

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089
		2011
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☒ the final return/report; ☒ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☒ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information						
1a Name of plan <u>1984 RETIREMENT PLAN FOR SALARIED EMPLOYEES OF THE TIMKEN COMPANY</u>	<table border="1"> <tr> <td>1b Three-digit plan number (PN) ►</td> <td><u>014</u></td> </tr> <tr> <td>1c Effective date of plan</td> <td><u>11/01/1984</u></td> </tr> </table>	1b Three-digit plan number (PN) ►	<u>014</u>	1c Effective date of plan	<u>11/01/1984</u>		
1b Three-digit plan number (PN) ►	<u>014</u>						
1c Effective date of plan	<u>11/01/1984</u>						
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>THE TIMKEN COMPANY</u> <u>1835 DUEBER AVENUE S.W.</u> <u>CANTON, OH 44706-2798</u>	<table border="1"> <tr> <td>2b Employer Identification Number (EIN)</td> <td><u>34-0577130</u></td> </tr> <tr> <td>2c Sponsor's telephone number</td> <td><u>330-438-3000</u></td> </tr> <tr> <td>2d Business code (see instructions)</td> <td><u>333200</u></td> </tr> </table>	2b Employer Identification Number (EIN)	<u>34-0577130</u>	2c Sponsor's telephone number	<u>330-438-3000</u>	2d Business code (see instructions)	<u>333200</u>
2b Employer Identification Number (EIN)	<u>34-0577130</u>						
2c Sponsor's telephone number	<u>330-438-3000</u>						
2d Business code (see instructions)	<u>333200</u>						

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/22/2012</u>	<u>CHRISTOPHER HOLDING</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") THE TIMKEN COMPANY 1835 DUEBER AVENUE S.W. CANTON, OH 44706-2798	3b Administrator's EIN 34-0577130 3c Administrator's telephone number 330-438-3000
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	5792
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	0
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	0
d Subtotal. Add lines 6a , 6b , and 6c	6d	0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	0
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1A 1B 1G 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
- (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☐ **A** (Insurance Information)
- (4) ☒ **C** (Service Provider Information)
- (5) ☒ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>1984 RETIREMENT PLAN FOR SALARIED EMPLOYEES OF THE TIMKEN COMPANY</u>	B Three-digit plan number (PN) ▶ <u>014</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>THE TIMKEN COMPANY</u>	D Employer Identification Number (EIN) <u>34-0577130</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2011</u>	
2 Assets:	
a Market value	2a <u>643172790</u>
b Actuarial value	2b <u>594343472</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment	3a <u>2608</u> (1) Number of participants <u>329725592</u> (2) Funding Target
b For terminated vested participants	3b <u>1128</u> <u>32993351</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>20990195</u>
(2) Vested benefits	3c(2) <u>206567343</u>
(3) Total active	3c(3) <u>2107</u> <u>227557538</u>
d Total	3d <u>5843</u> <u>590276481</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.26 %</u>
6 Target normal cost	6 <u>8585916</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>10/09/2012</u>
Signature of actuary	Date
<u>FRANCIS X. REAGAN</u>	<u>11-05533</u>
Type or print name of actuary	Most recent enrollment number
<u>TOWERS WATSON DELAWARE, INC.</u>	<u>216-937-4000</u>
Firm name	Telephone number (including area code)
<u>1001 LAKESIDE AVENUE, SUITE 1900</u> <u>CLEVELAND, OH 44114</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2011
v.012611

Part II		Beginning of year carryover and prefunding balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	55031487	2595641
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	8245483	0
9	Amount remaining (line 7 minus line 8)	46786004	2595641
10	Interest on line 9 using prior year's actual return of <u>15.53</u> %	7265866	403103
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		91396670
b	Interest on (a) using prior year's effective rate of <u>6.67</u> % except as otherwise provided (see instructions)		6826708
c	Total available at beginning of current plan year to add to prefunding balance		98223378
d	Portion of (c) to be added to prefunding balance		65071000
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	54051870	68069744

Part III		Funding percentages	
14	Funding target attainment percentage	14	80.00 %
15	Adjusted funding target attainment percentage	15	100.68 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	89.93 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV		Contributions and liquidity shortfalls	
18 Contributions made to the plan for the plan year by employer(s) and employees:			
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	
03/23/2012	16000000		
06/28/2012	29000000		
09/14/2012	19000000		
		Totals ▶	18(b) 64000000
			18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contributions from prior years.	19a
b Contributions made to avoid restrictions adjusted to valuation date	19b
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 58473155
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of quarter of this plan year	
(1) 1st	(2) 2nd
0	0
(3) 3rd	(4) 4th
0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 3.78%	2nd segment: 6.31%	3rd segment: 6.57%	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 59
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contributions for all prior years	28	
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	8585916	
b Excess assets, if applicable, but not greater than 31a	31b	0	
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment	80290281		14909378
b Waiver amortization installment			0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	0	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	23495294	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	21876862	0	21876862
36 Additional cash requirement (line 34 minus line 35)	36	1618432	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	58473155	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	56854723	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	21876862	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42	0	
43 Excess installment acceleration amount to be carried over to future plan years	43	0	

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>1984 RETIREMENT PLAN FOR SALARIED EMPLOYEES OF THE TIMKEN COMPANY</u>	B Three-digit plan number (PN) ▶ <u>014</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE TIMKEN COMPANY</u>	D Employer Identification Number (EIN) <u>34-0577130</u>

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

TOWERS WATSON

53-0181291

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11	NONE	210299	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

