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| <b>Form 5500</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security<br>Administration<br><br>Pension Benefit Guaranty Corporation | <b>Annual Return/Report of Employee Benefit Plan</b><br><br>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).<br><br><p style="text-align: center;">▶ <b>Complete all entries in accordance with the instructions to the Form 5500.</b></p> | OMB Nos. 1210-0110<br>1210-0089<br><br><div style="text-align: center; font-size: 1.2em; font-weight: bold;">2012</div><br><br><b>This Form is Open to Public Inspection</b> |
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|                                                                                                          |                                                                                                                                                                                                                                                                 |
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| Part I                                                                                                   | Annual Report Identification Information                                                                                                                                                                                                                        |
| For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>06/29/2012</u> |                                                                                                                                                                                                                                                                 |
| A This return/report is for:                                                                             | <input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or<br><input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) ____                                               |
| B This return/report is:                                                                                 | <input type="checkbox"/> the first return/report; <input checked="" type="checkbox"/> the final return/report;<br><input type="checkbox"/> an amended return/report; <input checked="" type="checkbox"/> a short plan year return/report (less than 12 months). |
| C If the plan is a collectively-bargained plan, check here. . . . .                                      | <input type="checkbox"/>                                                                                                                                                                                                                                        |
| D Check box if filing under:                                                                             | <input checked="" type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program;<br><input type="checkbox"/> special extension (enter description)                                                       |

|         |                                                                                                                                                                                                               |    |                                                           |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-----------------------------------------------------------|
| Part II | Basic Plan Information—enter all requested information                                                                                                                                                        |    |                                                           |
| 1a      | Name of plan<br><u>THE HOURLY PENSION AND INVESTMENT PLAN</u>                                                                                                                                                 | 1b | Three-digit plan number (PN) ▶ <u>016</u>                 |
|         |                                                                                                                                                                                                               | 1c | Effective date of plan<br><u>01/01/1991</u>               |
| 2a      | Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)<br><br><u>THE TIMKEN COMPANY</u><br><br><u>1835 DUEBER AVENUE, SW</u><br><u>CANTON, OH 44706-2798</u> | 2b | Employer Identification Number (EIN)<br><u>34-0577130</u> |
|         |                                                                                                                                                                                                               | 2c | Sponsor's telephone number<br><u>330-438-3000</u>         |
|         |                                                                                                                                                                                                               | 2d | Business code (see instructions)<br><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<br>HERE                                                                                               | Filed with authorized/valid electronic signature. | 04/08/2013 | CHRISTOPHER HOLDING                                          |
|                                                                                                            | Signature of plan administrator                   | Date       | Enter name of individual signing as plan administrator       |
| SIGN<br>HERE                                                                                               |                                                   |            |                                                              |
|                                                                                                            | Signature of employer/plan sponsor                | Date       | Enter name of individual signing as employer or plan sponsor |
| SIGN<br>HERE                                                                                               |                                                   |            |                                                              |
|                                                                                                            | Signature of DFE                                  | Date       | Enter name of individual signing as DFE                      |
| Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional) |                                                   |            | Preparer's telephone number (optional)                       |

|                                                                                                                                                                                                                                                                                                                                                                                                                    |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3a</b> Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor Name <input type="checkbox"/> Same as Plan Sponsor Address                                                                                                                                                                                                                                                |           | <b>3b</b> Administrator's EIN                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                    |           | <b>3c</b> Administrator's telephone number                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                    |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>4</b> 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:<br><b>a</b> Sponsor's name                                                                                                                                                                                                  |           | <b>4b</b> EIN<br><br><b>4c</b> PN                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>5</b> Total number of participants at the beginning of the plan year                                                                                                                                                                                                                                                                                                                                            |           | <b>5</b> 2259                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>6</b> Number of participants as of the end of the plan year (welfare plans complete only lines <b>6a</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ).                                                                                                                                                                                                                                                             |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>a</b> Active participants.....                                                                                                                                                                                                                                                                                                                                                                                  | <b>6a</b> | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>b</b> Retired or separated participants receiving benefits.....                                                                                                                                                                                                                                                                                                                                                 | <b>6b</b> | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>c</b> Other retired or separated participants entitled to future benefits.....                                                                                                                                                                                                                                                                                                                                  | <b>6c</b> | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>d</b> Subtotal. Add lines <b>6a</b> , <b>6b</b> , and <b>6c</b> .....                                                                                                                                                                                                                                                                                                                                           | <b>6d</b> | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....                                                                                                                                                                                                                                                                                                          | <b>6e</b> | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> .....                                                                                                                                                                                                                                                                                                                                                            | <b>6f</b> | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....                                                                                                                                                                                                                                                                     | <b>6g</b> | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....                                                                                                                                                                                                                                                                         | <b>6h</b> | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) .....                                                                                                                                                                                                                                                                               |           | <b>7</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>8a</b> If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:<br>2E 2F 2H 2I 2J 2K 2O 2S 2T 3H                                                                                                                                                                                                                      |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>b</b> If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:                                                                                                                                                                                                                                                        |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>9a</b> Plan funding arrangement (check all that apply)<br>(1) <input type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor                                                                                                                      |           | <b>9b</b> Plan benefit arrangement (check all that apply)<br>(1) <input type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor                                                                                                                                                                                                                |
| <b>10</b> Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)                                                                                                                                                                                                                                                  |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>a Pension Schedules</b><br>(1) <input checked="" type="checkbox"/> <b>R</b> (Retirement Plan Information)<br>(2) <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary<br>(3) <input type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary |           | <b>b General Schedules</b><br>(1) <input checked="" type="checkbox"/> <b>H</b> (Financial Information)<br>(2) <input type="checkbox"/> <b>I</b> (Financial Information – Small Plan)<br>(3) <input type="checkbox"/> <b>A</b> (Insurance Information)<br>(4) <input checked="" type="checkbox"/> <b>C</b> (Service Provider Information)<br>(5) <input checked="" type="checkbox"/> <b>D</b> (DFE/Participating Plan Information)<br>(6) <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules) |

|                                                                                                                                                                                                               |                                                                                                                                                                                                                |                                                |
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| <b>SCHEDULE C</b><br><b>(Form 5500)</b><br>Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | <b>Service Provider Information</b><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ <b>File as an attachment to Form 5500.</b> | OMB No. 1210-0110                              |
|                                                                                                                                                                                                               |                                                                                                                                                                                                                | <b>2012</b>                                    |
|                                                                                                                                                                                                               |                                                                                                                                                                                                                | <b>This Form is Open to Public Inspection.</b> |

For calendar plan year 2012 or fiscal plan year beginning **01/01/2012** and ending **06/29/2012**

|                                                                                            |                                                                    |            |
|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------|------------|
| <b>A</b> Name of plan<br><b>THE HOURLY PENSION AND INVESTMENT PLAN</b>                     | <b>B</b> Three-digit plan number (PN) ▶                            | <b>016</b> |
|                                                                                            |                                                                    |            |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><b>THE TIMKEN COMPANY</b> | <b>D</b> Employer Identification Number (EIN)<br><b>34-0577130</b> |            |

**Part I Service Provider Information (see instructions)**

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  
**JPMORGAN RETIREMENT PLAN SERVICES**

**71-0930784**

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

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

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**(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)

JPMORGAN RETIREMENT PLAN SERVICES

71-0930784

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>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)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 15 37 50 64            | NONE                                                                                              | 41428                                                                  | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                  | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                       |                                                                                                                                                                                 | Yes <input type="checkbox"/> No <input type="checkbox"/>                                     |

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

JPM INSTITUTIONAL INVEST, INC.

