continuing understanding of the political environment in Washington provides the Board with a valuable perspective on current legislative developments. He has served on the Board of Directors since 2003, and he also has served on the boards of Lockheed Martin Corporation and URS Corporation since 2003. Mr. Ralston's term expires in 2012.

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John P. Reilly, 66, retired as the Chairman, President and Chief Executive Officer of Figgie International, an international diversified operating company, in 1998. In that role, he presided over the successful sale of the company's thirty divisions and led the orderly dissolution of that company under very challenging circumstances. Prior to 1998, Mr. Reilly served in a number of senior management roles with large companies, primarily in the automotive industry. His hands-on experience in the automotive industry provides the Company's Board with a key resource in a significant sector in which the Company competes. He also brings his knowledge of financial and human resource issues gained through his forty years of successful executive leadership to his role on the Board. He has served on the Board of Directors since 2006. Mr. Reilly also serves as a director and non-executive chairman of both Exide Technologies and Material Sciences Corporation, and he has been a director of each of those companies since 2004. Mr. Reilly's term expires in 2012.

John M. Timken, Jr., 58, is a private investor who has been a successful entrepreneur for many years. He has served on the Board of Directors since 1986. A sample of Mr. Timken's ventures includes involvement in the cable television business and establishing one of the largest commercial mushroom farms in North America. He has also been associated with, and an investor in, among others, a trucking concern, a plastic injection molding business and a chain of ophthalmic laboratories. He is currently a director of a flexible packaging business of which he was one of the founders. Mr. Timken uses his substantial financial acumen and varied business background to bring a candid and challenging approach to interaction with the Company's management and independent auditors. Mr. Timken is also a substantial long-term shareholder of the Company. Mr. Timken's term expires in 2012.

Ward J. Timken, Jr., 42, is Chairman of the Board of Directors of The Timken Company. He has held that position since 2005. In his previous position as President of the Company's Steel Business, he led the business in 2004-2005 to record levels of profitability at the time, and positioned it for even better subsequent performance. He also served as Corporate Vice President in 2000-2003 and was responsible for strategy development. He played a pivotal role in the acquisition and integration of The Torrington Company in 2003, the largest acquisition in the Company's history. His other positions at the Company included key postings in Europe and Latin America in the 1990s. Before joining the Company in 1992, he opened and managed the Washington, D.C. office of McGough & Associates, a Columbus, Ohio based government affairs consulting firm. Mr. Timken's broad-based experience has given him an excellent understanding of the Company's business that positions him to provide outstanding leadership as the Chairman of the Board. He has served on the Board of Directors since 2002. Mr. Timken is also a substantial long-term shareholder of the Company. Mr. Timken's term expires in 2011.

Jacqueline F. Woods, 62, retired as the President of Ameritech Ohio (subsequently renamed at&t Ohio), a telecommunications company, in 2000. Prior to serving as President, she held positions in finance, operations, marketing, sales and government affairs in that company. Mrs. Woods was inducted into the Ohio Women's Hall of Fame in 1998. She brings an extensive, broad-based business background as the leader of a large company to her role on the Board and her experience at a primarily consumer-oriented company provides a valuable perspective on customer service. She has served on the Board of Directors since 2000, and she has served as a director of School Specialty, Inc. since 2006 and The Andersons, Inc. since 1999. Mrs. Woods' term expires in 2012.

Independence Determinations

The Board of Directors has adopted the independence standards of the New York Stock Exchange listing requirements for determining the independence of Directors. The Board has determined that the following continuing Directors and Director nominees have no material relationship with the Company and meet those independence standards: John M. Ballbach, Phillip R. Cox, Jerry J. Jasinowski, John A. Luke, Jr., Joseph W. Ralston, John P. Reilly, Frank C. Sullivan, John M. Timken, Jr., and Jacqueline F. Woods. In addition, Joseph F. Toot, Jr. and Robert W. Mahoney met the independence standards when they served as Directors in 2009. With respect to John M. Timken, Jr., the Board determined that his family relationship to Ward J. Timken and Ward J. Timken, Jr. does not impair his independence.