BENESCH FRIEDLANDER COPLAN & ASSOC

34-6596918

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
17	NONE	99141	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

ERNST & YOUNG LLP

34-6565596

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	NONE	18000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

JONES DAY, REAVIS & POGUE

34-0319085

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
21	NONE	35685	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

THE TIMKEN COMPANY

34-0577130

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13	EMPLOYEES	43513	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>1984 RETIREMENT PLAN FOR SALARIED EMPLOYEES OF THE TIMKEN COMPANY</u>	B Three-digit plan number (PN) ►	<u>014</u>

C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>THE TIMKEN COMPANY</u>	D Employer Identification Number (EIN) <u>34-0577130</u>
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Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: COLLECTIVE INVESTMENT TRUST

b Name of sponsor of entity listed in (a): THE NORTHERN TRUST COMPANY

c EIN-PN <u>34-0577130-499</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011		
A Name of plan 1984 RETIREMENT PLAN FOR SALARIED EMPLOYEES OF THE TIMKEN COMPANY	B Three-digit plan number (PN) ►	014
C Plan sponsor's name as shown on line 2a of Form 5500 THE TIMKEN COMPANY	D Employer Identification Number (EIN) 34-0577130	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	72500000	0
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	571820925	0
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	644320925	0

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	49344	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	49344	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	644271581	0
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	64000000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		64000000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B).....	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		31577732
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		95577732

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	35867506	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		35867506
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	590217	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		590217
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		36457723

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		59120009
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		703391590

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ERNST & YOUNG LLP

(2) EIN: 34-6565596

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		25000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....	X		
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

THE TIMKEN-LATROBE-MPB-TORRINGTON RETIREMENT PLAN

5b(2) EIN(s)	5b(3) PN(s)
34-0577130	020

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>1984 RETIREMENT PLAN FOR SALARIED EMPLOYEES OF THE TIMKEN COMPANY</u>	B Three-digit plan number (PN) ▶ <u>014</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE TIMKEN COMPANY</u>	D Employer Identification Number (EIN) <u>34-0577130</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): _____ Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.	
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3 <u>47</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2011
v.012611

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 55% Investment-Grade Debt: 29% High-Yield Debt: 8% Real Estate: 0% Other: 8%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☒ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Report of Independent Auditors

The Timken Company, Administrator of
the 1984 Retirement Plan for Salaried
Employees of The Timken Company

We have audited the accompanying statements of net assets available for benefits of the 1984 Retirement Plan for Salaried Employees of The Timken Company (the Plan) as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the net assets available for benefits of the Plan at December 31, 2011, and the changes in its net assets available for benefits for the year then ended, and the financial status of the Plan at December 31, 2010, and the changes in its financial status for the year then ended, in conformity with accounting principles generally accepted in the United States.

Cleveland, Ohio
October 15, 2012

Ernst & Young LLP

SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	The Timken Company
EIN/PN	34-0577130/014
Plan Name	1984 Retirement Plan for Salaried Employees of the Timken Company
Valuation Date	January 1, 2011
Enrolled Actuary	Francis X. Reagan
Enrollment Number	11-05533

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

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Plan Name:	1984 Retirement Plan for Salaried Employees of the Timken Company
EIN / PN:	34-0577130 / 014
Plan Sponsor:	The Timken Company
Valuation Date:	January 1, 2011

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

► **Round off amounts to nearest dollar.**

► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>1984 Retirement Plan for Salaried Employees</u>	B Three-digit plan number (PN) <u>014</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>The Timken Company</u>	D Employer Identification Number (EIN) <u>34-0577130</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B ☐ Other	
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500	

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2011</u>			
2 Assets:			
a Market value	2a	643,172,790	
b Actuarial value	2b	594,343,472	
3 Funding target/participant count breakdown:			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	2,608	329,725,592
b For terminated vested participants	3b	1,128	32,993,351
c For active participants:			
(1) Non-vested benefits	3c(1)		20,990,195
(2) Vested benefits	3c(2)		206,567,343
(3) Total active	3c(3)	2,107	227,557,538
d Total	3d	5,843	590,276,481
4 If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	6.26 %	
6 Target normal cost	6	8,585,916	

Statement by Enrolled Actuary
To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>Francis X. Reagan</u> Signature of actuary <u>Francis X. Reagan</u> Type or print name of actuary <u>Towers Watson Delaware Inc.</u> Firm name <u>1001 Lakeside Avenue, Suite 1900</u> Cleveland OH 44114 Address of the firm	<u>October 9, 2012</u> Date <u>11-05533</u> Most recent enrollment number <u>(216) 937-4000</u> Telephone number (including area code)
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF. **Schedule SB (Form 5500) 2011 v.012611**

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....	55,031,487	2,595,641
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	8,245,483	0
9 Amount remaining (line 7 minus line 8).....	46,786,004	2,595,641
10 Interest on line 9 using prior year's actual return of <u>15.53</u> %.....	7,265,866	403,103
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38 from prior year)		91,396,670
b Interest on (a) using prior year's effective rate of <u>6.67</u> % except as otherwise provided (see instructions).....		6,826,708
c Total available at beginning of current plan year to add to prefunding balance.....		98,223,378
d Portion of (c) to be added to prefunding balance.....		65,071,000
12 Other reductions in balances due to elections or deemed elections.....	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12).....	54,051,870	68,069,744

Part III Funding percentages

14 Funding target attainment percentage	14	80.00 %
15 Adjusted funding target attainment percentage	15	100.68 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	89.93 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
03/23/2012	16,000,000				
06/28/2012	29,000,000				
09/14/2012	19,000,000				
Totals •			18(b)	64,000,000	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	
b Contributions made to avoid restrictions adjusted to valuation date.....	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	58,473,155

