

TIMKEN CO  
Form DEF 14A  
March 23, 2007

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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):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(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):

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(1) Amount Previously Paid:

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

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(3) Filing Party:

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(4) Date Filed:

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*Notice of  
2007  
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

**The Timken Company**

1835 Dueber Avneue, S.W.

P.O. Box 6927

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

Telephone: 330-438-3000

March 15, 2007

Dear Shareholder:

The 2007 Annual Meeting of Shareholders of The Timken Company will be held on Tuesday, May 1, 2007, 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 two matters. The first is the election of Directors recommended by your Board of Directors. The second is consideration of a shareholder proposal that your Directors are recommending you do not support. 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 2007 Annual Meeting of Shareholders.

Sincerely,

Ward J. Timken, Jr.

Enclosure



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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 1, 2007, at 10:00 a.m., at 1835 Dueber Avenue, S.W., Canton, Ohio, for the following purposes:

1. To elect five Directors to serve in Class I for a term of three years.
2. To consider a shareholder proposal submitted by the New York City Pension Funds requesting that the Company implement equal employment opportunity policies prohibiting discrimination based on sexual orientation and gender identity.
3. 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 16, 2007, 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.**

SCOTT A. SCHERFF  
Corporate Secretary and  
Assistant General Counsel  
March 15, 2007

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

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**THE TIMKEN COMPANY**

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**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 1, 2007, 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, 2007.

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 thirteen Directors who, pursuant to the Amended Regulations of the Company, are divided into three classes with five Directors in Class I, four Directors in Class II and four Directors in Class III. From the 2006 Annual Meeting of Shareholders until July 10, 2006, there were twelve Directors, with five Directors in Class I, four Directors in Class II and three Directors in Class III. At the Board of Directors' meeting held on July 10, 2006, the Board passed a resolution increasing the size of the Board from twelve to thirteen Directors, effective July 10, 2006, and John P. Reilly was elected by the Directors then in office to fill the vacancy apportioned to Class III. At the 2007 Annual Meeting of Shareholders, five Directors will be elected to serve in Class I for a three-year term to expire at the 2010 Annual Meeting of Shareholders. Under Ohio law and the Company's Amended Regulations, 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.

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 shall deem advisable.

**ITEM NO. 1**

**ELECTION OF CLASS I DIRECTORS**

The Board of Directors, by resolution at its February 6, 2007 meeting, based on the recommendation of the Nominating and Corporate Governance Committee of the Board, nominated the five individuals set forth below to be elected Directors in Class I at the 2007 Annual Meeting of Shareholders to serve for a term of three years expiring at the Annual Meeting of Shareholders in 2010 (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 unanimously recommends a vote FOR the election of the nominees named below.

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The following table, based on 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 10, 2007.

<b>Name of Nominee</b>	<b>Age; Principal Position or Office; Director Business Experience for Last Five Years; Directorships of Publicly Held Companies</b>	<b>Continuously Since</b>
James W. Griffith	53, President and Chief Executive Officer of The Timken Company, since 2002. Previous position: President and Chief Operating Officer, 1999-2002. Director of: Goodrich Corporation.	1999
Jerry J. Jasinowski	68, Retired President and Chief Executive Officer of the National Association of Manufacturers and Retired President of The Manufacturing Institute, the education and research arm of the National Association of Manufacturers, the nation's largest industrial trade association, since 2006. Previous positions: President The Manufacturing Institute, 2005-2006; President and Chief Executive Officer National Association of Manufacturers, 1990-2004. Director of: webMethods, Inc.; Harsco Corporation; The Phoenix Companies, Inc.	2004
John A. Luke, Jr.	58, 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, since 2003. Previous positions: Chairman, President and Chief Executive Officer of MeadWestvaco Corporation, 2003; President and Chief Executive Officer of MeadWestvaco Corporation, 2002-2003; Director of: The Bank of New York Company, Inc.; FM Global; MeadWestvaco Corporation.	1999
Frank C. Sullivan	46, President and Chief Executive Officer of RPM International Inc., a world leader in specialty coatings, since 2002. Previous position: President and Chief Operating Officer, RPM International Inc., 2001-2002. Director of: RPM International Inc.	2003
Ward J. Timken	64, President Timken Foundation of Canton, a private, charitable foundation to promote civic betterment through capital fund grants, since 2004. Previous position: Vice President of The Timken Company, 1992-2003.	1971