13-4062153

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>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)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 26 50                  | NONE                                                                                              | 59803                                                                  | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                  | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                       |                                                                                                                                                                                 | Yes <input type="checkbox"/> No <input type="checkbox"/>                                     |

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

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

**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)

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

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

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

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

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

**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<br>(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<br>(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<br>(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 |
|--------------------------------------------------------------------------|-------------------------------|-------------------------------------------------------------------------------------|
|                                                                          |                               |                                                                                     |
|                                                                          |                               |                                                                                     |
|                                                                          |                               |                                                                                     |
|                                                                          |                               |                                                                                     |
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|                                                                          |                               |                                                                                     |
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|                                                                          |                               |                                                                                     |
|                                                                          |                               |                                                                                     |
|                                                                          |                               |                                                                                     |

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

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                                                                                                                                                                                         |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------|--|
| <b>SCHEDULE D</b><br><b>(Form 5500)</b><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration               |  | <b>DFE/Participating Plan Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br><br><b>► File as an attachment to Form 5500.</b> |  | OMB No. 1210-0110<br><br><b>2012</b><br><br><b>This Form is Open to Public Inspection.</b>                   |  |
| For calendar plan year 2012 or fiscal plan year beginning <b>01/01/2012</b> and ending <b>06/29/2012</b>                                                                                |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>A</b> Name of plan<br><b>THE HOURLY PENSION AND INVESTMENT PLAN</b>                                                                                                                  |  |                                                                                                                                                                                                                              |  | <b>B</b> Three-digit plan number (PN) <b>►</b> <b>016</b>                                                    |  |
| <b>C</b> Plan or DFE sponsor's name as shown on line 2a of Form 5500<br><b>THE TIMKEN COMPANY</b>                                                                                       |  |                                                                                                                                                                                                                              |  | <b>D</b> Employer Identification Number (EIN)<br><b>34-0577130</b>                                           |  |
| <b>Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)</b><br>(Complete as many entries as needed to report all interests in DFEs) |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <b>MASTER TRUST FOR TIMKEN CO. DC PLAN</b>                                                                                               |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>b</b> Name of sponsor of entity listed in (a): <b>THE TIMKEN COMPANY</b>                                                                                                             |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>c</b> EIN-PN <b>04-3804445-001</b>                                                                                                                                                   |  | <b>d</b> Entity code <b>M</b>                                                                                                                                                                                                |  | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <b>0</b> |  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:                                                                                                                                          |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>b</b> Name of sponsor of entity listed in (a):                                                                                                                                       |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>c</b> EIN-PN                                                                                                                                                                         |  | <b>d</b> Entity code                                                                                                                                                                                                         |  | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)          |  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:                                                                                                                                          |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>b</b> Name of sponsor of entity listed in (a):                                                                                                                                       |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>c</b> EIN-PN                                                                                                                                                                         |  | <b>d</b> Entity code                                                                                                                                                                                                         |  | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)          |  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:                                                                                                                                          |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>b</b> Name of sponsor of entity listed in (a):                                                                                                                                       |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>c</b> EIN-PN                                                                                                                                                                         |  | <b>d</b> Entity code                                                                                                                                                                                                         |  | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)          |  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:                                                                                                                                          |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>b</b> Name of sponsor of entity listed in (a):                                                                                                                                       |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>c</b> EIN-PN                                                                                                                                                                         |  | <b>d</b> Entity code                                                                                                                                                                                                         |  | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)          |  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:                                                                                                                                          |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>b</b> Name of sponsor of entity listed in (a):                                                                                                                                       |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>c</b> EIN-PN                                                                                                                                                                         |  | <b>d</b> Entity code                                                                                                                                                                                                         |  | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)          |  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:                                                                                                                                          |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>b</b> Name of sponsor of entity listed in (a):                                                                                                                                       |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>c</b> EIN-PN                                                                                                                                                                         |  | <b>d</b> Entity code                                                                                                                                                                                                         |  | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)          |  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:                                                                                                                                          |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>b</b> Name of sponsor of entity listed in (a):                                                                                                                                       |  |                                                                                                                                                                                                                              |  |                                                                                                              |  |
| <b>c</b> EIN-PN                                                                                                                                                                         |  | <b>d</b> Entity code                                                                                                                                                                                                         |  | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)          |  |

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

Schedule D (Form 5500) 2012 v. 120126

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

|                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                              |                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>SCHEDULE H</b><br><b>(Form 5500)</b><br><br><small>Department of the Treasury<br/>Internal Revenue Service</small><br><br><small>Department of Labor<br/>Employee Benefits Security Administration</small><br><br><small>Pension Benefit Guaranty Corporation</small> | <b>Financial Information</b><br><br>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).<br><br><b>► File as an attachment to Form 5500.</b> | <small>OMB No. 1210-0110</small><br><br><b>2012</b><br><br><b>This Form is Open to Public Inspection</b> |
| For calendar plan year 2012 or fiscal plan year beginning <b>01/01/2012</b> and ending <b>06/29/2012</b>                                                                                                                                                                 |                                                                                                                                                                                                                                                                              |                                                                                                          |
| <b>A</b> Name of plan<br><b>THE HOURLY PENSION AND INVESTMENT PLAN</b>                                                                                                                                                                                                   | <b>B</b> Three-digit plan number (PN) <b>►</b>                                                                                                                                                                                                                               | <b>016</b>                                                                                               |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><b>THE TIMKEN COMPANY</b>                                                                                                                                                                               | <b>D</b> Employer Identification Number (EIN)<br><br><b>34-0577130</b>                                                                                                                                                                                                       |                                                                                                          |

| Part I Asset and Liability Statement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                 |                       |                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------|-----------------|
| <b>1</b> 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. <b>Round off amounts to the nearest dollar.</b> 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 |
| <b>a</b> Total noninterest-bearing cash .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>1a</b>       |                       |                 |
| <b>b</b> Receivables (less allowance for doubtful accounts):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                 |                       |                 |
| <b>(1)</b> Employer contributions .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>1b(1)</b>    | 346327                | 0               |
| <b>(2)</b> Participant contributions .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1b(2)</b>    | 124062                | 0               |
| <b>(3)</b> Other.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>1b(3)</b>    |                       |                 |
| <b>c</b> General investments:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                 |                       |                 |
| <b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit) .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>1c(1)</b>    |                       |                 |
| <b>(2)</b> U.S. Government securities.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(2)</b>    |                       |                 |
| <b>(3)</b> Corporate debt instruments (other than employer securities):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                 |                       |                 |
| <b>(A)</b> Preferred .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(3)(A)</b> |                       |                 |
| <b>(B)</b> All other.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>1c(3)(B)</b> |                       |                 |
| <b>(4)</b> Corporate stocks (other than employer securities):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                 |                       |                 |
| <b>(A)</b> Preferred .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(4)(A)</b> |                       |                 |
| <b>(B)</b> Common .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>1c(4)(B)</b> |                       |                 |
| <b>(5)</b> Partnership/joint venture interests .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>1c(5)</b>    |                       |                 |
| <b>(6)</b> Real estate (other than employer real property) .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>1c(6)</b>    |                       |                 |
| <b>(7)</b> Loans (other than to participants) .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>1c(7)</b>    |                       |                 |
| <b>(8)</b> Participant loans .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>1c(8)</b>    | 8615683               | 0               |
| <b>(9)</b> Value of interest in common/collective trusts.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>1c(9)</b>    |                       |                 |
| <b>(10)</b> Value of interest in pooled separate accounts.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>1c(10)</b>   |                       |                 |
| <b>(11)</b> Value of interest in master trust investment accounts .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>1c(11)</b>   | 128059403             | 0               |
| <b>(12)</b> Value of interest in 103-12 investment entities .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>1c(12)</b>   |                       |                 |
| <b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(13)</b>   |                       |                 |
| <b>(14)</b> Value of funds held in insurance company general account (unallocated contracts).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>1c(14)</b>   |                       |                 |
| <b>(15)</b> Other .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>1c(15)</b>   |                       |                 |

| <b>1d</b> Employer-related investments:                              |              | (a) Beginning of Year | (b) End of Year |
|----------------------------------------------------------------------|--------------|-----------------------|-----------------|
| (1) Employer securities .....                                        | <b>1d(1)</b> |                       |                 |
| (2) Employer real property .....                                     | <b>1d(2)</b> |                       |                 |
| <b>e</b> Buildings and other property used in plan operation .....   | <b>1e</b>    |                       |                 |
| <b>f</b> Total assets (add all amounts in lines 1a through 1e) ..... | <b>1f</b>    | 137145475             | 0               |

**Liabilities**

|                                                                           |           |   |   |
|---------------------------------------------------------------------------|-----------|---|---|
| <b>g</b> Benefit claims payable .....                                     | <b>1g</b> |   |   |
| <b>h</b> Operating payables .....                                         | <b>1h</b> |   |   |
| <b>i</b> Acquisition indebtedness .....                                   | <b>1i</b> |   |   |
| <b>j</b> Other liabilities .....                                          | <b>1j</b> |   |   |
| <b>k</b> Total liabilities (add all amounts in lines 1g through 1j) ..... | <b>1k</b> | 0 | 0 |