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:			
a Segment rates:	1st segment: 3.78 %	2nd segment: 6.31 %	3rd segment: 6.57 %
			☐ N/A, full yield curve used
b Applicable month (enter code).....			21b 4
22 Weighted average retirement age			22 59
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contributions for all prior years	28
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29).....	30 0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....	31a	8,585,916	
b Excess assets, if applicable, but not greater than 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment.....	80,290,281	14,909,378	
b Waiver amortization installment.....		0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount.....	33	0	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	23,495,294	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	21,876,862	0	21,876,862
36 Additional cash requirement (line 34 minus line 35).....	36	1,618,432	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	58,473,155	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	56,854,723	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	21,876,862	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42	0	
43 Excess installment acceleration amount to be carried over to future plan years	43	0	

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Statement of Actuarial Assumptions/Methods

Economic Assumptions

Interest rate basis:

- Applicable month September
- Yield curve basis 3-Segment Rates

Interest rates:

- First segment rate 3.78%
- Second segment rate 6.31%
- Third segment rate 6.57%
- Effective interest rate 6.26%

Annual rates of increase

- Compensation:
For purposes of determining the additional funding target for maximum deductible contribution purposes, compensation is assumed to increase by 3.00%
- Future Social Security wage bases 3.00%
- Social Security cost of living increase 2.50%
- Statutory limits on compensation 0.00%

Administrative Expenses

The amount included this year for plan related expenses is \$569,900.

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SCHEDULE SB ATTACHMENTS

Demographic Assumptions

Inclusion date The valuation date coincident with or next following the date on which the employee becomes a participant.

New or rehired employees It was assumed there will be no new or rehired employees. Employees on layoff are assumed to retire or terminate two years from the first valuation date after their date of layoff.

Mortality

- **Healthy** The prescribed mortality assumption under Section 430(h)(3)(A) of the Internal Revenue Code using static tables with separate mortality rates for annuitants and non-annuitants.
- **Disabled** 1985 Pension Disability Mortality for males and females. For funding, however, healthy mortality is used.

Termination

Percentage leaving during the year		
Attained Age	Males	Females
20	11.199%	18.710%
25	7.435	11.199
30	5.163	7.435
35	3.627	5.163
40	2.068	3.627
45	1.170	2.068
50	0.200	1.170
55	0.000	0.200
60 and over	0.000	0.000

Disability

Wyatt 1985 Disability Study Class 1, male and female rates.

Retirement

Disregarding at-risk assumptions, the rates at which participants retire by age are shown below:

Age	Percentage retiring during the year
50-52	3%
53-55	5
56-59	10
60	20
61	25
62	40
63-64	25
65 & older	100

Plan Name: 1984 Retirement Plan for Salaried Employees of the Timken Company
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SCHEDULE SB ATTACHMENTS

Form of payment	Participants are assumed to elect the normal form.
Percent married	80% of males; 50% of females. Used to value pre-retirement surviving spouse benefits and in determining the optional forms expected to be elected at commencement
Spouse age	Wife three years younger than husband, if not provided.
Covered pay	Compensation assumed paid in the current year beginning on the valuation date for all associates is the current annual rate of base pay plus 100% of their performance bonus percentage.
At-risk assumptions	For at-risk calculations, all participants eligible to elect benefits during the current and subsequent ten plan years are assumed to commence benefits at the earliest possible date under the plan, but not before the end of the current plan year, except in accordance with the regular valuation assumptions. In addition, all participants (not just those eligible to begin benefits within the next 11 years) are assumed to elect the most valuable form of benefit under the plan, which is usually the qualified joint and survivor annuity form of payment.
Timing of benefit payments	Annuity payments are payable monthly at the beginning of the month and lump sum payments are payable on date of decrement.

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SCHEDULE SB ATTACHMENTS

Methods	
Valuation date	First day of plan year
Funding target	Present value of accrued benefits
Target normal cost	Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during plan year
Actuarial value of assets	Average of the fair market value of assets on the valuation date and the two immediately preceding valuation dates, adjusted for contributions, benefits, administrative expenses and expected earnings (with such expected earnings limited as described in IRS Notice 2009-22) . The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2010 plan year.) The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.
Benefits not valued	Shutdown Benefits: No contingent liability for potential plant shutdown benefits has been included.

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SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22
Description of Weighted Average Retirement Age
as of January 1, 2011

See Schedule SB, Part V, Statement of Actuarial Assumptions/Methods for retirement rates. The average retirement age for Line 22 was calculated by determining the average age at retirement for those current active participants expected to reach retirement, based on all current decrements assumed.

Age of Retirement	Rates of Retirement	% Retiring	Weighted Ages
(A)	(B)	(C)	(A)*(C)
50	3.00%	3.00%	1.5000
51	3.00%	2.91%	1.4841
52	3.00%	2.82%	1.4678
53	5.00%	4.56%	2.4186
54	5.00%	4.34%	2.3410
55	5.00%	4.12%	2.2651
56	10.00%	7.83%	4.3820
57	10.00%	7.04%	4.0142
58	10.00%	6.34%	3.6762
59	10.00%	5.70%	3.3656
60	20.00%	10.27%	6.1608
61	25.00%	10.27%	6.2635
62	40.00%	12.32%	7.6394
63	25.00%	4.62%	2.9110
64	25.00%	3.47%	2.2179
65	100.00%	10.40%	6.7576

Average Retirement Age =====> 59

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SCHEDULE SB ATTACHMENTS

Schedule SB, Line 24 Change in Assumptions

In addition to the required mortality and interest rate updates, the valuation recognizes the following assumption changes as of January 1, 2011:

- The rate of compensation increase has changed from 2.50% to 3.00% in 2011.
- The compensation assumed paid in the current year beginning on the valuation date for all associates was changed from the current annual rate of base pay plus 75% of their performance bonus percentage to the current annual rate of base pay plus 100% of their performance bonus percentage.