**Table of Contents****CONTINUING DIRECTORS**

The remaining eight Directors, named below, will continue to serve in their respective classes until their respective terms expire. The following table, based on information obtained in part from the respective Directors and in part from the records of the Company, sets forth information regarding each continuing Director as of January 10, 2007.

<b>Name of Director</b>	<b>Age; Principal Position or Office; Business Experience for Last Five Years; Directorships of Publicly Held Companies</b>	<b>Term Expires</b>	<b>Director Continuously Since</b>
Phillip R. Cox	59, President and Chief Executive Officer of Cox Financial Corporation, a financial services company, since 1972. Director of: Cincinnati Bell, Inc.; Diebold, Incorporated; Duke Energy Corporation; Touchstone Mutual Funds.	2008	2004
Robert W. Mahoney	70, Chairman Emeritus of Diebold, Incorporated, a company specializing in the automation of self-service transactions, security products, software and service for its products, since 1999. Director of: Cincinnati Bell, Inc.; Sherwin-Williams Co.	2008	1992
Joseph W. Ralston	63, Vice Chairman, 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. Previous positions: General United States Air Force (Retired); Supreme Allied Commander, Europe, NATO, 2000-2003. Director of: Lockheed Martin Corporation; URS Corporation.	2009	2003
John P. Reilly	63, Retired Chairman, President and Chief Executive Officer of Figgie International, an international diversified operating company, since 1998. Director of: Exide Corporation (Chairman); Material Sciences Corporation; Marshfield Door Systems.	2009	2006
John M. Timken, Jr.	55, Private Investor.	2009	1986
Ward J. Timken, Jr.	39, Chairman Board of Directors of The Timken Company, since 2005. Previous positions: Vice Chairman and President Steel, 2005; Executive Vice President and President Steel, 2004-2005; Corporate Vice President Office of the Chairman, 2000-2003.	2008	2002
Joseph F. Toot, Jr.	71, Retired President and Chief Executive Officer of The Timken Company, since 1998. Director of: PSA Peugeot Citroen; Rockwell Automation, Inc.; Rockwell Collins, Inc.	2008	1968

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<b>Name of Director</b>	<b>Age; Principal Position or Office; Business Experience for Last Five Years; Directorships of Publicly Held Companies</b>	<b>Term Expires</b>	<b>Director Continuously Since</b>
Jacqueline F. Woods	59, Retired President of SBC/at&t Ohio, a telecommunications company, since 2000. Director of: School Specialty, Inc.; The Anderson s Inc.	2009	2000

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

The Board of Directors has adopted the independence standards of the New York Stock Exchange listing requirements for determining the independence of Directors. Those standards are annexed to this Proxy Statement as Appendix A. The Board has determined that the following continuing Directors or Director nominees have no material relationship with the Company and meet those independence standards: Phillip R. Cox, Jerry J. Jasinowski, John A. Luke, Jr., Robert W. Mahoney, Joseph W. Ralston, John P. Reilly, Frank C. Sullivan, John M. Timken, Jr., Joseph F. Toot, Jr., and Jacqueline F. Woods. With respect to John M. Timken, Jr., the Board determined that Mr. Timken s family relationship to Ward J. Timken and Ward J. Timken, Jr. does not impair Mr. Timken s independence. Further, with respect to the finding that Joseph F. Toot, Jr., a former Chief Executive Officer of the Company, is independent, important factors considered by the Board included the fact that Mr. Toot retired as an executive of the Company in 1998 and that he receives no cash compensation from the Company (excluding his pension) other than Director fees. The Board found that the office space and administrative support supplied to Mr. Toot by the Company do not create a material relationship.