Related Party Transactions Approval Policy

The Company's Directors and executive officers are subject to the Company's Standards of Business Ethics Policy, which requires that any potential conflicts of interest, such as significant transactions with related parties, be reported to the Company's General Counsel. The Company's Directors and executive officers are also subject to the Company's

Policy Against Conflicts of Interest, which requires that an

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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. While not every situation can be identified in a written policy, the Policy Against Conflicts of Interest does specifically prohibit the following situations:

competing against the Company;

holding a significant financial interest in a company doing business with or competing with the Company;

accepting gifts, gratuities or entertainment from any customer, competitor or supplier of goods or services to the Company except to the extent they are customary and reasonable in amount and not in consideration for an improper action by the recipient;

using for personal gain any business opportunities that are identified through a person's position with the Company;

using Company property, information or position for personal gain;

using Company property other than in connection with Company business;

maintaining other employment or a business that adversely affects a person's job performance at the Company; and

doing business on behalf of the Company with a relative or another company employing a relative.

In the event of any potential conflict of interest, pursuant to the charter of the Nominating and Corporate Governance Committee and the provisions of the Standards of Business Ethics Policy and the Policy Against Conflicts of Interest, the Nominating and Corporate Governance Committee would review and, considering such factors as it deems appropriate under the circumstances, make a determination as to whether to grant a waiver to the policies for any such situation. Any waiver would be promptly disclosed to shareholders.

Board and Committee Meetings

The Board of Directors has an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. During 2009, there were nine meetings of the Board of Directors, nine meetings of its Audit Committee, five meetings of its Compensation Committee, and three meetings of its Nominating and Corporate Governance Committee. All nominees for Director and all continuing Directors attended 75 percent or more of the meetings of the Board and its committees on which they served. It is the policy of the Company that all members of the Board of Directors attend the Annual Meeting of Shareholders, and in 2009, all members attended the meeting. At each regularly scheduled meeting of the Board of Directors, the Nonemployee Directors and the independent Directors also meet separately in executive sessions. The Chairpersons of the standing committees preside over those sessions on a rotating basis. The Finance Committee of the Board of Directors, which was initiated in 2007, held one meeting in February 2009, after which that committee was dissolved and a portion of its duties were transitioned to the Audit Committee.

DIRECTOR COMPENSATION

Cash Compensation

Each Nonemployee Director who served in 2009 was paid at the annual rate of \$60,000 for services as a Director. The Nonemployee Directors voluntarily reduced their base compensation by ten percent for the last five months of 2009 in light of the difficult business environment. In addition to base compensation, the following fees are paid for serving on a committee of the Board.

	Committee	Chairperson Fee	Member Fee
Audit		\$ 30,000	\$15,000

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Compensation	\$ 15,000	\$ 7,500
Finance (dissolved February 3, 2009)	\$ 15,000	\$ 7,500
Nominating & Corporate Governance	\$ 15,000	\$ 7,500

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Each Nonemployee Director serving at the time of the Annual Meeting of Shareholders on May 12, 2009, received a grant of 2,500 shares of Common Stock under The Timken Company Long-Term Incentive Plan, as Amended and Restated (the "Long-Term Incentive Plan"), following the meeting. The stock grant to each Nonemployee Director serving at the time of the Annual Meeting of Shareholders on May 11, 2010 will be 4,000 shares of Common Stock. The shares received are required to be held by each Nonemployee Director until his or her departure from the Board of Directors. Upon a Director's initial election to the Board, each new Nonemployee Director receives a grant of 2,000 restricted shares of Common Stock under the Long-Term Incentive Plan, which vest one-fifth annually over a five-year period. John M. Ballbach received such a grant upon his election on November 10, 2009.

The Compensation Committee of the Board of Directors has adopted share ownership guidelines that require Directors to own Common Stock equal to at least three times the value of the annual rate of base cash compensation for Directors. Directors are expected to achieve this ownership level within five years of the time they join the Board. As of December 31, 2009, all Directors who have served five or more years on the Board are meeting their ownership requirements.

Compensation Deferral

Any Director may elect to defer the receipt of all or a specified portion of his or her cash and/or stock compensation in accordance with the provisions of The Director Deferred Compensation Plan. Pursuant to the plan, cash fees can be deferred and paid at a future date requested by the Director. The amount will be adjusted based on investment crediting options, which include interest earned quarterly at a rate based on the prime rate plus one percent or the total shareholder return of the Company's Common Stock, with amounts paid either in a lump sum or in installments in cash. Stock compensation can be deferred to a future date and paid either in a lump sum or installments and is payable in shares plus a cash amount representing dividend equivalents during the deferral period.