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SCHEDULE SB ATTACHMENTS

Schedule SB, Line 25

Change in Method

- The signing actuary has been changed from Robert P. Mast to Francis X. Reagan.

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Valuation Date: January 1, 2011

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2011

Attained Age	Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & Over	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	0		0		0		0		0		0		0		0		0		0	
25 - 29	0		1		7		5		0		0		0		0		0		0	
30 - 34	1		4		21	74,686	53	75,607	1		0		0		0		0		0	
35 - 39	1		6		26	68,542	91	78,136	15		1		0		0		0		0	
40 - 44	3		17		32	92,432	108	81,186	38	95,676	44	107,923	2		0		0		0	
45 - 49	1		47	79,792	53	103,910	97	69,931	33	86,437	43	112,457	97	105,981	16		0		0	
50 - 54	0		52	83,154	41	95,978	103	76,677	33	92,479	29	101,002	126	126,490	155	102,360	37	89,144	0	
55 - 59	2		52	73,212	30	86,748	62	74,494	32	64,165	17		54	96,156	89	109,638	95	90,239	22	80,700
60 - 64	1		32	74,054	18		25	63,935	15		12		14		17		30	102,096	32	90,272
65 - 69	0		3		6		3		1		1		0		0		0		0	
70 & Over	0		1		0		0		0		1		0		0		0		0	

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SCHEDULE SB ATTACHMENTS

Schedule SB, Line 32
Schedule of Amortization Bases
as of January 1, 2011

Type of Base	Date Established	Initial Amount	Remaining Amortization Period (Years)	Outstanding Balance	Amortization Payment
1 Shortfall	01/01/2010	88,592,267	6	80,290,281	14,909,378
Total				80,290,281	14,909,378

Plan Name: 1984 Retirement Plan for Salaried Employees of the Timken Company
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Plan Sponsor: The Timken Company
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SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Plan Sponsor

The Timken Company

EIN/PN

34-0577130/004

Plan

1984 Retirement Plan for Salaried Employees of The Timken Company

Effective Date and Most Recent Amendment

November 1, 1984 (amended and restated effective January 1, 2010)

Plan Year

The twelve-month period ending December 31.

Coverage and Participation

Each associate who was a member of the prior plan on the effective date becomes a member of this Plan on that date. Participants who have 50 points (age & service) and 5 years of service as of December 31, 2003, will continue to accrue benefits under this Plan. Other participants as of that date will not receive benefit accruals based on future service, but will have their benefits calculated using final average pay at their date of retirement or termination. The Plan is frozen to future new hires.

Normal Retirement Benefit

Normal Retirement Date: Age 65.

Benefit Formula:

Annual benefit is the greater of (a) and the sum of (b) and (c) reduced by (d):

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- (a) The greater of 1% of final average pay (no later than December 31, 2003) at retirement and \$420 (\$600 effective April 1, 2000), multiplied by years and months of service.
- (b) The December 31, 1991 accrued benefit calculated under the prior benefit formulas, multiplied by the ratio of the final average pay at retirement (no later than December 31, 2001) to the final average pay at December 31, 1991.
- (c) The greater of 1% of final average pay at retirement and \$420 (\$600 effective April 1, 2000), multiplied by years and months of service after December 31, 1991.
- (d) Benefits received by Plan participants under the annuity contract(s) funding accrued benefits under the prior terminated plan.

Effective December 31, 2003, the above formulas are frozen, except that average pay used in these formulas will be based on pay (5 year average) at termination of employment. Associates with 50 points (age and service) and 5 years of service as of December 31, 2003, will receive additional benefits equal to the greater of 0.75% of final average pay at retirement and \$480, multiplied by service earned after December 31, 2003.

Effective April 1, 2000, the averaging period for the calculation of final average pay has been changed from 5 years to 4 years for all purposes except for applying the pay ratio to December 31, 1991 benefits.

Effective January 1, 2004, the averaging period for the calculation of final average pay has been changed back from 4 years to 5 years (but held to no smaller than the December 31, 2003 4-year average).

Early Retirement

Benefits earned prior to December 31, 2003 are available at:

- (a) Age 60 with 25 years of service;
- (b) Age 62 with 15 years of service;
- (c) 30 years of service.

The benefit is based on the benefits as described for normal retirement, using earnings and service to early retirement date. In the case of early retirement before age 60, the benefit described in (a) and (c) from the "Normal Monthly Pension" section above are reduced at a rate of 3% for each year benefits commence before age 60.

Benefits earned after December 31, 2003 are available at:

- (a) Age 55 with 15 years of service;
- (b) 30 years of service.

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In the case of early retirement before age 62, the benefits earned after December 31, 2003 are reduced at a rate of 4% for each year benefits commence before age 62.

Vested Benefits

Associates terminating with at least 5 years of service are eligible for normal pension and payable without actuarial reduction commencing at age 65.

Terminated vested participants can commence benefits attributable to service prior to January 1, 2004 as early as age 62 if accrued at least 15 years of service, or as early as age 60 if accrued 25 years of service.

