

TIMKEN CO

FORM 8-K (Unscheduled Material Events)

Filed 9/12/2003 For Period Ending 9/12/2003

Address	1835 DUEBER AVE SW CANTON, Ohio 44706-2798
Telephone	330-471-3078
CIK	0000098362
Industry	Misc. Fabricated Products
Sector	Basic Materials
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

Current Report Pursuant
to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): SEPTEMBER 12, 2003

THE TIMKEN COMPANY

(Exact Name of Registrant as Specified in its Charter)

OHIO

(State or Other Jurisdiction of Incorporation)

1-1169

34-0577130

(Commission File Number)

(I.R.S. Employer Identification No.)

1835 DUEBER AVENUE, S.W., CANTON, OHIO 44706-2798

(Address of Principal Executive Offices) (Zip Code)

(330) 438-3000

(Registrant's Telephone Number, Including Area Code)

ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE

On February 18, 2003, The Timken Company ("Timken") completed the acquisition of the Engineered Solutions business ("Engineered Solutions" or "Torrington") of Ingersoll-Rand Company Limited ("IR"). Under the terms of the definitive Stock and Asset Purchase Agreement, dated as of October 16, 2002, as amended as of February 18, 2003, by and between Timken, on behalf of itself and certain of its subsidiaries, and IR, on behalf of itself and certain of its subsidiaries (the "Purchase Agreement"), Timken acquired certain IR subsidiaries, including The Torrington Company, joint venture interests and other assets, including real property, manufacturing facilities and related machinery and equipment used in the Engineered Solutions business, effective as of February 16, 2003 (the "Acquisition"). Pursuant to the Purchase Agreement, Timken paid IR cash consideration of \$700 million, which is subject to post-closing purchase price adjustments, and issued approximately \$140 million of Timken's common stock to Ingersoll-Rand Company, a subsidiary of IR.

Attached as an exhibit are unaudited pro-forma financial information for the six months ended June 30, 2003, and for the year ended December 31, 2002.

The unaudited pro forma financial statements have been prepared to assist in the analysis of the financial effects of Timken's acquisition of the Engineered Solutions business. The following unaudited pro forma financial statements are based on Timken's historical consolidated financial statements and the historical combined financial statements of Engineered Solutions as of and for the year ended December 31, 2002, and the period from January 1, 2003 to February 15, 2003. The historical financial statements of Timken and Engineered Solutions have been prepared in accordance with accounting principles generally accepted in the United States. The unaudited pro forma financial statements should be read in conjunction with Timken's audited consolidated financial statements and notes included in Timken's Annual Report on Form 10-K for the year ended December 31, 2002, the consolidated condensed unaudited financial statements and notes included in Timken's Quarterly Report on Form 10-Q for the six months ended June 30, 2003, and the combined financial statements of Engineered Solutions as of and for the year ended December 31, 2002. The unaudited pro forma statements of operations give effect to the Acquisition as if it had occurred at the beginning of the relevant period presented, after giving effect to certain adjustments, including intercompany sales, the amortization of intangible assets, interest expense on acquisition debt, depreciation of fixed assets, employee benefits and income tax effects. Unaudited pro forma earnings for each quarter presented include higher than normal cost of products sold, resulting from the one-time write-up of acquired inventories required by the purchase accounting rules. This charge decreased earnings per share by approximately \$0.05 for both the six months ended June 30, 2003, for the year ended December 31, 2002, based on the preliminary asset valuation. The unaudited pro forma financial statements reflect pro forma adjustments that are described in the accompanying notes and are based on available information and certain assumptions Timken believes are reasonable, but are subject to change. The unaudited pro forma financial statements presented below do not reflect any anticipated operating efficiencies or cost savings from the integration of Engineered Solutions into Timken's business. Timken has made, in its opinion, all adjustments that are necessary to present fairly the pro forma information. The unaudited pro forma financial

statements do not purport to represent what Timken's actual results of operations or financial position would have been if the Acquisition and related transactions had occurred on such dates or to project Timken's results of operations or financial position for any future period.