**Net Assets**

|                                                           |           |           |   |
|-----------------------------------------------------------|-----------|-----------|---|
| <b>l</b> Net assets (subtract line 1k from line 1f) ..... | <b>1l</b> | 137145475 | 0 |
|-----------------------------------------------------------|-----------|-----------|---|

**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 |
|------------------------------------------------------------------------------------------------------------|-----------------|------------|-----------|
| <b>a Contributions:</b>                                                                                    |                 |            |           |
| (1) Received or receivable in cash from: <b>(A)</b> Employers .....                                        | <b>2a(1)(A)</b> | 1611065    |           |
| <b>(B)</b> Participants .....                                                                              | <b>2a(1)(B)</b> | 1848300    |           |
| <b>(C)</b> Others (including rollovers) .....                                                              | <b>2a(1)(C)</b> | 0          |           |
| (2) Noncash contributions .....                                                                            | <b>2a(2)</b>    |            |           |
| (3) Total contributions. Add lines <b>2a(1)(A)</b> , <b>(B)</b> , <b>(C)</b> , and line <b>2a(2)</b> ..... | <b>2a(3)</b>    |            | 3459365   |
| <b>b Earnings on investments:</b>                                                                          |                 |            |           |
| (1) Interest:                                                                                              |                 |            |           |
| <b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit) .....       | <b>2b(1)(A)</b> |            |           |
| <b>(B)</b> U.S. Government securities .....                                                                | <b>2b(1)(B)</b> |            |           |
| <b>(C)</b> Corporate debt instruments .....                                                                | <b>2b(1)(C)</b> |            |           |
| <b>(D)</b> Loans (other than to participants) .....                                                        | <b>2b(1)(D)</b> |            |           |
| <b>(E)</b> Participant loans .....                                                                         | <b>2b(1)(E)</b> | 200557     |           |
| <b>(F)</b> Other .....                                                                                     | <b>2b(1)(F)</b> |            |           |
| (G) Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....                                     | <b>2b(1)(G)</b> |            | 200557    |
| (2) Dividends: <b>(A)</b> Preferred stock .....                                                            | <b>2b(2)(A)</b> |            |           |
| <b>(B)</b> Common stock .....                                                                              | <b>2b(2)(B)</b> |            |           |
| <b>(C)</b> Registered investment company shares (e.g. mutual funds) .....                                  | <b>2b(2)(C)</b> |            |           |
| (D) Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> .....                         | <b>2b(2)(D)</b> |            | 0         |
| (3) Rents .....                                                                                            | <b>2b(3)</b>    |            |           |
| (4) Net gain (loss) on sale of assets: <b>(A)</b> Aggregate proceeds .....                                 | <b>2b(4)(A)</b> |            |           |
| <b>(B)</b> Aggregate carrying amount (see instructions) .....                                              | <b>2b(4)(B)</b> |            |           |
| <b>(C)</b> Subtract line <b>2b(4)(B)</b> from line <b>2b(4)(A)</b> and enter result .....                  | <b>2b(4)(C)</b> |            | 0         |
| (5) Unrealized appreciation (depreciation) of assets: <b>(A)</b> Real estate .....                         | <b>2b(5)(A)</b> |            |           |
| <b>(B)</b> Other .....                                                                                     | <b>2b(5)(B)</b> |            |           |
| (C) Total unrealized appreciation of assets. Add lines <b>2b(5)(A)</b> and <b>(B)</b> .....                | <b>2b(5)(C)</b> |            | 0         |

|                                                                                                |        | (a) Amount | (b) Total |
|------------------------------------------------------------------------------------------------|--------|------------|-----------|
| (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)  |            | 14439610  |
| (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 <b>income</b> amounts in column (b) and enter total.....               | 2d     |            | 18099532  |

**Expenses**

|                                                                                     |       |         |         |
|-------------------------------------------------------------------------------------|-------|---------|---------|
| e Benefit payment and payments to provide benefits:                                 |       |         |         |
| (1) Directly to participants or beneficiaries, including direct rollovers .....     | 2e(1) | 8926876 |         |
| (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) |         | 8926876 |
| f Corrective distributions (see instructions) .....                                 | 2f    |         |         |
| g Certain deemed distributions of participant loans (see instructions).....         | 2g    |         | 177428  |
| h Interest expense.....                                                             | 2h    |         |         |
| i Administrative expenses: (1) Professional fees .....                              | 2i(1) |         |         |
| (2) Contract administrator fees .....                                               | 2i(2) |         |         |
| (3) Investment advisory and management fees .....                                   | 2i(3) | 59803   |         |
| (4) Other .....                                                                     | 2i(4) | 41428   |         |
| (5) Total administrative expenses. Add lines 2i(1) through (4).....                 | 2i(5) |         | 101231  |
| j Total expenses. Add all <b>expense</b> amounts in column (b) and enter total..... | 2j    |         | 9205535 |

**Net Income and Reconciliation**

|                                                         |       |  |           |
|---------------------------------------------------------|-------|--|-----------|
| k Net income (loss). Subtract line 2j from line 2d..... | 2k    |  | 8893997   |
| l Transfers of assets:                                  |       |  |           |
| (1) To this plan.....                                   | 2l(1) |  |           |
| (2) From this plan .....                                | 2l(2) |  | 146039472 |

**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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

**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.).....

**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.).....

|    | Yes | No | Amount |
|----|-----|----|--------|
| 4a |     | X  |        |
| 4b |     | X  |        |

|                                                                                                                                                                                                                               | Yes | No | Amount   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|----------|
| <b>c</b> 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  |          |
| <b>d</b> 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  |          |
| <b>e</b> Was this plan covered by a fidelity bond? .....                                                                                                                                                                      | X   |    | 25000000 |
| <b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....                                                                                       |     | X  |          |
| <b>g</b> 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  |          |
| <b>h</b> 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  |          |
| <b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) .....                                                                |     | X  |          |
| <b>j</b> 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  |          |
| <b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? .....                                                           | X   |    |          |
| <b>l</b> Has the plan failed to provide any benefit when due under the plan? .....                                                                                                                                            |     | X  |          |
| <b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) .....                                                                                                  |     | X  |          |
| <b>n</b> 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. ....                                      |     |    |          |

**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: 0

**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 COMPANY SAVINGS AND INVESTMENT PENSION PLAN

| 5b(2) EIN(s) | 5b(3) PN(s) |
|--------------|-------------|
| 34-0577130   | 011         |
|              |             |
|              |             |
|              |             |

## Part V Trust Information (optional)

**6a** Name of trust

**6b** Trust's EIN

|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                            |                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>SCHEDULE R</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Retirement Plan Information</b><br><br>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).<br><br>▶ <b>File as an attachment to Form 5500.</b> | OMB No. 1210-0110<br><br><b>2012</b><br><br><b>This Form is Open to Public Inspection.</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 06/29/2012

|                                                                                            |                                                                    |
|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| <b>A</b> Name of plan<br><u>THE HOURLY PENSION AND INVESTMENT PLAN</u>                     | <b>B</b> Three-digit plan number (PN) ▶<br><u>016</u>              |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>THE TIMKEN COMPANY</u> | <b>D</b> Employer Identification Number (EIN)<br><u>34-0577130</u> |

|               |                      |
|---------------|----------------------|
| <b>Part I</b> | <b>Distributions</b> |
|---------------|----------------------|

