

Timminco options timely

ANDY HOFFMAN

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Executives at **Timminco Ltd.** were awarded more than one million stock options at 40 cents each, just a month and a half before the company announced it had developed a "breakthrough" process to produce solar-grade silicon, news which propelled the stock to more than \$20 by year-end.

Timminco chairman and chief executive officer Heinz Schimmelbusch along with vice-chairman Arthur Spector were each granted 500,000 options at a strike price of 40 cents on January 31, 2007, according to the Toronto company's annual information form filed with regulators.

As well, René Boisvert, the president of Timminco subsidiary Bécancour Silicon Inc., was awarded 100,000 options at the same 40-cent strike price.

On March 15, 2007, Timminco, which had never publicly disclosed it was working on a process to purify metallurgical-grade silicon, revealed it had won a contract with an unnamed solar cell maker.

The news, coupled with more solar contract announcements, sent Timminco shares soaring. They finished the year at \$21.95.

At yesterday's closing price of \$19.49 on the Toronto Stock Exchange, the 2007 options awarded to Mr. Schimmelbusch and Mr. Spector are worth more than \$9.5-million each, while Mr. Boisvert's options are worth \$1.9-million.

In an interview, Timminco chief financial officer Robert Dietrich said Timminco did not know at the time the options were granted if its metallurgical process to convert commodity-grade silicon into solar-grade silicon would be acceptable to solar cell producers.

"There was no certainty until the first customer signed the contract that there would be a contract," Mr. Dietrich said.

Timminco has followed all timely disclosure rules, he added.

In addition to the stock options, Mr. Schimmelbusch, the one-time head of German metals giant Metallgesellschaft before he was ousted amid massive trading losses on oil futures contracts, was given a one-time lump sum payment of \$375,000 (U.S.) "in recognition of the contribution and services that [he] provided to the corporation since January, 2005," the filing said.

Mr. Spector was awarded the same amount for the same reasons.

According to the filing, Mr. Schimmelbusch and Mr. Spector were not awarded any stock options in 2006.

By the end of 2007, Mr. Schimmelbusch owned one million Timminco stock options worth more than \$21-million (Canadian). Mr. Spector's options were worth more than \$20-million at year end.

Mr. Boisvert, a 20-year company veteran who is credited as one of the inventors of Timminco's solar-silicon process, was also awarded a new \$300,000-a-year employment contract and a \$250,000 "signing bonus" on April 1, 2007.