The Company s Directors and executive officers are subject to the Company s Standard 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. 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, the 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 Policy for any such transaction. Any waiver would be promptly disclosed to shareholders.

The Board of Directors has an Audit Committee, a Compensation Committee, a Finance Committee, and a Nominating and Corporate Governance Committee. During 2006, there were seven meetings of the Board of Directors, ten meetings of its Audit Committee, four meetings of its Compensation Committee, and four meetings of its Nominating and Corporate Governance Committee. The Finance Committee was created in November 2006, and no meetings were conducted in 2006. 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. All members of the Board of Directors are expected to attend the Annual Meeting of Shareholders. All Board members then in office attended last year s Annual Meeting of Shareholders. 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.

**Table of Contents****DIRECTOR COMPENSATION****Cash Compensation**

Each Nonemployee Director who served in 2006 was paid at the annual rate of \$60,000 for services as a Director. The Chairperson of the Audit Committee receives \$30,000 annually in addition to base Director compensation and other members of the Audit Committee receive an additional \$15,000 annually for serving on the Audit Committee. The Chairperson of the Compensation Committee, the Nominating and Corporate Governance Committee and the Finance Committee each receive \$15,000 annually in addition to base Director compensation and the other members of the Compensation Committee, the Nominating and Corporate Governance Committee and the Finance Committee receive an additional \$7,500 annually for serving on each Committee.

**Stock Compensation**

Each Nonemployee Director serving at the time of the Annual Meeting of Shareholders on April 18, 2006, 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 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 over a five-year period. John P. Reilly received such a grant upon his election on July 10, 2006.

**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 adopted by the Board on February 4, 2000. Pursuant to the plan, cash fees can be deferred into a notional account and paid at a future date requested by the Director. The account will be adjusted through 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.

The following table provides details of Director compensation in 2006.

Name	Fees Earned or Paid in Cash	Stock Awards		All Other Compensation	Total (\$)
		(2)	(3)		
(1) Phillip R. Cox	\$ 86,250	\$	104,281		\$ 190,531
Jerry J. Jasinowski	\$ 75,000	\$	103,923		\$ 178,923
John A. Luke, Jr.	\$ 82,500	\$	94,305		\$ 176,805
Robert W. Mahoney	\$ 90,000	\$	94,305		\$ 184,305
Joseph W. Ralston	\$ 82,500	\$	101,273		\$ 183,773
John P. Reilly	\$ 34,238	\$	5,550		\$ 39,788
Frank C. Sullivan	\$ 91,875	\$	101,105		\$ 192,980
John M. Timken, Jr.	\$ 76,875	\$	94,305		\$ 171,180
Ward J. Timken	\$ 60,000	\$	94,305		\$ 154,305
Joseph F. Toot, Jr.	\$ 67,500	\$	94,305	\$ 49,300 <sup>(4)</sup>	\$ 211,105
Jacqueline F. Woods	\$ 75,000	\$	94,305		\$ 169,305

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- (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.
- (2) The entire award of 2,500 shares of Common Stock on April 18, 2006, vested upon grant and expense under FAS 123R was immediately recognized upon grant amounting to \$85,825 for each Director other than Mr. Reilly, who was not a Director on the date of grant.
- (3) Each Nonemployee Director also received a one-time grant of 3,000 non-qualified stock options on April 19, 2005 that vested in one year, valued at \$25,440 based on its Black-Scholes value derived at the time of grant, other than Mr. Reilly, who was not a Director on the date of grant. The expense recognized under FAS 123R for that stock option grant for 2006 is \$8,480. The remaining amounts shown in the table above are the expense recognized under FAS 123R for 2006 from the one-time grant of 2,000 restricted shares received by each Director upon joining the Board. Those amounts are as follows: Mr. Cox - \$9,976; Mr. Jasinowski \$9,618; Mr. Ralston \$6,968; Mr. Reilly \$5,550; and Mr. Sullivan \$6,800.