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

|                                                                                                                                                                                                                                                                    |          |          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| <b>1</b> Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....                                                                                                                              | <b>1</b> | <u>0</u> |
| <b>2</b> 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):<br><br>EIN(s): <u>43-6389220</u> |          |          |
| <b>Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.</b>                                                                                                                                                                                            |          |          |
| <b>3</b> Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....                                                                                                                                    | <b>3</b> |          |

|                |                                                                                                                                                                              |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part II</b> | <b>Funding Information</b> (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) |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                                                                                                           |                              |                             |                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|------------------------------|
| <b>4</b> Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....                                                                                                                                                                                                                                                       | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| <b>If the plan is a defined benefit plan, go to line 8.</b>                                                                                                                                                                                                                                                                                                               |                              |                             |                              |
| <b>5</b> 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. <b>Date:</b> Month _____ Day _____ Year _____<br><b>If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.</b> |                              |                             |                              |
| <b>6 a</b> Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) .....                                                                                                                                                                                                                            | <b>6a</b>                    |                             |                              |
| <b>b</b> Enter the amount contributed by the employer to the plan for this plan year .....                                                                                                                                                                                                                                                                                | <b>6b</b>                    |                             |                              |
| <b>c</b> 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).....                                                                                                                                                                                                                           | <b>6c</b>                    |                             |                              |
| <b>If you completed line 6c, skip lines 8 and 9.</b>                                                                                                                                                                                                                                                                                                                      |                              |                             |                              |
| <b>7</b> Will the minimum funding amount reported on line 6c be met by the funding deadline? .....                                                                                                                                                                                                                                                                        | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| <b>8</b> 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?.....                                                                                                | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |

|                 |                   |
|-----------------|-------------------|
| <b>Part III</b> | <b>Amendments</b> |
|-----------------|-------------------|

|                                                                                                                                                                                                                            |                                   |                                   |                               |                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|-----------------------------|
| <b>9</b> 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..... | <input type="checkbox"/> Increase | <input type="checkbox"/> Decrease | <input type="checkbox"/> Both | <input type="checkbox"/> No |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|-----------------------------|

|                |                                                                                                                                                   |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part IV</b> | <b>ESOPs</b> (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. |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                             |                              |                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------------------|
| <b>10</b> Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....                                                      | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| <b>11 a</b> Does the ESOP hold any preferred stock? .....                                                                                                                                   | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| <b>b</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.)..... | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| <b>12</b> Does the ESOP hold any stock that is not readily tradable on an established securities market? .....                                                                              | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

**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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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:

|                                                                          |            |  |
|--------------------------------------------------------------------------|------------|--|
| <b>a</b> The current year .....                                          | <b>14a</b> |  |
| <b>b</b> The plan year immediately preceding the current plan year ..... | <b>14b</b> |  |
| <b>c</b> The second preceding plan year .....                            | <b>14c</b> |  |

- 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:

|                                                                                                       |            |  |
|-------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> The corresponding number for the plan year immediately preceding the current plan year ..... | <b>15a</b> |  |
| <b>b</b> The corresponding number for the second preceding plan year .....                            | <b>15b</b> |  |

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

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

- 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 lines (a) through (c)

**a** Enter the percentage of plan assets held as:  
 Stock: \_\_\_\_\_% Investment-Grade Debt: \_\_\_\_\_% High-Yield Debt: \_\_\_\_\_% Real Estate: \_\_\_\_\_% Other: \_\_\_\_\_%

**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 line 19(b)?  
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): \_\_\_\_\_



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Cleveland, Ohio 44115  
216 861 5000  
www.ey.com

## Report of Independent Auditors

The Timken Company, Administrator of  
The Hourly Pension Investment Plan

We have audited the accompanying statements of net assets available for benefits of The Hourly Pension Investment Plan as of June 29, 2012 and December 31, 2011, and the related statements of changes in net assets available for benefits for the period from January 1, 2012 to June 29, 2012. 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 audit 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, the net assets available for benefits of the Plan at June 29, 2012 and December 31, 2011, and the changes in its net assets available for benefits for the period from January 1, 2012 to June 29, 2012, in conformity with accounting principles generally accepted in the United States.

December 21, 2012

A handwritten signature in black ink that reads 'Ernst &amp; Young LLP'.

# The Hourly Pension Investment Plan

## Financial Statements

June 29, 2012 and December 31, 2011, and  
Period from January 1, 2012 to June 29, 2012

### Contents

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| Statement of Changes in Net Assets Available for Benefits .....       | 3 |
| Notes to Financial Statements.....                                    | 4 |
| Exhibit 23 – Consent of Independent Registered Public Accounting Firm |   |

Report of Independent Registered Public Accounting Firm

The Timken Company, Administrator of  
The Hourly Pension Investment Plan

We have audited the accompanying statements of net assets available for benefits of The Hourly Pension Investment Plan as of June 29, 2012 and December 31, 2011, and the related statement of changes in net assets available for benefits for the period from January 1, 2012 to June 29, 2012. 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit 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, the net assets available for benefits of the Plan at June 29, 2012 and December 31, 2011, and the changes in its net assets available for benefits for the period from January 1, 2012 to June 29, 2012, in conformity with U.S. generally accepted accounting principles.

Cleveland, Ohio

December 19, 2012

## The Hourly Pension Investment Plan

### Statements of Net Assets Available for Benefits

|                                                                                                                                                                                                               | <b>June 29,<br/>2012</b> | December 31,<br>2011  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------|
| Assets                                                                                                                                                                                                        |                          |                       |
| Investments, at fair value:                                                                                                                                                                                   |                          |                       |
| Interest in The Master Trust Agreement for<br>The Timken Company Defined Contribution Plans                                                                                                                   | \$ —                     | \$ 128,059,403        |
| Receivables:                                                                                                                                                                                                  |                          |                       |
| Contributions receivable from participants                                                                                                                                                                    | —                        | 124,062               |
| Contributions receivable from The Timken Company                                                                                                                                                              | —                        | 346,327               |
| Participant notes receivable                                                                                                                                                                                  | —                        | 8,615,683             |
|                                                                                                                                                                                                               | —                        | 9,086,072             |
| Total assets reflecting investments at fair value                                                                                                                                                             | —                        | 137,145,475           |
| Adjustment from fair value to contract value for interest in<br>The Master Trust Agreement for The Timken Company<br>Defined Contribution Plans relating to fully benefit-<br>responsive investment contracts | —                        | (53,043)              |
| Net assets available for benefits                                                                                                                                                                             | <u>\$ —</u>              | <u>\$ 137,092,432</u> |

*See accompanying notes.*

## The Hourly Pension Investment Plan

### Statement of Changes in Net Assets Available for Benefits

Period from January 1, 2012 to June 29, 2012

#### **Additions**

##### Investment income:

|                                                                                                          |                      |
|----------------------------------------------------------------------------------------------------------|----------------------|
| Net investment gain from The Master Trust Agreement for<br>The Timken Company Defined Contribution Plans | <b>\$ 14,492,654</b> |
|----------------------------------------------------------------------------------------------------------|----------------------|

|                                        |                |
|----------------------------------------|----------------|
| Interest income from participant notes | <b>200,557</b> |
|----------------------------------------|----------------|

##### Contributions:

|              |                  |
|--------------|------------------|
| Participants | <b>1,848,300</b> |
|--------------|------------------|

|                    |                  |
|--------------------|------------------|
| The Timken Company | <b>1,611,065</b> |
|--------------------|------------------|

|  |                  |
|--|------------------|
|  | <b>3,459,365</b> |
|--|------------------|

|                 |                   |
|-----------------|-------------------|
| Total additions | <b>18,152,576</b> |
|-----------------|-------------------|

#### **Deductions**

|                                        |                  |
|----------------------------------------|------------------|
| Benefits paid directly to participants | <b>9,104,305</b> |
|----------------------------------------|------------------|

|                         |                |
|-------------------------|----------------|
| Administrative expenses | <b>101,231</b> |
|-------------------------|----------------|

|                                                                 |                    |
|-----------------------------------------------------------------|--------------------|
| Transfers out to The Timken Company Savings and Investment Plan | <b>146,039,472</b> |
|-----------------------------------------------------------------|--------------------|

|                  |                    |
|------------------|--------------------|
| Total deductions | <b>155,245,008</b> |
|------------------|--------------------|

|              |                      |
|--------------|----------------------|
| Net decrease | <b>(137,092,432)</b> |
|--------------|----------------------|

##### Net assets available for benefits:

|                   |                    |
|-------------------|--------------------|
| Beginning of year | <b>137,092,432</b> |
|-------------------|--------------------|

|             |             |
|-------------|-------------|
| End of year | <b>\$ —</b> |
|-------------|-------------|

*See accompanying notes.*

# The Hourly Pension Investment Plan

## Notes to Financial Statements

June 29, 2012 and December 31, 2011, and  
Six Months Ended June 29, 2012

### 1. Description of the Plan

The following description of The Hourly Pension Investment Plan (the Plan) provides only general information. Participants should refer to their *Total Rewards* handbook (Summary Plan Description) for a more complete description of the Plan's provisions. Copies of the handbook are available from The Timken Company (Timken, the Company, and Plan Administrator).