DIRECTOR COMPENSATION TABLE

The following table provides details of Director compensation in 2009:

Name (1)	Fees Earned or Paid in Cash	Stock Awards (2)	Compensation	Total
John M. Ballbach	\$ 11,385	\$50,260	\$ 0	\$ 61,645
Phillip R. Cox	\$ 74,735	\$42,900	\$ 0	\$117,635
Jerry Jasinowski	\$ 72,500	\$42,900	\$ 0	\$115,400
John A. Luke, Jr.	\$ 80,000	\$42,900	\$ 0	\$122,900
Robert W. Mahoney	\$ 30,938	\$ 0	\$ 0	\$ 30,938
Joseph W. Ralston	\$ 80,000	\$42,900	\$ 0	\$122,900
John P. Reilly	\$ 80,000	\$42,900	\$ 0	\$122,900
Frank C. Sullivan	\$ 93,126	\$42,900	\$ 0	\$136,026
John M. Timken, Jr.	\$ 73,438	\$42,900	\$ 0	\$116,338
Ward J. Timken	\$ 57,500	\$42,900	\$ 0	\$100,400
Joseph F. Toot, Jr.	\$ 26,251	\$ 0	\$38,721(3)	\$ 64,972
Jaqueline F. Woods	\$ 72,500	\$42,900	\$ 0	\$115,400

(1) Ward J. Timken, Jr., Chairman of the Board of Directors and James W. Griffith, President and

Chief Executive Officer, are not included in this table as they are employees of the Company and receive no compensation for their services as Directors. Effective May 11, 2009, Robert W. Mahoney and Joseph F. Toot Jr. retired from the Board of Directors.

- (2) The amount shown for each Director, other than Mr. Ballbach, is the grant date fair value of the annual award of 2,500 shares of Common Stock made on May 12, 2009, which vested upon grant. Mr. Mahoney and Mr. Toot retired from the Board of Directors before the date of the grant. The amount shown for Mr. Ballbach, who was not a Director on May 12, 2009, is the grant date fair

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value of the
2,000 restricted
shares of
Common Stock
granted upon his
election to the
Board on
November 10,
2009.

As of
December 31,
2009, the
following
individuals have
the following
number of
outstanding
options and
unvested
restricted
shares:

Name	Outstanding Options	Unvested Restricted Shares
John M. Ballbach	0	2,000
Phillip R. Cox	3,000	0
Jerry Jasinowski	6,000	0
John A. Luke, Jr.	18,000	0
Robert W. Mahoney	18,000	0
Joseph W. Ralston	6,000	0
John P. Reilly	0	800
Frank C. Sullivan	6,000	0
John M. Timken, Jr.	0	0
Ward J. Timken	11,000(a)	0
Joseph F. Toot, Jr.	9,000	0
Jacqueline F. Woods	9,000	0

(a) Outstanding
options for
Ward J. Timken
include grants
awarded when
he was an
employee of the
Company.

(3) As a former
Chief Executive

Officer of the Company, Mr. Toot was provided an office until June 10, 2009, administrative support until August 1, 2009 and home security system monitoring. These items are valued at the Company's cost, and the office and administrative support constitute approximately 99% of the total value.

BOARD LEADERSHIP STRUCTURE

The Company's senior leadership is shared between two executive positions – the President and Chief Executive Officer and the Chairman of the Board. Both leaders are actively engaged on significant matters affecting the Company, such as long-term strategy. The President and Chief Executive Officer focuses on all aspects of the operation of the Company, while the Chairman of the Board has a greater focus on governance of the Company, including oversight of the Board of Directors. The positions of President and Chief Executive Officer and Chairman of the Board have been separate for the last 80 years, with limited exceptions. We believe this balance of shared leadership between the two positions is a strength for the Company. It also provides the opportunity for consistent leadership as either person could assume the duties of the other should the need arise on an emergency basis.

The Board has chosen not to appoint a lead director, but instead uses a presiding director status that rotates among the chairs of the standing Board committees. The presiding director chairs the executive session of the independent directors that occurs in conjunction with each meeting of the full Board, and reports the results of that session and discusses issues as required with the Chairman and the President and Chief Executive Officer. We believe that shared leadership responsibility among the independent committee chairs, as opposed to a single lead director, results in increased engagement of the Board as a whole, and that having a strong, independent group of directors fully engaged is important for good governance.

RISK OVERSIGHT

The Board of Directors primarily relies on its Audit Committee for oversight of the Company's risk management. The Audit Committee regularly reviews issues that present particular risks to the Company, including those involving competition, customer demands, economic conditions, planning, strategy, finance, sales and marketing, products, information technology, facilities and operations, supply chain, legal and environmental. The full Board also reviews these issues as appropriate. The Board believes that this approach, supported by the bifurcation of the Company's senior leadership, provides appropriate checks and balances against undue risk taking.