Terminated vested participants can commence benefits attributable to service after December 31, 2003 as early as age 55 if accrued at least 15 years.

Benefits are reduced actuarially for commencement before age 65.

Plant Shutdown

A member who is eligible for early retirement and who retires early due to plant shutdown or layoff is eligible for a temporary monthly benefit of \$400. This benefit is payable until the earliest of age 62, death, or eligibility for Social Security disability or retirement benefits.

Form of Payment

The benefit formula determines an amount of Life Annuity benefit with a modified cash refund death benefit where applicable; however, each married participant who does not elect otherwise will receive a Joint Annuity, in a reduced amount, with 50% continuation to a surviving spouse.

Surviving Spouse's Benefit

Participants who have been married one year and who have completed 15 years of service at the time of their death are eligible for a pre-retirement spouse's benefit equal to 50% of their accrued benefit.

If a married participant dies with between 5 and 15 years of service, his spouse is entitled to a benefit for her lifetime commencing the first of the month following the date that the participant could have retired had he lived and continued working. The benefit is determined assuming the participant terminated employment in the month preceding his death and had elected a 50% joint and survivor option to begin on the first day he could have elected his retirement benefits to begin.

Participants who are married at retirement are eligible for a post-retirement spouse's benefit equal to 50% of their accrued benefit minus 50% of the spouse's Social Security benefit. The minimum benefit is \$150 per month.

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SCHEDULE SB ATTACHMENTS

Gaffney and Lincolnnton Salaried Associates

Salaried associates at the Gaffney and Lincolnnton locations entered the Timken Salaried Pension Plan on January 1, 1988. These salaried associates are eligible for reduced early retirement at age 55 (with no service requirement).

Changes in Plan Provisions since Last Actuarial Valuation

There have been no changes since the preceding valuation.

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SCHEDULE SB ATTACHMENTS

Schedule SB, Line 11b Explanation of Prefunding Balance Interest Rate Calculation

The excess contributions of \$91,396,670 shown in Line 11a are comprised of:

- \$83,151,187 which represents the discounted employer contributions made for the prior year in excess of the total funding requirement for the prior plan year before reflecting carryover/prefunding balances, plus
- \$8,245,483 which represents the carryover balance used to offset the prior plan year funding requirement and subsequently replenished.

\$6,826,708 shown on Line 11b represents the interest on Line 11a as follows:

- interest on \$83,151,187 using the prior year's effective rate of 6.67%, or \$5,546,184, plus
- interest on \$8,245,483 using the prior year's actual return of 15.53%, or \$1,280,524.

Plan Name: 1984 Retirement Plan for Salaried Employees of the Timken Company
EIN / PN: 34-0577130 / 014
Plan Sponsor: The Timken Company
Valuation Date: January 1, 2011

AUDITED FINANCIAL STATEMENTS

1984 Retirement Plan for Salaried
Employees of The Timken Company
Years Ended December 31, 2011 and 2010
With Report of Independent Auditors

1984 Retirement Plan for Salaried
Employees of The Timken Company

Audited Financial Statements

Years Ended December 31, 2011 and 2010

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Report of Independent Auditors

The Timken Company, Administrator of
the 1984 Retirement Plan for Salaried
Employees of The Timken Company

We have audited the accompanying statements of net assets available for benefits of the 1984 Retirement Plan for Salaried Employees of The Timken Company (the Plan) as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the net assets available for benefits of the Plan at December 31, 2011, and the changes in its net assets available for benefits for the year then ended, and the financial status of the Plan at December 31, 2010, and the changes in its financial status for the year then ended, in conformity with accounting principles generally accepted in the United States.

Cleveland, Ohio
October 15, 2011

1984 Retirement Plan for Salaried
Employees of The Timken Company

Statements of Net Assets Available for Benefits

	December 31	
	2011	2010
Assets		
Investments, at fair value:		
Interest in The Timken Company		
Collective Investment Trust for		
Retirement Trusts	\$ —	\$ 571,820,925
Contribution receivable from		
The Timken Company	—	72,500,000
Total assets	—	644,320,925
Liabilities		
Accrued administrative expenses	—	49,344
Net assets available for benefits	<u>\$ —</u>	<u>\$ 644,271,581</u>

See accompanying notes

1984 Retirement Plan for Salaried
Employees of The Timken Company

Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31	
	2011	2010
Additions		
Net investment gain from The Timken Company Collective Investment Trust for Retirement Trusts	\$ 31,577,732	\$ 67,745,870
Insurance Proceeds	—	5,440,000
Contributions from The Timken Company	64,000,000	115,500,000
Total additions	95,577,732	188,685,870
Deductions		
Benefits paid directly to participants	35,867,506	32,098,837
Administrative expenses	590,217	945,251
Transfer out to other plan	703,391,590	—
Total deductions	739,849,313	33,044,088
Net (decrease) increase	(644,271,581)	155,641,782
Net assets available for benefits:		
Beginning of year	644,271,581	488,629,799
End of year	\$ —	\$ 644,271,581

See accompanying notes

1984 Retirement Plan for Salaried Employees of The Timken Company

Notes to Financial Statements

Years Ended December 31, 2011 and 2010

1. Description of the Plan

The following description of 1984 Retirement Plan for Salaried Employees of the Timken Company (the Plan) provides only general information. Participants should refer to the *Total Rewards Compensation and Benefits Handbook* for a more complete description of the plan, and the plan's benefit and eligibility provisions. Copies of this handbook are available from the Plan administrator, The Timken Company (the Company).