#### General

The Plan is a defined contribution plan covering nonbargaining hourly employees of the Company's manufacturing facilities located in Canton, Ohio; Bucyrus, Ohio; Lincolnton, North Carolina; and Gaffney, South Carolina and employees working as Brickmasons at any Ohio facility. Employees of the Company become eligible to participate in the Plan the first of the month following the completion of one full calendar month of full-time service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

#### Plan Merger

Effective June 29, 2012, the assets and liabilities of the Plan were transferred to and merged into The Timken Company Savings and Investment Pension Plan. The net assets transferred out of the Plan are reflected on the June 29, 2012 statement of changes in net assets available for benefits as a transfer out to The Timken Company Savings and Investment Plan.

#### Contributions

Under the provisions of the Plan, participants may elect to contribute up to 20% of their gross earnings directly to the Plan subject to Internal Revenue Service (IRS) limitations. Participants may also roll over amounts representing distributions from other qualified defined benefit or defined contribution plans. The Company matches employee contributions, "Matching Contributions," at an amount equal to 100% of the first 3% of the participant's gross earnings and 50% of the excess of 3% up to the next 3% of the participant's gross earnings.

The Plan provides for a quarterly "Core Contribution" by the Company for employees who did not have five years of Continuous Service and 50 points (in Continuous Service and age) as of December 31, 2003. This contribution is based on the participant's full years of service and age as of December 31 of the previous calendar year. Core Contribution amounts range from 1.0% to 4.5% of the participant's eligible compensation.

# The Hourly Pension Investment Plan

## Notes to Financial Statements (continued)

### **1. Description of the Plan (continued)**

Upon enrollment, a participant must direct the percentage of his or her contribution to be invested in each fund in increments of 1%. If a participant fails to make a deferral election, he/she will be automatically enrolled in the Plan at a 3% deferral rate.

Effective April 15, 2010, any employee hired prior to 2007 who had not enrolled as a participant in the Plan as of February 22, 2010; and any employee hired after 2006 who, prior to February 22, 2010, had elected not to participate in the Plan, were automatically enrolled in the Plan at a 3% deferral rate. If the participant makes no further changes to his/her deferral rate, then each year following the year in which the participant was automatically enrolled in the Plan the participant's deferral rate will be increased by 1% until a deferral rate of 6% has been attained. All Matching Contributions are made in Timken common shares.

Participants are not allowed to direct the investment of the Matching Contributions made in Timken common shares until (i) attaining age 55, (ii) the third anniversary of the date on which such participant is hired, (iii) the date such participant obtains three years of Continuous Service, or (iv) following retirement. Core Contributions are invested based on the participant's investment election. If a participant fails to make investment elections, his/her deferrals will default to an appropriate Vanguard Target Retirement Fund, based on the participant's age.

Participants have access to their account information and the ability to make account transfers and contribution changes daily through an automated telecommunications system and through the Internet.

Participants may elect to have their dividends in The Timken Company Common Stock Fund distributed to them in cash rather than automatically reinvested in Timken common shares.

### **Participant Accounts**

Each participant's account is credited with the participant's contributions and allocations of (a) the Company's contributions and (b) Plan earnings, and is charged administrative expenses, as appropriate. Plan earnings are allocated based on the participant's share of net earnings or losses of their respective elected investment options. Allocations of administrative expenses are based on the participant's account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

# The Hourly Pension Investment Plan

## Notes to Financial Statements (continued)

### 1. Description of the Plan (continued)

#### **Vesting**

Participants are immediately vested in their contributions and Matching Contributions plus actual earnings thereon. Participants vest in the Core Contributions after the completion of three years of service.

#### **Forfeitures**

Under the provisions of the Plan, if a participant leaves the Company with less than three years of continuous service, all Core Contributions, and any earnings on those contributions, are forfeited and used to fund other Company contributions for eligible associates. Unallocated forfeitures balances as of June 29, 2012 or December 31, 2011 were approximately \$0 and \$124,000, respectively.

#### **Participant Notes Receivable**

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. Loan terms generally cannot exceed five years for general purpose loans and 30 years for residential loans.

The loans are secured by the balance in the participant's account and bear interest at an interest rate of 1% in excess of the prime rate, as published the first business day of each month in the *Wall Street Journal*. Principal and interest are paid ratably through payroll deductions.

#### **Payment of Benefits**

On termination of service, a participant may receive a lump-sum amount equal to the vested balance of their account, or elect to receive installment payments over a period of time not to exceed their life expectancy. If a participant's vested balance is greater than \$1,000, they may leave their assets in the Plan until age 70½.

Hardship withdrawals are allowed for participants incurring an immediate and severe financial need, as defined by the Plan. Hardship withdrawals are strictly regulated by the IRS and a participant must exhaust all available loan options and distributions prior to requesting a hardship withdrawal.

# The Hourly Pension Investment Plan

## Notes to Financial Statements (continued)

### **2. Accounting Policies**

#### **Basis of Accounting**

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

#### **Participant Notes Receivable**

Participant notes receivable represents participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of June 29, 2012 or December 31, 2011. If a participant ceases to make loan repayments and the Plan Administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

#### **Investment Valuation and Income Recognition**

The Plan's investments are stated at fair value and are invested in The Master Trust Agreement for The Timken Company Defined Contribution Plans (Master Trust), which was established for the investment of assets of the Plan and the seven other defined contribution plans sponsored by the Company. The Plan's trustee maintains a collective investment trust of Timken common shares in which the Company's defined contribution plans participate on a unit basis. Timken common shares are traded on a national securities exchange and participation units in The Timken Company Common Stock Fund are valued at the last reported sales price on the last business day of the plan year. The valuation per unit of The Timken Company Common Stock Fund was \$24.84 and \$21.05 at June 29, 2012 and December 31, 2011, respectively.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

#### **Use of Estimates**

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

# The Hourly Pension Investment Plan

## Notes to Financial Statements (continued)

### 2. Accounting Policies (continued)

#### New Accounting Pronouncements

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 (IFRS). 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 although certain of these new disclosures will not be required for nonpublic entities. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Since ASU 2011-04 only clarifies existing fair value measurements and affects fair value measurement disclosures, adoption of ASU 2011-04 did not affect the Plan's net assets available for benefits or its changes in net assets available for benefits.

## The Hourly Pension Investment Plan

### Notes to Financial Statements (continued)

#### **3. Investments**

The Plan's assets are held in the Master Trust, commingled with assets of other Company-sponsored benefit plans.

Each participating plan's interest in the investment funds (i.e., separate accounts) of the Master Trust is based on account balances of the participants and their elected investment funds. The Master Trust assets are allocated among the participating plans by assigning to each plan those transactions (primarily contributions, benefit payments, and plan-specific expenses) that can be specifically identified and by allocating among all plans, in proportion to the fair value of the assets assigned to each plan, income and expenses resulting from the collective investment of the assets of the Master Trust. The Plan's interest in the Master Trust as of June 29, 2012 and December 31, 2011 was 0% and 11.57% respectively.

At June 29, 2012 and December 31, 2011, The Timken Company Common Stock Fund consisted of 12,658,072 and 14,235,559 units, respectively, of The Timken Company's common stock held within the Master Trust.