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AUDIT COMMITTEE

The Company has a standing Audit Committee of the Board of Directors. The Audit Committee has oversight responsibility with respect to the Company's independent auditors and the integrity of the Company's financial statements. The Audit Committee is composed of Frank C. Sullivan (Chairman), John M. Ballbach, Phillip R. Cox, John P. Reilly, and John M. Timken, Jr. All members of the Audit Committee are independent as defined in the listing standards of the New York Stock Exchange. The Board of Directors of the Company has determined that the Company has at least one audit committee financial expert serving on the Audit Committee and has designated Frank C. Sullivan as that expert.

The Audit Committee's charter is available on the Company's website at www.timken.com.

AUDIT COMMITTEE REPORT

The Audit Committee has reviewed and discussed with management and the Company's independent auditors the audited financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2009. The Audit Committee has also discussed with the Company's independent auditors the matters required to be discussed pursuant to Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit Committee has received and reviewed the written disclosure and the letter from the Company's independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, has discussed with the Company's independent auditors such independent auditors' independence, and has considered the compatibility of non-audit services with the auditors' independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, filed with the Securities and Exchange Commission.

Frank C. Sullivan, (Chairman)

John M. Ballbach

Phillip R. Cox

John P. Reilly

John M. Timken, Jr.

COMPENSATION COMMITTEE

The Company has a standing Compensation Committee. The Compensation Committee establishes and administers the Company's policies, programs and procedures for compensating its senior management and Board of Directors. Members of the Compensation Committee are John A. Luke, Jr. (Chairman), Jerry J. Jasinowski, Joseph W. Ralston, John P. Reilly, and Jacqueline F. Woods. All members of the Compensation Committee are independent as defined in the listing standards of the New York Stock Exchange.

With the guidance and approval of the Compensation Committee of the Board of Directors, the Company has developed compensation programs for executive officers, including the Chief Executive Officer and the other executive officers named in the Summary Compensation Table, that are intended to enable the Company to attract, retain and motivate superior quality executive management; reward executive management for financial performance and the achievement of strategic objectives; and align the financial interests of executive management with those of shareholders. The Compensation Committee determines specific compensation elements for the Chief Executive Officer and considers and acts upon recommendations made by the Chief Executive Officer regarding the other executive officers.

The agenda for meetings of the Compensation Committee is determined by its Chairman with the assistance of the Senior Vice President Human Resources and Organizational Advancement. The meetings are regularly attended by the Chairman of the Board, Chief Executive Officer, Executive Vice President Finance and Administration, Senior Vice President and General Counsel, Senior Vice President Human Resources and Organizational Advancement and Director Total Rewards. At each meeting, the Compensation Committee meets in executive session. The Chairman of the Compensation Committee reports the Committee's actions regarding compensation of executive officers to the full Board of

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Directors. The Company's Human Resources and Organizational Advancement department supports the Compensation Committee in its duties and may be delegated certain administrative duties in connection with the Company's compensation programs. The Committee has the sole authority to retain and terminate compensation consultants to assist in the evaluation of Director or executive officer compensation and the sole authority to approve the fees and other retention terms of any compensation consultants. The Compensation Committee has engaged Towers Perrin, a global professional services firm, to conduct annual reviews of its total compensation programs for executive officers and, from time-to-time, to review the total compensation of Directors. Towers Perrin also provides information to the Compensation Committee on trends in executive compensation and other market data.

With respect to Director compensation, as stated above, the Compensation Committee periodically engages Towers Perrin to conduct reviews of total Director compensation, and the Committee then recommends to the full Board of Directors changes in Director compensation that will enhance the Company's ability to attract and retain qualified Directors.

The Compensation Committee also plays an active role in the Company's executive succession planning process. The Committee meets regularly with senior management to ensure that an effective succession process is in place and to discuss potential successors for executive officers. As part of this process, executive position profiles are updated to highlight the key skills required to meet future demands, and potential successors are evaluated and development plans are reviewed. At the end of each year, the Committee reviews the performance of the executive officers and potential successors. The Committee's succession planning activities are discussed with the full Board in executive session.

The Compensation Committee's charter is available on the Company's website [at www.timken.com](http://www.timken.com).

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis (the CD&A) for the year ended December 31, 2009 with management. In reliance on the review and discussion referred to above, the Compensation Committee recommended to the Board of Directors, and the Board has approved, that the CD&A be included in this Proxy Statement for filing with the Securities and Exchange Commission.