Exhibits.

99.1 Unaudited Pro Forma Financial Information for the six months ended June 30, 2003 and for the year ended December 31, 2002.

SIGNATURES

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.

THE TIMKEN COMPANY

By: /s/ William R. Burkhart

William R. Burkhart
Senior Vice President and General Counsel

Date: September 12, 2003

EXHIBIT INDEX

Exhibit Number	Description of Document
99.1	Unaudited Pro Forma Financial Information for the six months ended June 30, 2003 and for the year ended December 31, 2002.

Exhibit 99.1

Unaudited Pro Forma Statement of Operations For the Six Months Ended June 30, 2003

(In thousands of U.S. dollars, except per share data)

	The Timken Company Historical	Torrington Historical*	Pro Forma Adjustments	Pro Forma
	-----	-----	-----	-----
Net sales	\$ 1,828,260	\$ 152,688	\$ (1,445) (a)	\$ 1,979,503
Cost of products sold	1,539,925	140,481	71 (b)	1,680,477
	-----	-----	-----	-----
Gross profit	288,335	12,207	(1,516)	299,026
Selling, administrative and general expenses	240,468	16,555	18	\$ 257,041
Impairment and restructuring charges	853	-	- (c)	853
	-----	-----	-----	-----
Operating income (loss)	47,014	(4,348)	(1,534)	41,132
Interest expense	(23,275)	(1,589)	(748) (d)	(25,612)
Interest income	418	-	-	418
Other income (expense)	1,276	(13)	-	1,263
	-----	-----	-----	-----
Income (loss) before income taxes	25,433	(5,950)	(2,282)	17,201
Provision for income taxes	10,173	(468)	(912) (f)	8,793
	-----	-----	-----	-----
Net income (loss)	\$ 15,260	\$ (5,482)	\$ (1,370)	\$ 8,408
	=====	=====	=====	=====
Earnings per share	\$ 0.19			\$ 0.11
Earnings per share - assuming dilution	\$ 0.19			\$ 0.11
Average shares outstanding	79,198,167			79,198,167
Average shares outstanding - assuming dilution	79,402,600			79,402,600

* The Torrington Statement of Operations is for the period from January 1, 2003 to February 15, 2003.

Unaudited Pro Forma Statement of Operations For the Year Ended December 31, 2002

(In thousands of U.S. dollars, except per share data)

	The Timken Company Historical -----	Torrington Historical -----	Reclassifications*	Pro Forma Adjustments -----	Pro Forma -----
Net sales	\$ 2,550,075	\$ 1,215,952	\$ -	\$ (9,375) (a)	\$ 3,756,652
Cost of products sold	2,080,498	979,350	35,300	(6,974) (b)	3,088,174
Gross profit	469,577	236,602	(35,300)	(2,401)	668,478
Selling, administrative and general expenses	358,866	123,448 **	-	(1,385) (c)	480,929
Impairment and restructuring charges	32,143	3,040	-	-	35,183
Operating (loss) income	78,568	110,114	(35,300)	(1,016)	152,366
Interest expense	(31,540)	(16,439)	-	(6,374) (d)	(54,353)
Interest income	1,676	-	-	-	1,676
Receipt of US Continuous Dumping and Subsidy Offset Act payment	50,202	-	68,130	(68,130) (e)	50,202
Other income (expense)	(13,388)	37,488	(32,830)	-	(8,730)
Income before income taxes and cumulative effect of change in accounting principle	85,518	131,163	-	(75,520)	141,161
Provision for income taxes	34,067	53,708	-	(30,292) (f)	57,483
Income before cumulative effect of change in accounting principle	\$ 51,451	\$ 77,455	\$ -	\$ (45,228)	\$ 83,678
	=====	=====	=====	=====	=====
Before cumulative effect of change in accounting principle:					
Earnings per share	\$ 0.84				\$ 1.01
Earnings per share - assuming dilution	\$ 0.83				\$ 1.00
Average shares outstanding	61,128,005				61,128,005
Shares issued to Ingersoll-Rand	-			9,395,973	9,395,973
Shares issued to public	-			12,650,000	12,650,000
	61,128,005			22,045,973	83,173,978 (g)
	=====			=====	=====
Average shares outstanding - assuming dilution	61,635,339			-	61,635,339
Shares issued to Ingersoll-Rand	-			9,395,973	9,395,973
Shares issued to public	-			12,650,000	12,650,000
	61,635,339			22,045,973	83,681,312 (g)
	=====			=====	=====