Effective December 31, 2011 the Plan merged with the Timken-Latrobe-MPB-Torrington Retirement Plan. As a result of the merger, approximately \$703 million of assets were transferred from the Plan.

General

The Plan is a defined benefit pension plan, which provides for retirement and spouse's benefits for a portion of the salaried employees of the Company working in the United States.

Vesting

Active participants become fully vested upon the completion of five years of continuous service.

Contributions

The Company contributes such amounts as are necessary to provide assets sufficient to meet the benefits to be paid to plan participants and satisfy the Employee Retirement Income Security Act of 1974 (ERISA) minimum funding requirements. The Plan has met the ERISA minimum funding requirements for 2011 and 2010.

Plan Termination

Although it has not expressed any interest to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, its net assets will generally not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's accumulated plan benefits will be paid depends on both the priority of those benefits and the level of benefits

1984 Retirement Plan for Salaried
Employees of The Timken Company

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

guaranteed by the Pension Benefit Guaranty Corporation (PBGC) at that time. Some benefits may be fully or partially provided for by the then-existing assets and the PBGC guarantee, while other benefits may not be provided for at all.

Plan update

Effective December 31, 2011, a lump sum provision was added to the plan for any associate who terminates employment on or after December 31, 2011.

2. Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investment Valuation

The plan's investments are stated at fair value and are held in The Timken Company Collective Investment Trust for Retirement Trusts (Master Trust) maintained by The Northern Trust Company (Trustee).

The valuation methods (see Note 5) may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

1984 Retirement Plan for Salaried
Employees of The Timken Company

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

New Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU 2010-06). ASU 2010-06 amended ASC 820 to clarify certain existing fair value disclosures and require a number of additional disclosures. The guidance in ASU 2010-06 clarified that disclosures should be presented separately for each “class” of assets and liabilities measured at fair value and provided guidance on how to determine the appropriate classes of assets and liabilities to be presented. ASU 2010-06 also clarified the requirement for entities to disclose information about both the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. In addition, ASU 2010-06 introduced new requirements to disclose the amounts (on a gross basis) and reasons for any significant transfers between Levels 1, 2 and 3 of the fair value hierarchy and present information regarding the purchases, sales, issuances and settlements of Level 3 assets and liabilities on a gross basis.

In May 2011, the FASB issued Accounting Standards Update 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU 2011-04). ASU 2011-04 amended ASC 820, *Fair Value Measurements and Disclosures*, to converge the fair value measurement guidance in U.S. generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Plan management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plan’s financial statements.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits (see Note 3) are those estimated future periodic payments, including lump-sum distributions, which are attributable under the Plan’s provisions to services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries and (b) present employees or their beneficiaries. Benefits for retired or terminated employees or their beneficiaries are based on employees’ compensation during their highest five consecutive years and/or the highest four nonconsecutive years of the last ten years of credited service. The accumulated plan benefits for

1984 Retirement Plan for Salaried
Employees of The Timken Company

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

active employees are based on their average compensation during the highest five consecutive years and/or the highest four nonconsecutive years of the last ten years preceding the valuation date. Benefits payable under all circumstances – retirement, death, and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

3. Accumulated Plan Benefits

Towers Watson, the Plan's actuary, estimates the actuarial present value of accumulated Plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits earned by the participants to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement), between the valuation date and the expected date of payment.

1984 Retirement Plan for Salaried
Employees of The Timken Company

Notes to Financial Statements (continued)

3. Accumulated Plan Benefits (continued)

The accumulated Plan benefit information is presented as of the beginning of each plan year because this was the best information available from the actuary. The accumulated plan benefits information presented herein does not include the effects of the merger of the Plan into the Timken-Latrobe-MPB-Torrington Retirement Plan subsequent to January 1, 2011.

	January 1,	
	2011	2010
Actuarial present value of accumulated plan benefits:		
Vested benefits:		
Participants currently receiving payments	\$ 274,421,617	\$ 241,295,646
Other participants	172,059,261	171,381,734
Total vested benefits	446,480,878	412,677,380
Nonvested benefits	17,872,087	20,326,955
Total Actuarial present value of accumulated plan benefits	<u>\$ 464,352,965</u>	<u>\$ 433,004,335</u>

	January 1,	
	2011	2010
Actuarial present value of accumulated plan benefits at beginning of year:	\$ 433,004,335	\$ 409,866,431
Increase (decrease) during the year attributed to:		
Benefits accumulated	6,087,239	9,158,654
Actuarial loss	349,870	7,491,479
Increase for interest due to decrease in the discount period	37,016,189	35,399,794
Assumption changes	19,994,169	-
Actual benefits paid	(32,098,837)	(28,912,023)
Net increase	31,348,630	23,137,904
Actuarial present value of accumulated plan benefits at January 1	<u>\$ 464,352,965</u>	<u>\$ 433,004,335</u>

1984 Retirement Plan for Salaried
Employees of The Timken Company

Notes to Financial Statements (continued)

3. Accumulated Plan Benefits (continued)

Significant assumptions underlying the actuarial computations are:

Actuarial cost method	Projected Unit Credit Cost Method
Assumed rate of return on investments	8.5% and 8.75% per annum, compounded annually for 2011 and 2010
Salary increases	3.00% per year
Retirement	Estimated at rate based upon becoming eligible for retirement at ages ranging between 50 and 65 and older
Mortality basis	The prescribed mortality assumption under Section 430(h)(3)(A) of the Internal Revenue Code using Static tables with separate mortality rate for annuitants and non-annuitants 1985 Pension Disability Mortality for males and females for disabled associates

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

4. Investments

Effective December 31, 2011 the Plan merged with the Timken-Latrobe-MPB-Torrington Retirement Plan. As of December 31, 2011, Timken-Latrobe-MPB-Torrington Retirement Plan is one of two defined benefit pension plans combined into the Master Trust of which The Timken Company is the sponsor. The Trustee holds the assets of the Master Trust and executes transactions therein. Each month the Master Trust investment income (loss) and appreciation (depreciation) is allocated among the participating plans based on each plan's ending assets available after contributions and distributions to participants as a percentage of total Master Trust assets available.