John A. Luke, Jr. (Chairman)

Jerry J. Jasinowski

John P. Reilly

Joseph W. Ralston

Jacqueline F. Woods

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

The Company has a standing Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for, among other things, evaluating new Director candidates and incumbent Directors and recommending Directors to serve as members of the Board committees. Members of the Nominating and Corporate Governance Committee are Joseph W. Ralston (Chairman), Jerry J. Jasinowski, John A. Luke, Jr., Frank C. Sullivan and Jacqueline F. Woods. All members of the Committee are independent as defined in the listing standards of the New York Stock Exchange.

Director candidates recommended by shareholders will be considered in accordance with the Company's Amended Regulations. In order for a shareholder to submit a recommendation, the shareholder must deliver a communication by registered mail or in person to the Nominating and Corporate Governance Committee, c/o The Timken Company, 1835 Dueber Avenue, S.W., P.O. Box 6932, Canton, Ohio 44706-0932. Such communication should include the proposed candidate's qualifications, any relationship between the shareholder and the proposed candidate and any other information that the shareholder would consider useful for the Nominating and Corporate Governance Committee to consider in evaluating such candidate.

The Board of Directors General Policies and Procedures provide that the general criteria for Director candidates include, but are not limited to, the highest integrity and ethical standards, the ability to provide wise and informed guidance to management, a willingness to pursue thoughtful, objective inquiry on important issues before the Company, and a range of experience and knowledge commensurate with

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Company's needs as well as the expectations of knowledgeable investors. The Nominating and Corporate Governance Committee utilizes a variety of sources to identify possible Director candidates, including professional associations and Board member recommendations. In evaluating candidates to recommend to the Board of Directors, the Nominating and Corporate Governance Committee considers factors consistent with those set forth in the Board of Directors General Policies and Procedures, including whether the candidate enhances the diversity of the Board. Such diversity includes professional background and capabilities, knowledge of specific industries and geographic experience, as well as the more traditional diversity concepts of race, gender and national origin. The attributes of the current Directors and the needs of the Board and the Company are evaluated whenever a Board vacancy occurs, and the effectiveness of the nomination process, including whether that process enhances the Board's diversity, is evaluated each time a candidate is considered. The Nominating and Corporate Governance Committee is also responsible for reviewing the qualifications of, and making recommendations to the Board of Directors for, Director nominations submitted by shareholders. All Director nominees are evaluated in the same manner by the Nominating and Corporate Governance Committee, without regard to the source of the nominee recommendation.

The Nominating and Corporate Governance Committee also plans for director succession. The Committee regularly reviews the appropriate size of the Board and whether any vacancies are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Committee considers potential candidates for director. As part of this process, the Committee assesses the skills and attributes of the Board as a whole and of each individual director and evaluates whether prospective candidates possess complementary skills and attributes that would strengthen the Board.

The Nominating and Corporate Governance Committee's charter is available on the Company's website at www.timken.com.

The Company's code of business conduct and ethics, called the Standards of Business Ethics Policy, and its corporate governance guidelines, called the Board of Directors General Policies and Procedures, are reviewed annually by the Nominating and Corporate Governance Committee and are available on the Company's website at www.timken.com.

Table of Contents**BENEFICIAL OWNERSHIP OF COMMON STOCK**

The following table shows, as of January 8, 2010, the beneficial ownership of Common Stock of the Company by each continuing Director, nominee for Director and executive officer named in the Summary Compensation Table on page 26 of this Proxy Statement, and by all continuing Directors, nominees for Director and executive officers as a group. Beneficial ownership of Common Stock has been determined for this purpose in accordance with Rule 13d-3 under the Securities Exchange Act of 1934 and is based on the sole or shared power to vote or direct the voting or to dispose or direct the disposition of Common Stock. Beneficial ownership as determined in this manner does not necessarily bear on the economic incidents of ownership of Common Stock.