# The Hourly Pension Investment Plan

## Notes to Financial Statements (continued)

### 3. Investments (continued)

The following tables present the fair values of the net assets in the Master Trust and the Plan's percentage interest in each investment fund of the Master Trust:

| June 29, 2012                                |                       |                                 |                       |                       |                         |                             |
|----------------------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-------------------------|-----------------------------|
|                                              | Company Stock         | Registered Investment Companies | Common Collective     | Investment Contracts  | Total Assets            | Plan's Ownership Percentage |
| Investment, at fair value                    |                       |                                 |                       |                       |                         |                             |
| The Timken Company Common Stock Fund         | \$ 314,430,313        | \$ -                            | \$ -                  | \$ -                  | \$ 314,430,313          | 0%                          |
| Morgan Stanley Small Company Growth          | -                     | 14,785,955                      | -                     | -                     | 14,785,955              | 0%                          |
| American Funds EuroPacific Growth            | -                     | 77,948,709                      | -                     | -                     | 77,948,709              | 0%                          |
| American Funds Washington Mutual Investors   | -                     | 22,016,868                      | -                     | -                     | 22,016,868              | 0%                          |
| American Beacon Small Cap Value              | -                     | 21,895,253                      | -                     | -                     | 21,895,253              | 0%                          |
| Vanguard Target Retirement Income            | -                     | 20,857,402                      | -                     | -                     | 20,857,402              | 0%                          |
| Vanguard Target Retirement 2005              | -                     | -                               | -                     | -                     | -                       | 0%                          |
| Vanguard Target Retirement 2015              | -                     | 64,843,174                      | -                     | -                     | 64,843,174              | 0%                          |
| Vanguard Target Retirement 2025              | -                     | 32,855,475                      | -                     | -                     | 32,855,475              | 0%                          |
| Vanguard Target Retirement 2035              | -                     | 32,472,432                      | -                     | -                     | 32,472,432              | 0%                          |
| Vanguard Target Retirement 2045              | -                     | 13,627,155                      | -                     | -                     | 13,627,155              | 0%                          |
| Vanguard Target Retirement 2020              | -                     | 2,496,231                       | -                     | -                     | 2,496,231               | 0%                          |
| Vanguard Target Retirement 2030              | -                     | 938,116                         | -                     | -                     | 938,116                 | 0%                          |
| Vanguard Target Retirement 2040              | -                     | 331,558                         | -                     | -                     | 331,558                 | 0%                          |
| Vanguard Target Retirement 2050              | -                     | 577,297                         | -                     | -                     | 577,297                 | 0%                          |
| JPMorgan S&P 500 Index                       | -                     | -                               | 32,423,241            | -                     | 32,423,241              | 0%                          |
| JPMorgan Core Bond                           | -                     | -                               | 124,650,708           | -                     | 124,650,708             | 0%                          |
| JPMorgan Equity Index                        | -                     | -                               | 137,644,518           | -                     | 137,644,518             | 0%                          |
| Nuveen Winslow Lar-Cap Growth                | -                     | -                               | 64,851,870            | -                     | 64,851,870              | 0%                          |
| SSgA Russell 2000-A Index                    | -                     | -                               | 47,226,692            | -                     | 47,226,692              | 0%                          |
|                                              | <u>\$ 314,430,313</u> | <u>\$ 305,645,625</u>           | <u>\$ 406,797,029</u> | <u>\$ -</u>           | <u>\$ 1,026,872,967</u> |                             |
| JPMorgan Stable Value                        | \$ -                  | \$ -                            | \$ -                  | \$ 182,808,916        | \$ 182,808,916          |                             |
| Wrapper Value                                | -                     | -                               | -                     | 100,761               | 100,761                 |                             |
| Adjustment from fair value to contract value | -                     | -                               | -                     | (2,235,311)           | (2,235,311)             |                             |
|                                              | <u>\$ -</u>           | <u>\$ -</u>                     | <u>\$ -</u>           | <u>\$ 180,674,366</u> | <u>\$ 180,674,366</u>   | 0%                          |
| Net Assets of Master Trust                   | <u>\$ 314,430,313</u> | <u>\$ 305,645,625</u>           | <u>\$ 406,797,029</u> | <u>\$ 180,674,366</u> | <u>\$ 1,207,547,333</u> | 0%                          |

# The Hourly Pension Investment Plan

## Notes to Financial Statements (continued)

### 3. Investments (continued)

| December 31, 2011                             |                       |                                    |                       |                         |                         |                                |
|-----------------------------------------------|-----------------------|------------------------------------|-----------------------|-------------------------|-------------------------|--------------------------------|
|                                               | Company Stock         | Registered Investment<br>Companies | Common<br>Collective  | Investment<br>Contracts | Total Assets            | Plan's Ownership<br>Percentage |
| Investments, at Fair Value:                   |                       |                                    |                       |                         |                         |                                |
| The Timken Company Common Stock Fund          | \$ 299,608,700        | \$ -                               | \$ -                  | \$ -                    | \$ 299,608,700          | 15.71%                         |
| Morgan Stanley Small Company Growth           | -                     | 14,124,854                         | -                     | -                       | 14,124,854              | 5.54%                          |
| American Funds EuroPacific Growth             | -                     | 72,122,610                         | -                     | -                       | 72,122,610              | 11.39%                         |
| American Funds Washington Mutual Investors    | -                     | 16,322,636                         | -                     | -                       | 16,322,636              | 8.15%                          |
| American Beacon Small Cap Value               | -                     | 19,995,849                         | -                     | -                       | 19,995,849              | 5.52%                          |
| Vanguard Target Retirement Income             | -                     | 9,032,047                          | -                     | -                       | 9,032,047               | 4.12%                          |
| Vanguard Target Retirement 2005               | -                     | 8,463,967                          | -                     | -                       | 8,463,967               | 5.19%                          |
| Vanguard Target Retirement 2015               | -                     | 61,428,882                         | -                     | -                       | 61,428,882              | 6.02%                          |
| Vanguard Target Retirement 2025               | -                     | 30,074,232                         | -                     | -                       | 30,074,232              | 6.79%                          |
| Vanguard Target Retirement 2035               | -                     | 30,092,816                         | -                     | -                       | 30,092,816              | 6.02%                          |
| Vanguard Target Retirement 2045               | -                     | 12,163,963                         | -                     | -                       | 12,163,963              | 9.50%                          |
| Vanguard Target Retirement 2020               | -                     | 43,531                             | -                     | -                       | 43,531                  | 0.00%                          |
| Vanguard Target Retirement 2030               | -                     | 38,305                             | -                     | -                       | 38,305                  | 0.00%                          |
| Vanguard Target Retirement 2040               | -                     | 25,722                             | -                     | -                       | 25,722                  | 0.00%                          |
| Vanguard Target Retirement 2050               | -                     | 14,981                             | -                     | -                       | 14,981                  | 0.00%                          |
| JPMorgan S&P 500 Index                        | -                     | -                                  | 30,539,328            | -                       | 30,539,328              | 0.00%                          |
| JPMorgan Core Bond                            | -                     | -                                  | 102,933,082           | -                       | 102,933,082             | 12.75%                         |
| JPMorgan Equity Index                         | -                     | -                                  | 123,489,446           | -                       | 123,489,446             | 15.14%                         |
| Nuveen Winslow Large-Cap Growth               | -                     | -                                  | 63,463,896            | -                       | 63,463,896              | 10.21%                         |
| SSgA Russell 2000-A Index                     | -                     | -                                  | 41,177,230            | -                       | 41,177,230              | 11.54%                         |
|                                               | <u>\$ 299,608,700</u> | <u>\$ 273,944,395</u>              | <u>\$ 361,602,982</u> | <u>\$ -</u>             | <u>\$ 935,156,077</u>   |                                |
| JPMorgan Stable Value                         | \$ -                  | \$ -                               | \$ -                  | \$ 171,581,331          | \$ 171,581,331          |                                |
| Wrapper Value                                 | -                     | -                                  | -                     | 25,677                  | 25,677                  |                                |
| Adjustments from fair value to contract value | -                     | -                                  | -                     | (536,503)               | (536,503)               |                                |
|                                               | <u>\$ -</u>           | <u>\$ -</u>                        | <u>\$ -</u>           | <u>\$ 171,070,505</u>   | <u>\$ 171,070,505</u>   | <u>9.89%</u>                   |
| Net Assets of Master Trust                    | <u>\$ 299,608,700</u> | <u>\$ 273,944,395</u>              | <u>\$ 361,602,982</u> | <u>\$ 171,070,505</u>   | <u>\$ 1,106,226,582</u> | <u>11.57%</u>                  |

## The Hourly Pension Investment Plan

### Notes to Financial Statements (continued)

#### 3. Investments (continued)

Investment gain for the Master Trust is as follows:

|                                               | <b>Period from<br/>January 1, 2012<br/>to June 29, 2012</b> |
|-----------------------------------------------|-------------------------------------------------------------|
| Net appreciation in fair value of investments |                                                             |
| The Timken Company Common Stock Fund          | \$ 60,320,644                                               |
| Registered investment companies               | 16,265,050                                                  |
| Common collective funds                       | 26,582,408                                                  |
|                                               | <b>103,168,102</b>                                          |
| Net appreciation in investment contracts      | 1,758,346                                                   |
| Interest and dividends                        | 3,575,280                                                   |
| Total Master Trust                            | <b>\$ 108,501,728</b>                                       |

#### 4. Fair Value

Fair value is defined 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 (exit price). The FASB provides accounting guidance that classifies the inputs used to measure fair value into the following hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 – Unobservable inputs for the asset or liability.