1984 Retirement Plan for Salaried
Employees of The Timken Company

Notes to Financial Statements (continued)

4. Investments (continued)

The following table presents the fair value of assets of the Master Trust at December 31, 2011 and 2010. Purchases and sales of securities are recorded on a trade-date basis:

	2011	2010
Assets		
Investments:		
Cash and cash equivalents	\$ 133,197,810	\$ 6,599,980
United States government and agency securities	42,100,676	48,727,455
United States government and agency securities on loan	121,020,167	82,239,880
Corporate bonds	338,840,661	354,566,402
Corporate bonds on loan	36,494,259	45,048,819
Equity securities	506,334,158	609,592,448
Equity securities on loan	70,003,145	61,465,761
Common collective funds	774,117,950	784,922,817
Asset backed securities	15,140,522	11,999,677
Securities lending collateral	233,666,542	193,442,250
Limited partnership and real estate interests	268,422,468	94,167,108
Limited partnership and real estate on loan	541,133	587,520
Other	708,785	719,987
Total assets	2,540,588,276	2,294,080,104
Liabilities		
Obligation to return securities lending collateral	233,666,542	193,442,250
Total liabilities	233,666,542	193,442,250
Net assets	\$ 2,306,921,734	\$ 2,100,637,854

1984 Retirement Plan for Salaried
Employees of The Timken Company

Notes to Financial Statements (continued)

4. Investments (continued)

The Plan's interest in the Master Trust was 0% and 27.2% as of December 31, 2011 and 2010, respectively. Annually the Company reports the financial position and changes in assets of the Master Trust in accordance with Department of Labor requirements under employer identification number 34-0577130.

Net investment income for the Master Trust is as follows:

	Year Ended December 31	
	2011	2010
Net appreciation in fair value of investments determined by quoted market price:		
United States government and agency securities	\$ 17,185,465	\$ 21,328,269
Corporate bonds	9,380,384	32,732,803
Equity securities	(57,411,803)	72,204,203
Common collective funds	77,211,468	97,322,717
Asset backed securities	(381,975)	(871,295)
	<u>45,983,539</u>	<u>222,716,697</u>
Net appreciation in fair value of investments estimated by the Trustee:		
Limited partnership and real estate interests	20,579,821	10,762,303
Insurance proceeds	-	20,000,000
Interest income	32,364,520	30,544,269
Dividend income	15,557,823	11,825,995
	<u>47,922,343</u>	<u>62,370,264</u>
Investment manager and administrative fees	(15,221,633)	(10,379,178)
	<u>\$ 99,264,070</u>	<u>\$ 285,470,086</u>

1984 Retirement Plan for Salaried
Employees of The Timken Company

Notes to Financial Statements (continued)

5. Fair Value Measurement

Fair value is defined under ASC 820 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The three levels of the fair value hierarchy in ASC 820 are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible to the reporting entity at the measurement date for identical assets and liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs for the asset or liability

The following tables present the fair value hierarchy of the Master Trust's assets measured at fair value on a recurring basis as of December 31, 2011 and 2010:

1984 Retirement Plan for Salaried
Employees of The Timken Company

Notes to Financial Statements (continued)

5. Fair Value Measurement (continued)

Assets at Fair Value as of December 31, 2011				
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	\$ 133,197,810	\$ 133,197,810	\$ -	\$ -
United States government and agency securities	163,120,843	132,766,506	30,354,337	-
Corporate bonds	375,334,920	-	375,334,920	-
Equity securities	576,337,303	576,337,303	-	-
Common collective funds –equities	386,758,883	-	386,758,883	-
Common collective funds –fixed income	387,359,067	-	387,359,067	-
Asset backed securities	15,140,522	-	15,140,522	-
Limited partnership and real estate interests	268,963,601	125,691,696	-	143,271,905
Securities lending collateral	233,666,542	196,030,684	37,635,858	-
Other assets	708,785	-	708,785	-
Total assets	2,540,588,276	1,164,023,999	1,233,292,372	143,271,905
Liabilities:				
Obligation to return securities lending collateral	233,666,542	196,030,684	37,635,858	-
Total liabilities	233,666,542	196,030,684	37,635,858	-
Net Assets	\$2,306,921,734	\$ 967,993,315	\$ 1,195,656,514	\$143,271,905

1984 Retirement Plan for Salaried
Employees of The Timken Company

Notes to Financial Statements (continued)