Name	Amount and Nature of Beneficial Ownership of Common Stock			Percent of Class
	Sole Voting Or Investment Power ⁽¹⁾	Shared Voting or Investment Power	Aggregate Amount ⁽¹⁾	
Michael C. Arnold	229,877	0	229,877	*
John M. Ballbach	2,000	0	2,000	*
Phillip R. Cox	16,000	0	16,000	*
Glenn A. Eisenberg	135,697	0	135,697	*
James W. Griffith	791,877	179,666	971,543	*
Jerry J. Jasinowski	20,000	0	20,000	*
John A. Luke, Jr.	36,053	0	36,053	*
Salvatore J. Miraglia, Jr.	149,795	0	149,795	*
Joseph W. Ralston	26,105	0	26,105	*
John P. Reilly	20,035	0	20,035	*
Frank C. Sullivan	22,500	0	22,500	*
John M. Timken, Jr.	578,240 ⁽²⁾	940,560 ⁽³⁾	1,518,800 ⁽²⁾⁽³⁾	1.5%
Ward J. Timken	482,571	6,487,002 ⁽³⁾	6,969,573 ⁽³⁾	7.2%
Ward J. Timken, Jr.	616,098	5,309,754 ⁽³⁾	5,925,852 ⁽³⁾	6.1%
Jacqueline F. Woods	24,946	0	24,946	*
All Directors, nominees for Director and executive officers as a Group ⁽⁴⁾	3,271,343	7,116,038	10,387,381	10.6%

* Percent of class is less than 1%.

(1) The following table provides additional details regarding beneficial ownership of Common Stock:

Name	Outstanding Options (a)	Vested Deferred Restricted Shares (b)	Deferred Common Shares (b)
John M. Ballbach	0	0	0

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Michael C. Arnold	145,625	0	0
Phillip R. Cox	3,000	2,000	3,500
Glenn A. Eisenberg	78,125	0	0
James W. Griffith	685,175	20,000	0
Jerry J. Jasinowski	6,000	2,000	11,000
John A. Luke, Jr.	18,000	0	0
Salvatore J. Miraglia, Jr.	64,075	10,000	0
Joseph W. Ralston	6,000	0	12,000
John P. Reilly	0	0	0
Frank C. Sullivan	6,000	2,000	0
John M. Timken, Jr.	0	0	0
Ward J. Timken	11,000	0	0
Ward J. Timken, Jr.	410,150	0	0
Jacqueline F. Woods	9,000	0	10,000

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- (a) Includes the shares which the individual named in the table has the right to acquire on or before March 9, 2010 through the exercise of stock options pursuant to the Long-Term Incentive Plan. Including those listed, all Directors, nominees for Directors, and executive officers as a group have the right to acquire 1,502,375 shares on or before March 9, 2010, through the exercise of stock options pursuant to the Long-Term Incentive Plan. These shares have been treated as outstanding for the purpose of calculating the percentage of the class beneficially owned by such individual or group, but not for the purpose of calculating the percentage of the class

owned by any other person.

(b) Awarded as annual grants under the Long-Term Incentive Plan, which will not be issued until a later date under The Director Deferred Compensation Plan. The Vested Deferred Restricted Shares held by James W. Griffith and Salvatore J. Miraglia, Jr. are deferred under the 1996 Deferred Compensation Plan.

(2) Includes 197,886 shares for which John M. Timken, Jr. has sole voting and investment power as trustee of three trusts created as the result of distributions from the estate of Susan H. Timken.

(3) Includes shares for which another individual named in the table is also deemed to be the beneficial

owner, as follows: John M. Timken, Jr. 500,000; Ward J. Timken 5,800,944; Ward J. Timken, Jr. 5,300,944.

- (4) The number of shares beneficially owned by all Directors, nominees for Directors and executive officers as a group has been calculated to eliminate duplication of beneficial ownership. This group consists of 17 individuals.

The following table gives information known to the Company about each beneficial owner of more than 5% of Common Stock of the Company as of January 20, 2010, unless otherwise indicated below.

Beneficial Owner	Amount	Percent of Class
Timken family ⁽¹⁾	10,801,691 shares	11.1%
BlackRock, Inc. ⁽²⁾	7,449,977 shares	7.7%
Participants in The Timken Company Savings and Investment Pension Plan ⁽³⁾	7,055,487 shares	7.3%

- (1) Members of the Timken family, including John M. Timken, Jr.; Ward J. Timken; and Ward J. Timken, Jr., have in the aggregate sole or shared voting

power with respect to an aggregate of 10,801,691 (11.1%) shares of Common Stock, which amount includes 527,150 shares that members of the Timken family have the right to acquire on or before March 9, 2010. The Timken Foundation of Canton, 200 Market Avenue, North, Suite 210, Canton, Ohio 44702, holds 5,247,944 of these shares, representing (5.4%) of the outstanding Common Stock. Ward J. Timken; Joy A. Timken; Ward J. Timken, Jr.; and Nancy S. Knudsen are trustees of the Foundation and share the voting and investment power with respect to such shares.

(2) A filing with the