# The Hourly Pension Investment Plan

## Notes to Financial Statements (continued)

### 4. Fair Value (continued)

The following tables present the fair value hierarchy for those investments of the Master Trust measured at fair value on a recurring basis as of June 29, 2012 and December 31, 2011:

|                                            | Assets at Fair Value as of June 29, 2012 |                       |                       |                       |
|--------------------------------------------|------------------------------------------|-----------------------|-----------------------|-----------------------|
|                                            | Total                                    | Level 1               | Level 2               | Level 3               |
| Assets:                                    |                                          |                       |                       |                       |
| The Timken Company                         |                                          |                       |                       |                       |
| Common Stock Fund                          | \$ 314,430,313                           | \$ -                  | \$ 314,430,313        | \$ -                  |
| Registered Investment Companies            |                                          |                       |                       |                       |
| Morgan Stanley Small Company Growth        | 14,785,954                               | 14,785,954            | -                     | -                     |
| American Funds EuroPacific Growth          | 77,948,709                               | 77,948,709            | -                     | -                     |
| American Funds Washington Mutual Investors | 22,016,868                               | 22,016,868            | -                     | -                     |
| American Beacon Small Cap Value            | 21,895,253                               | 21,895,253            | -                     | -                     |
| Vanguard Target Retirement Income          | 20,857,402                               | 20,857,402            | -                     | -                     |
| Vanguard Target Retirement 2005            | -                                        | -                     | -                     | -                     |
| Vanguard Target Retirement 2015            | 64,843,174                               | 64,843,174            | -                     | -                     |
| Vanguard Target Retirement 2020            | 32,855,475                               | 32,855,475            | -                     | -                     |
| Vanguard Target Retirement 2025            | 32,472,432                               | 32,472,432            | -                     | -                     |
| Vanguard Target Retirement 2030            | 13,627,155                               | 13,627,155            | -                     | -                     |
| Vanguard Target Retirement 2035            | 2,496,231                                | 2,496,231             | -                     | -                     |
| Vanguard Target Retirement 2040            | 938,116                                  | 938,116               | -                     | -                     |
| Vanguard Target Retirement 2045            | 331,559                                  | 331,559               | -                     | -                     |
| Vanguard Target Retirement 2050            | 577,297                                  | 577,297               | -                     | -                     |
| Common Collective Funds:                   |                                          |                       |                       |                       |
| JPMorgan S&P 500 Index                     | 32,423,241                               | -                     | 32,423,241            | -                     |
| JPMorgan Core Bond                         | 124,650,708                              | -                     | 124,650,708           | -                     |
| SSgA Russell 2000-A Index                  | 137,644,518                              | -                     | 137,644,518           | -                     |
| JPMorgan Equity Index                      | 64,851,870                               | -                     | 64,851,870            | -                     |
| Nuveen Winslow Lar-Cap Growth              | 47,226,692                               | -                     | 47,226,692            | -                     |
| Investment Contracts                       |                                          |                       |                       |                       |
| JP Morgan Liquidity                        | 22,034,862                               | -                     | -                     | 22,034,862            |
| JP Morgan Intermediate Tax Free Bond       | 148,530,339                              | -                     | -                     | 148,530,339           |
| JP Morgan Mortgage Private Placement Fund  | 12,243,715                               | -                     | -                     | 12,243,715            |
| Wrapper Value                              | 100,761                                  | -                     | -                     | 100,761               |
| <b>Total assets</b>                        | <b>\$ 1,209,782,644</b>                  | <b>\$ 305,645,625</b> | <b>\$ 721,227,342</b> | <b>\$ 182,909,677</b> |

# The Hourly Pension Investment Plan

## Notes to Financial Statements (continued)

### 4. Fair Value (continued)

|                                            | Assets at Fair Value as of December 31, 2011 |                       |                       |                       |
|--------------------------------------------|----------------------------------------------|-----------------------|-----------------------|-----------------------|
|                                            | Total                                        | Level 1               | Level 2               | Level 3               |
| <b>Assets:</b>                             |                                              |                       |                       |                       |
| The Timken Company                         |                                              |                       |                       |                       |
| Common Stock Fund                          | \$ 299,608,700                               | \$ -                  | \$ 299,608,700        | \$ -                  |
| Registered Investment Companies:           |                                              |                       |                       |                       |
| Morgan Stanley Small Company Growth        | 14,124,854                                   | 14,124,854            | -                     | -                     |
| American Funds EuroPacific Growth          | 72,122,610                                   | 72,122,610            | -                     | -                     |
| American Funds Washington Mutual Investors | 16,322,636                                   | 16,322,636            | -                     | -                     |
| American Beacon Small Cap Value            | 19,995,849                                   | 19,995,849            | -                     | -                     |
| Vanguard Target Retirement Income          | 9,032,047                                    | 9,032,047             | -                     | -                     |
| Vanguard Target Retirement 2005            | 8,463,967                                    | 8,463,967             | -                     | -                     |
| Vanguard Target Retirement 2015            | 61,428,882                                   | 61,428,882            | -                     | -                     |
| Vanguard Target Retirement 2020            | 43,531                                       | 43,531                | -                     | -                     |
| Vanguard Target Retirement 2025            | 30,074,232                                   | 30,074,232            | -                     | -                     |
| Vanguard Target Retirement 2030            | 38,305                                       | 38,305                | -                     | -                     |
| Vanguard Target Retirement 2035            | 30,092,816                                   | 30,092,816            | -                     | -                     |
| Vanguard Target Retirement 2040            | 25,722                                       | 25,722                | -                     | -                     |
| Vanguard Target Retirement 2045            | 12,163,963                                   | 12,163,963            | -                     | -                     |
| Vanguard Target Retirement 2050            | 14,981                                       | 14,981                | -                     | -                     |
| Common Collective Funds:                   |                                              |                       |                       |                       |
| JPMorgan S&P 500 Index                     | 30,539,329                                   | -                     | 30,539,329            | -                     |
| JPMorgan Core Bond                         | 102,933,082                                  | -                     | 102,933,082           | -                     |
| SSgA Russell 2000-A Index                  | 41,177,230                                   | -                     | 41,177,230            | -                     |
| JPMorgan Equity Index                      | 123,489,446                                  | -                     | 123,489,446           | -                     |
| Nuveen Winslow Large-Cap Growth            | 63,463,895                                   | -                     | 63,463,895            | -                     |
| Investment Contracts:                      |                                              |                       |                       |                       |
| JPMorgan Liquidity                         | 14,307,860                                   | -                     | -                     | 14,307,860            |
| JPMorgan Intermediate Tax                  |                                              |                       |                       |                       |
| Free Bond                                  | 157,273,471                                  | -                     | -                     | 157,273,471           |
| Wrapper Value                              | 25,677                                       | -                     | -                     | 25,677                |
| <b>Total assets</b>                        | <b>\$ 1,106,763,085</b>                      | <b>\$ 273,944,395</b> | <b>\$ 661,211,682</b> | <b>\$ 171,607,008</b> |

The Timken Company Stock Fund participates in units and is valued based on the closing price of Timken common shares traded on a national securities exchange.

Registered investment companies are valued based on quoted market prices reported on the active market on which the individual securities are traded.

The JP Morgan S&P 500 Index fund and the JP Morgan Equity Index fund include investments that provide exposure to a broad equity market and are designed to mirror the aggregate price and dividend performance of the S&P 500 Index. The fair value of the investments in this category have been determined using the net asset value per share.

The JP Morgan Core Bond fund includes investments that seek to maximize total return by investing primarily in a diversified portfolio of intermediate- and long-term debt securities. The

## The Hourly Pension Investment Plan

### Notes to Financial Statements (continued)

#### **4. Fair Value (continued)**

fair value of the investments in this category has been determined using the net asset value per share.