5. Fair Value Measurement (continued)

Assets at Fair Value as of December 31, 2010				
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	\$ 6,599,980	\$ 6,599,980	\$ -	\$ -
United States government and agency securities	130,967,335	104,690,420	26,276,915	-
Corporate bonds	399,615,221	-	399,615,221	-
Equity securities	671,058,209	671,058,209	-	-
Common collective funds –equities	467,498,117	-	448,247,619	19,250,498
Common collective funds –fixed income	317,424,700	-	317,424,700	-
Asset backed securities	11,999,677	-	11,999,677	-
Limited partnership and real estate interests	94,754,628	-	-	94,754,628
Securities lending collateral	193,442,250	147,360,154	46,082,096	-
Other assets	719,987	719,987	-	-
Total assets	2,294,080,104	930,428,750	1,249,646,228	114,005,126
Liabilities:				
Obligation to return securities lending collateral	193,442,250	147,360,154	46,082,096	-
Total liabilities	193,442,250	147,360,154	46,082,096	-
Net Assets	\$2,100,637,854	\$783,068,596	\$ 1,203,564,132	\$114,005,126

Cash and cash equivalents are valued at redemption value. Government and agency securities are valued at the closing price reported in the active market on which the individual securities are traded. Certain corporate bonds are valued at the closing price reported in the active market in which the bond is traded. Bonds are not traded on a daily basis, and there are multiple pricing services that provide input for closing price valuations. Equity securities (both common and preferred stock) are valued at the closing price reported in the active market in which the individual security is traded. Common collective funds and asset-backed securities are valued using the net asset value per share of the fund.

1984 Retirement Plan for Salaried
Employees of The Timken Company

Notes to Financial Statements (continued)

5. Fair Value Measurement (continued)

When such prices are unavailable, the Trustee determines a valuation from the market maker dealing in the particular security. Management may also estimate the value of an investment if no other information is available. The value of limited partnerships is based upon the general partner's own assumptions about the assumptions a market participant would use in pricing the assets and liabilities of the partnership.

The table below sets forth a summary of changes in the fair value of the Master Trust's level 3 assets for the year ended December 31, 2011 and 2010:

	Year Ended December 31	
	2011	2010
Balance, beginning of year	114,005,126	106,826,610
Transfer out	(19,250,498)	-
Purchases	70,104,401	13,689,384
Sales	(14,713,904)	(9,725,440)
Realized loss	(1,615,039)	(851,004)
Unrealized gain (loss)	(5,258,180)	4,065,576
Balance, end of year	143,271,905	114,005,126

On February 12, 2009, the Company was informed of alleged irregularities in the operation of one of its equity-related investments in its defined benefit pension plans. A court appointed a Receiver to take control of the investment firm and investigate this matter. In December 2009, the Company reduced the value of this investment to its expected net realizable value of approximately \$19 million (the original investment was \$50 million), reflecting the Receiver's preliminary findings. The Company included this investment in Level 3 at December 31, 2010 since the fair value was an estimate of what the Company expected to receive from the Receiver and not reflective of observable market prices. On July 26, 2010, the Company received a payment of \$20 million from one of its insurance carriers and the funds were transferred ratably to its defined benefit pension plans, which was recognized as insurance proceeds. On December 21, 2010 and April 21, 2011 the Company's defined benefit pension plans received two payments from the Receiver totaling \$25.8 million, which resulted in a realized gain of \$4.8 million in 2010 and a realized gain of 1.7 million in 2011. With the receipt of the two payments, the net realizable value of approximately \$19 million has been transferred out from level 3 assets to the Company's other investments.

1984 Retirement Plan for Salaried
Employees of The Timken Company

Notes to Financial Statements (continued)

6. Securities Lending

The Master Trust is authorized to engage in the lending of certain investments. Securities lending is an investment management enhancement that utilizes certain existing securities of the Master Trust to earn additional income. Securities lending involves the loaning of securities to approved banks and broker/dealers. In return for the loaned securities, the Trustee, prior to or simultaneous with delivery of the loaned securities to the borrower, receives collateral in the form of cash or U.S. government securities as a safeguard against possible default of any borrower on the return of the loan under terms that permit the Master Trust to repledge or sell the securities. Each loan is initially collateralized, in the case of: (a) loaned securities denominated in U.S. dollars or whose primary trading market is located in the U.S., or (b) loaned securities not denominated in U.S. dollars or whose primary trading market is not located in the U.S. to the extent of 105% of the market value of the loaned securities. The collateral is marked to market on a daily basis. In the event the counterparty is unable to meet its contractual obligation under the securities lending arrangement, the Master Trust may incur losses equal to the amount by which the market value of the securities differ from the amount of collateral held. The Master Trust mitigates credit risk associated with securities lending arrangements by monitoring the fair value of the securities loaned on a daily basis with additional collateral obtained or refunded as necessary.

The Master Trust maintains full ownership rights to the securities loaned and accordingly, classifies loaned securities as investments. Since the securities received as collateral may be repledged or sold, the Master Trust recognizes the amount of collateral received and a corresponding obligation to return such collateral on the statement of net assets available for benefits. The fair value of securities on loan was approximately \$228 million and \$189 million and the fair value of collateral was approximately \$234 million and \$193 million, respectively at December 31, 2011 and 2010.

7. Income Tax Status

The Plan received a determination letter from the Internal Revenue Service dated April 3, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan administrator has indicated that it will take the necessary steps, if any, to bring the Plan's operations into compliance with the Code.

1984 Retirement Plan for Salaried
Employees of The Timken Company

Notes to Financial Statements (continued)

7. Income Tax Status (continued)

Accounting principles generally accepted in the United States require plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the taxation authorities. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2008.

8. Administrative Expenses

Certain legal fees and administrative expenses relating to the maintenance of participant eligibility records are paid by the Company. Fees paid during the year for other services rendered by parties in interest were based on customary and reasonable rates for such services.

9. Risks and Uncertainties

The Master Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

10. Subsequent Events

Management evaluated subsequent events for the Plan through October 15, 2012, the date the financial statements were available to be issued.