As of December 31, 2006, each Nonemployee Director has the following number of options outstanding from grants in prior years: Mr. Cox 3,000; Mr. Jasinowski 6,000; Mr. Luke 18,000; Mr. Mahoney 18,000; Mr. Ralston 9,000; Mr. Reilly 0; Mr. Sullivan 6,000; John M. Timken, Jr. 9,000; Ward J. Timken 45,500; Mr. Toot 68,000; Mrs. Woods 18,000. Totals for Ward J. Timken and Mr. Toot include outstanding option grants awarded when they were employees of the Company.

The following Directors have unvested shares remaining from his or her grant of 2,000 restricted shares upon his or her initial election to the Board: Mr. Cox 1,200; Mr. Jasinowski 1,200; Mr. Ralston 800; Mr. Reilly 2,000; and Mr. Sullivan 800.

- (4) As a former Chief Executive Officer of the Company, Mr. Toot is provided an office, administrative support 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.

**AUDIT COMMITTEE**

The Company has a standing Audit Committee of the Board of Directors, established in accordance with the requirements of the Securities Exchange Act of 1934. 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), Phillip R. Cox, Robert W. Mahoney, 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](http://www.timken.com) and copies are available upon request to the Company's Corporate Secretary using the process described on page 40 of this Proxy Statement.

**AUDIT COMMITTEE REPORT**

The Audit Committee has reviewed and discussed with the Company's management and the Company's independent auditors the audited financial statements of the Company contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2006. The Audit Committee has also discussed with the Company's independent auditors the matters required to be discussed pursuant to Statement of Accounting Standards 61 (Codification of Statements on Auditing Standards, *Communication with Audit Committees*).

The Audit Committee has received and reviewed the written disclosure and the letter from the Company's independent auditors required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), has discussed with the Company's independent auditors such independent auditors' independence, and considered the compatibility of non-audit services with the auditors' independence.



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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, 2006, filed with the Securities and Exchange Commission.

Frank C. Sullivan, Chairman

Phillip R. Cox

Robert W. Mahoney

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), Phillip R. Cox, 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.

The Company, with the guidance and approval of the Compensation Committee of the Board of Directors, has developed compensation programs for executive officers, including the Chief Executive Officer, that are intended to provide a total compensation package that enables the Company to attract, retain and motivate superior quality executive management, that reflects competitive market practices based on comparative data from a relevant peer group of companies, and that links the financial interests of executive management with those of shareholders, through short and long-term incentive plans clearly tied to corporate, business unit and individual performance. 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, the Chief Executive Officer, Senior Vice President and General Counsel, Executive Vice President Finance and Administration, 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 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's charter is available on the Company's website at [www.timken.com](http://www.timken.com) and copies are available upon request to the Company's Corporate Secretary using the process described on page 40 of this Proxy Statement.



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**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis (the CD&A ) for the year ended December 31, 2006, with management. In reliance on the reviews and discussions 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 the year ended December 31, 2006, for filing with the Securities and Exchange Commission.

John A. Luke, Jr. (Chairman)

Phillip R. Cox

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 Robert W. Mahoney (Chairman), Jerry J. Jasinowski, John A. Luke, Jr., Joseph W. Ralston, Joseph F. Toot, Jr., 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 or otherwise. 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 General Policies and Procedures of the Board of Directors provide that 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 the Company's needs as well as the expectations of knowledgeable investors. The Nominating and Corporate Governance Committee will consider individuals it believes to be qualified to become Directors and will recommend candidates to the Board of Directors to fill new or vacant positions. In recommending candidates, the Committee will consider such factors as it deems appropriate, consistent with the factors set forth in the Board of Directors' General Policies and Procedures. 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's charter is available on the Company's website at [www.timken.com](http://www.timken.com) and copies are available upon request to the Company's Corporate Secretary using the process described on page 40 of this Proxy Statement.