* Certain amounts related to Torrington have been reclassified to conform with Timken's presentation.

** Amount includes \$21.7 million for the year ended December 31, 2002 of allocated Ingersoll-Rand costs for services provided to Torrington.

Notes to Unaudited Pro Forma Statement of Operations

(a) Reflects the elimination of sales by Timken to Torrington.

(b) Reflects the following:

	Jun. 30, 2003	Dec. 31, 2002
	-----	-----
i) Elimination of cost of products sold by Timken to Torrington.	\$ (1,173)	\$ (8,166)
ii) Adjustment to reduce depreciation expense for property, plant and equipment purchased in the acquisition, based on a composite useful life of 12 years.	(862)	(13,366)
iii) Adjustment to recognize additional pension expense.	1,775	6,282
iv) Expense associated with the write-up of acquired inventory based on the preliminary asset valuation.	-	6,254
v) Amortization of acquired identifiable intangible assets based on the preliminary asset valuation and related useful lives.	1,100	6,600
vi) Elimination of periodic postretirement benefits costs related to retirees not assumed by Timken in the acquisition and adjustment to increase postretirement benefits costs related to active employees acquired based on Timken plan provisions.	(769)	(4,578)
	-----	-----
	\$ 71	\$ (6,974)
	=====	=====

(c) Reflects the following:

	Jun. 30, 2003	Dec. 31, 2002
	-----	-----
i) Adjustment to recognize additional pension expense.	\$ 17	\$ 141
ii) Elimination of periodic postretirement benefits costs related to retirees not assumed by Timken in the acquisition and adjustment to increase postretirement benefits costs related to active employees acquired based on Timken plan provisions.	1	(1,526)
	-----	-----
	\$ 18	\$ (1,385)
	=====	=====

(d) Reflects interest expense on the pro forma acquisition debt instruments, as follows:

	Jun. 30, 2003	Dec. 31, 2002
	-----	-----
i) \$250.0 million aggregate principal amount of unsecured senior notes at 5.75%	\$(1,935)	\$ (14,375)
ii) \$186.1 million in borrowings under our new senior credit facility at 2.78%	(663)	(5,173)
iii) Commitment fee on \$313.9 million of unused revolver at 0.375%	(164)	(1,177)
iv) \$125.0 million in borrowings under our new accounts receivable facility at 1.80%	(303)	(2,250)
v) Elimination of Torrington's interest expense	2,213	16,439
vi) Eliminate of commercial paper interest expense at 1.80%	104	162
	-----	-----
	\$ (748)	\$ (6,374)
	=====	=====

(e) Reflects the elimination of receipts under the US Continuous Dumping and Subsidy Offset Act (the "Act"). Pursuant to the Agreement, all amounts received under the Act for 2002 were retained by Ingersoll-Rand. Eighty percent (80%) of any amounts received by Torrington under the Act for 2003 and 2004 will be paid to Ingersoll-Rand.

(f) Reflects the income tax effects of the pro forma adjustments, based on an effective tax rate of 40%.

(g) Reflects Timken's average shares outstanding and average shares outstanding - assuming dilution, based on (i) 9,395,973 shares issued to Ingersoll-Rand and 12,650,000 shares issued to the public and (ii) a per share price of \$14.90.

End of Filing

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