TIMKEN CO
Form PX14A6G
January 02, 2013

PX14A6G Filing

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

NOTICE OF EXEMPT SOLICITATION

Name of the Registrant:	The Timken Company
Name of the Person(s) relying on the Exemption:	1. Relational Investors LLC 2. Relational Investors Mid-Cap Fund I, L.P. 3. Relational Investors Mid-Cap Fund II, L.P. 4. Ralph V. Whitworth 5. David H Batchelder 6. California State Teachers Retirement System
Address of the Person(s) Relying on the Exemption:	12400 High Bluff Drive Suite 600 San Diego, CA 92130 100 Waterfront Place MS 04 West Sacramento, CA 95605
Written Materials:	Letter to The Editor, Canton Repository. Posted on December 28, 2012.

Jim Hillibish s column Show Calpers the door; we like our Timken as it is (Dec. 9) is filled with inaccuracies.

The California State Teachers Retirement System, or CalSTRS, is the world s largest educator-only retirement fund with more than $154 billion in assets. CalSTRS mission is to provide a secure retirement for more than 856,000 of California s educators and their families. This is achieved through contributions and investment returns. Mr. Hillibish incorrectly refers to CalSTRS as CalPERS, a completely different pension fund established for the benefit of California public employees and does not include teachers. CalSTRS is a self-funded organization; we finance our operations through the earnings and assets of the fund, not through taxes.

CalSTRS is not alone in our plan on Timken. We and a second registered investment advisor, Relational Investors, have filed an advisory shareholder proposal recommending the firm spin off the Timken steel business into a separately traded company. To date we have not advocated for the removal of any board members or executives.

We believe that a separation of Timken s steel business from the bearings business would fundamentally change the way the market values the overall business. Specifically, the steel business would be valued and classified as a materials company and the bearings business as an industrial company.

The two divergent businesses require different capital investments, working capital, business processes and manufacturing techniques. We feel that separating the two businesses will allow management to increase focus on managing each independent business optimally, leading to improved operating characteristics and maximizing shareholder value in the long-term. Canton is understandably proud of Timken and its success. However, that does not mean it is properly structured to continue that success or maximize value for shareholders. Under our plan, Canton will have two world-class companies of which to be proud.

Anne Sheehan

CalSTRS, Director of Corporate Governance

West Sacramento, Calif.

---

he executive officer s achievement of individual goals established on a quarterly basis. At the beginning of each quarter, the Company s President and Chief Executive Officer establishes individual quarterly goals for each executive officer, and these goals are provided to the executive officer in writing. These goals are tailored to the specific duties and responsibilities of each executive officer and are intended to focus the executive officers on achieving short-term objectives within their specific area of responsibility. Typically, the Company s President and Chief Executive Officer meets with each executive officer periodically to track the progress of the executive officer s quarterly goals. The Committee considered each executive officer s achievement of individual quarterly goals in determining his or her annual cash bonus.

In the case of Mr. Collard, the Committee approved an annual cash bonus amount equal to approximately 200% of Mr. Collard s annual target cash bonus in recognition of his outstanding leadership and contributions to the Company s 2008 financial performance and in connection with the Company s October 2008 merger with Cornerstone BioPharma Holdings, Inc. and post-merger integration activities. With respect to Mr. Franklin, the Committee considered his achievement of his individual quarterly goals but awarded only 25% of the full annual target amount because Mr. Franklin was employed by the Company for less than four months during 2008. In the case of Mr. Lutz, the Committee approved an annual cash bonus amount equal to approximately 185% of Mr. Lutz s annual target cash bonus in recognition of his outstanding leadership and contributions in managing the supply chain for all of the Company s products and in launching and commercializing the Company s generics line of products during 2008. While the Committee retained discretion regarding the amount of Mr. Price s 2008 annual cash bonus, the terms of the Company s employment agreement dated August 20, 2008 with Mr. Price provided that any cash bonus awarded for 2008 would be calculated as if Mr. Price had been employed by the Company for all of 2008. Pursuant to the terms of an amendment to the Company s amended and restated employment agreement with Mr. Townsend dated September 16, 2008, Mr. Townsend received an annual cash bonus for 2008 equal to 35% of his annual base salary.

Annual Target Cash Bonuses for 2009.

On March 24, 2009, the Committee set the annual target cash bonus for each of the Company s executive officers for 2009 at 35% of each such officer s annual base salary, except for Mr. Collard and Mr. Lutz, whose annual target cash bonuses for 2009 were set at 50% and 40%, respectively, of their annual base salaries. However, the Committee may make actual cash bonus awards that may be greater or less than the annual target cash bonus based on overall corporate performance and individual performance. The Committee will consider overall corporate performance, including the extent to which the Company achieves budgeted amounts for 2009 net revenues, operating income and cash flows from operations, as well as each executive officer s achievement of individual goals in determining his or her annual cash bonus. At the beginning of the first quarter of 2009 the Company s President and Chief Executive Officer established, and at the beginning of each of the remaining quarters of 2009 will establish, individual quarterly goals for each executive officer the achievement of which will promote overall corporate performance. The Committee will establish individual performance goals for Mr. Collard for 2009.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CORNERSTONE THERAPEUTICS INC.

Date: March 27, 2009

By: /s/ Craig A. Collard
Craig A. Collard
President and Chief Executive Officer