The SSgA Russell 2000-A Index fund includes investments seeking an investment return that approximates as closely as practicable, before expenses, the performance of the Russell 2000 Index over the long term. The fund includes exposure to stocks of small U.S. companies. The fair value of the investments in this category has been determined using the net asset value per share.

The Nuveen Winslow Large-Cap Growth fund is a portfolio that invests at least 80% of its net assets in equity securities of U.S. companies with market capitalization in excess of \$4 billion at the time of purchase. The fair value of the investments in this category has been determined using the net asset value per share on the active market on which the individual securities are traded.

Investment contracts include a common collective trust fund that is designed to deliver safety and stability by preserving principal and accumulating earnings. This fund is primarily invested in guaranteed investment contracts and synthetic investment contracts. See Note 6 – Investment Contracts for further discussion.

# The Hourly Pension Investment Plan

## Notes to Financial Statements (continued)

### 4. Fair Value (continued)

The following table presents a summary of changes in the fair value of the Master Trust's Level 3 assets for the period from January 1, 2012 to June 29, 2012:

|                          | JPMorgan<br>Liquidity | JPMorgan<br>Intermediate Tax<br>Free bond | JPMCB<br>Mortgage<br>Private<br>Placement Fund | Wrapper<br>Value | Total         |
|--------------------------|-----------------------|-------------------------------------------|------------------------------------------------|------------------|---------------|
| Balance, January 1, 2012 | \$ 14,307,860         | \$ 157,273,471                            | \$ -                                           | \$ 25,677        | \$171,607,008 |
| Purchases                | 99,242,684            | -                                         | 12,243,715                                     | -                | 111,486,399   |
| Sales                    | (91,396,574)          | (12,400,367)                              | -                                              | -                | (103,796,941) |
| Realized gains           | -                     | 3,783,903                                 | -                                              | -                | 3,783,903     |
| Unrealized gain/(losses) | -                     | (126,668)                                 | -                                              | 75,084           | (51,584)      |
| Interest Income          | 44,448                | -                                         | -                                              | -                | 44,448        |
| Management fee           | (163,556)             | -                                         | -                                              | -                | (163,556)     |
| Balance, June 29, 2012   | \$ 22,034,862         | \$ 148,530,339                            | \$ 12,243,715                                  | \$ 100,761       | \$182,909,677 |

### 5. Non-Participant-Directed Investments

Information about the net assets and the significant components of changes in net assets related to non-participant-directed investments is as follows:

|                                                                             | June 29,<br>2012 | December 31,<br>2011 |
|-----------------------------------------------------------------------------|------------------|----------------------|
| Investments, at fair value:                                                 |                  |                      |
| Interest in Master Trust related to The Timken<br>Company Common Stock Fund | \$ -             | \$ 47,080,801        |
| Receivables:                                                                |                  |                      |
| Contributions receivable<br>from The Timken Company                         | -                | 129,649              |
|                                                                             | \$ -             | \$ 47,210,450        |

## The Hourly Pension Investment Plan

### Notes to Financial Statements (continued)

#### 5. Non-Participant-Directed Investments (continued)

|                                                            | <b>Period from<br/>January 1, 2012<br/>to June 29, 2012</b> |
|------------------------------------------------------------|-------------------------------------------------------------|
| Change in net assets:                                      |                                                             |
| Net depreciation in fair value of investments              | \$ 9,403,394                                                |
| Dividends                                                  | 508,675                                                     |
| Contributions                                              | 1,547,301                                                   |
| Benefits paid directly to participants                     | (2,612,178)                                                 |
| Expenses                                                   | (20,803)                                                    |
| Sales of stock fund                                        | (12,294,524)                                                |
| Purchases of stock fund                                    | 6,177,851                                                   |
| Loans to participants                                      | (387,430)                                                   |
| Transfer to The Timken Company Savings and Investment Plan | (49,589,615)                                                |
| Miscellaneous transfers                                    | 145,290                                                     |
|                                                            | <u><u>\$ (47,122,039)</u></u>                               |

#### 6. Investment Contracts

The Master Trust invests in guaranteed investment contracts (GICs), or a Stable Value Fund, that credit a stated interest rate for a specified period of time. The Stable Value Fund provides principal preservation plus accrued interest through fully benefit-responsive wrap contracts issued by a third party which back the underlying assets owned by the Master Trust. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal at a specified interest rate that is guaranteed to the Plan.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the fully benefit-responsive investment contracts. Contract value represents contributions made under the contracts, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

The Plan's wrapper contracts permit all allowable participant-initiated transactions to occur at contract value. There are no events known to the Plan that are probable of occurring and which would limit its ability to transact at contract value with the issuer of the wrapper contract, which also limit the ability of the Plan to transact at contract value with participants.

## The Hourly Pension Investment Plan

### Notes to Financial Statements (continued)

#### 6. Investment Contracts (continued)

The wrapper contracts cannot be terminated by its issuer at a value other than contract value or prior to the scheduled maturity date, except under a limited number of very specific circumstances including termination of the Plan or failure to qualify, material misrepresentations by the Plan sponsor or investment manager, failure by these same parties to meet material obligations under the contract, or other similar types of events.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rates for the wrap contracts are calculated on a quarterly basis (or more frequently if necessary) using contract value, market value of the underlying fixed income portfolio, the yield of the portfolio, and the duration of the index, but cannot be less than zero.

|                                                 | <b>June 29,<br/>2012</b> | <b>December 31,<br/>2011</b> |
|-------------------------------------------------|--------------------------|------------------------------|
| <b>Average Yields for Synthetic GICS</b>        |                          |                              |
| Based on actual earnings                        | <b>2.0%</b>              | 2.0%                         |
| Based on interest rate credited to participants | <b>2.0%</b>              | 2.0%                         |

#### 7. Reconciliation of Financial Statements to the Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

|                                                                                                | <b>June 29,<br/>2012</b> | <b>December 31,<br/>2011</b> |
|------------------------------------------------------------------------------------------------|--------------------------|------------------------------|
| Net assets available for benefits per the financial statements                                 | \$ -                     | \$ 137,092,432               |
| Adjustment from contract value to fair value for fully benefit-responsive investment contracts | -                        | 53,043                       |
| Net assets available for benefits per the Form 5500                                            | <b>\$ -</b>              | <b>\$ 137,145,475</b>        |

The

fully benefit-responsive investment contracts have been adjusted from fair value to contract value for purposes of the financial statements. For purposes of the Form 5500, the investment contracts will be stated at fair value.

## The Hourly Pension Investment Plan

### Notes to Financial Statements (continued)

#### 7. Reconciliation of Financial Statements to the Form 5500 (continued)

The following is a reconciliation of total additions per the financial statements to total income per the Form 5500 for the period from January 1, 2012 to June 29, 2012:

|                                                                                                                              |                             |
|------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Total additions per the financial statements                                                                                 | \$ 18,152,576               |
| Less: Adjustment from fair value to contract value for fully<br>benefit-responsive investment contracts at December 31, 2012 | (53,043)                    |
| Less: Contribution receivable                                                                                                | <u>(524,169)</u>            |
| Total income per the Form 5500                                                                                               | <u><u>\$ 17,575,364</u></u> |

#### 8. 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 participants' account balances and the amounts reported in the statement of net assets available for benefits.

#### 9. Income Tax Status

The Plan has received a determination letter from the IRS 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 IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes that the Plan, as amended, is qualified and the related trust is tax-exempt.

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 IRS.

## The Hourly Pension Investment Plan

### Notes to Financial Statements (continued)

#### 9. Income Tax Status (continued)

The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of June 29, 2012, 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.

#### 10. Related-Party Transactions

Related-party transactions included the investments in the common stock of the Company and the investment funds of the Trustee. Such transactions are exempt from being prohibited transactions.

The following is a summary of transactions in Timken common shares with the Master Trust for the period from January 1, 2012 to June 29, 2012:

|                                                | <b>Shares</b> | <b>Dollars</b> |
|------------------------------------------------|---------------|----------------|
| Purchased                                      | 3,512,446     | \$ 89,006,873  |
| Issued to participants for payment of benefits | 2,869,758     | \$ 45,002,644  |

Benefits paid to participants include payments made in Timken common shares valued at quoted market prices at the date of distribution.

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