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](http://www.timken.com). Copies are available upon request to the Company's Corporate Secretary using the process described on page 40 of this Proxy Statement.

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**FINANCE COMMITTEE**

The Company has a standing Finance Committee. The Committee advises and consults with management and the Board of Directors regarding capital structure, dividend and investment policies and other financial matters affecting the Company. Members of the Finance Committee are Phillip R. Cox (Chairman), Frank C. Sullivan, John M. Timken, Jr. and Joseph F. Toot, Jr. All members of the Finance Committee are independent as defined in the listing standards of the New York Stock Exchange.

The Finance Committee's charter is available on the Company's website at [www.timken.com](http://www.timken.com) and copies are available upon request to the Company's Corporate Secretary using the process described on page 40 of this Proxy Statement.

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

The following table shows, as of January 10, 2007, 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 23 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 <sup>(1)</sup>	Shared Voting or Investment Power	Aggregate Amount <sup>(1)</sup>	
Michael C. Arnold	130,699	0	130,699	*
Phillip R. Cox	7,300 <sup>(2)</sup>	0	7,300 <sup>(2)</sup>	*
Jacqueline A. Dedo	118,706	0	118,706	*
Glenn A. Eisenberg	113,327	0	113,327	*
James W. Griffith	607,371	40,964	648,335	*
Jerry J. Jasinowski	11,300 <sup>(2)</sup>	0	11,300 <sup>(2)</sup>	*
John A. Luke, Jr.	27,440	0	27,440	*
Robert W. Mahoney	29,781	0	29,781	*
Joseph W. Ralston	21,001	0	21,001	*
John P. Reilly	2,020	0	2,020	*
Frank C. Sullivan	13,200 <sup>(2)</sup>	0	13,200 <sup>(2)</sup>	*
John M. Timken, Jr.	612,623 <sup>(3)</sup>	983,277 <sup>(4)</sup>	1,595,900 <sup>(3) (4)</sup>	1.7%
Ward J. Timken	503,461	6,486,141 <sup>(4)</sup>	6,989,602 <sup>(4)</sup>	7.4%
Ward J. Timken, Jr.	284,952	5,309,754 <sup>(4)</sup>	5,594,706 <sup>(4)</sup>	5.9%
Joseph F. Toot, Jr.	141,808	200	142,008	*
Jacqueline F. Woods	26,343	0	26,343	*
All Directors, Nominees for Director and Executive Officers as a Group <sup>(5)</sup>	2,914,858	7,001,892	9,916,750	10.5%

\* Percent of class is less than 1%.

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- (1) Includes shares which the individual or group named in the table has the right to acquire, on or before March 11, 2007, through the exercise of stock options pursuant to the Long-Term Incentive Plan as follows: Michael C. Arnold 67,450; Phillip R. Cox 3,000; Jacqueline A. Dedo 77,500; Glenn A. Eisenberg 47,500; James W. Griffith 421,500; Jerry J. Jasinowski 6,000; John A. Luke, Jr. 18,000; Robert W. Mahoney 18,000; Joseph W. Ralston 9,000; Frank C. Sullivan 6,000; John M. Timken, Jr. 9,000; Ward J. Timken 45,500; Ward J. Timken, Jr. 123,250; Joseph F. Toot, Jr. 68,000; Jacqueline F. Woods 18,000; all Directors, Nominees and Executive Officers as a Group 1,043,100. Also includes 3,500 deferred shares for Phillip R. Cox; 3,500 deferred shares for Jerry J. Jasinowski; 4,500 deferred shares for Joseph W. Ralston; 5,000 deferred shares for Jacqueline Woods; and 800 vested deferred restricted shares for Phillip Cox; 800 vested deferred restricted shares for Jerry Jasinowski; and 1,200 vested deferred restricted shares for Frank Sullivan 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. Also includes 20,000 vested deferred restricted shares held by James W. Griffith and deferred under the 1996 Deferred Compensation Plan. The shares described in this footnote (1) have been treated as outstanding for the purpose of calculating the percentage of the class benefic