

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2013 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☒
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information	
1a Name of plan <u>THE TIMKEN COMPANY PENSION PLAN</u>	1b Three-digit plan number (PN) ▶	<u>001</u>
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>THE TIMKEN COMPANY</u> <u>1835 DUEBER AVENUE S.W.</u> <u>CANTON, OH 44706-2798</u>	1c Effective date of plan <u>01/01/1950</u>	2b Employer Identification Number (EIN) <u>34-0577130</u>
	2c Sponsor's telephone number <u>330-438-3000</u>	2d Business code (see instructions) <u>333200</u>

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	<u>10/16/2014</u>	<u>SHELLY M. CHADWICK</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address		3b Administrator's EIN	
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		3c Administrator's telephone number 4b EIN 4c PN	
5 Total number of participants at the beginning of the plan year		5	9023
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).			
a Active participants		6a	2039
b Retired or separated participants receiving benefits		6b	4574
c Other retired or separated participants entitled to future benefits		6c	874
d Subtotal. Add lines 6a , 6b , and 6c		6d	7487
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits		6e	1367
f Total. Add lines 6d and 6e		6f	8854
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested		6h	13
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A 1B 3H			
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:			
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)			
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

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

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

A Name of plan <u>THE TIMKEN COMPANY PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>THE TIMKEN COMPANY</u>	D Employer Identification Number (EIN) <u>34-0577130</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month _____ Day _____ Year _____	
2 Assets:	
a Market value	2a <u>1372049567</u>
b Actuarial value	2b <u>1330943648</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>6121</u> <u>901015816</u>
b For terminated vested participants.....	3b <u>904</u> <u>23803221</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>41757947</u>
(2) Vested benefits	3c(2) <u>205351629</u>
(3) Total active.....	3c(3) <u>2183</u> <u>247109576</u>
d Total.....	3d <u>9208</u> <u>1171928613</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐	
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b
5 Effective interest rate	5 <u>6.24 %</u>
6 Target normal cost.....	6 <u>9768143</u>

Statement by Enrolled Actuary

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

SIGN HERE	
Signature of actuary <u>FRANCIS X. REAGAN</u>	Date <u>14-05533</u>
Type or print name of actuary <u>TOWERS WATSON DELAWARE INC.</u>	Most recent enrollment number <u>216-937-4000</u>
Firm name <u>1001 LAKESIDE AVENUE, SUITE 1900</u> <u>CLEVELAND, OH 44114</u>	Telephone number (including area code)
Address of the firm	

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

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

Schedule SB (Form 5500) 2013
v. 130118

Part II Beginning of Year Carryover and Prefunding Balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	193524856
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	34508861
9 Amount remaining (line 7 minus line 8)	0	159015995
10 Interest on line 9 using prior year's actual return of <u>14.22</u> %		22612074
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		37054246
b Interest on (a) using prior year's effective interest rate of <u>6.93</u> % except as otherwise provided (see instructions)		5083555
c Total available at beginning of current plan year to add to prefunding balance		42137801
d Portion of (c) to be added to prefunding balance		42137801
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	223765870

Part III Funding Percentages		
14 Funding target attainment percentage	14	94.47 %
15 Adjusted funding target attainment percentage	15	113.56 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	95.71 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ►			18(b)	0	18(c) 0

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

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 4.94%	2nd segment: 6.15%	3rd segment: 6.76 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 57
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

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

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

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

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....	31a	9768143	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment.....	64750835	33713576	
b Waiver amortization installment		0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	0	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	43481719	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	43481719	43481719
36 Additional cash requirement (line 34 minus line 35).....	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	0	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42	0	
43 Excess installment acceleration amount to be carried over to future plan years	43	0	

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2013
		This Form is Open to Public Inspection.

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013		
A Name of plan THE TIMKEN COMPANY PENSION PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 THE TIMKEN COMPANY	D Employer Identification Number (EIN) 34-0577130	

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

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

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

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

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

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)

TOWER WATSON DELAWARE INC.

53-0181291

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11 50	NONE	153013	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

ZIMON LLC

45-5624123

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
17 50	NONE	28851	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

UHY ADVISORS

20-2703059

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
17 50	NONE	27850	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

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

ERNST & YOUNG LLP

34-6565596

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10 50	NONE	21600	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

NEPC LLC

26-1429809

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
17 50	NONE	11951	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

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

Part I Service Provider Information (continued)

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

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

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

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

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

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

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>		
A Name of plan <u>THE TIMKEN COMPANY PENSION PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE TIMKEN COMPANY</u>	D Employer Identification Number (EIN) <u>34-0577130</u>	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	40000000	
(2) Participant contributions.....	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	1332427461	1426574701
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	1372427461	1426574701

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	74482	44525
k Total liabilities (add all amounts in lines 1g through 1j)	1k	74482	44525

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	1372352979	1426530176
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Part II Income and Expense Statement

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

Income

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

		(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)		147189685
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total	2d		147189685

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	92390442	
(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)		92390442
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)	174613	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	143	
(4) Other	2i(4)	447290	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		622046
j Total expenses. Add all expense amounts in column (b) and enter total	2j		93012488

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		54177197
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

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
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
e Was this plan covered by a fidelity bond?	X		25000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No Amount:

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

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☒ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust	6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection.
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

A Name of plan <u>THE TIMKEN COMPANY PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE TIMKEN COMPANY</u>	D Employer Identification Number (EIN) <u>34-0577130</u>

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>13-2614959</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>0</u>

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

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

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:

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

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

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

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

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

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

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

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

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

a Enter the percentage of plan assets held as:
 Stock: 49% Investment-Grade Debt: 18% High-Yield Debt: 5% Real Estate: 2% Other: 26%

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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Report of Independent Auditors

The Timken Company, Administrator of
The Timken Company Pension Plan

We have audited the accompanying financial statements of The Timken Company Pension Plan, which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of The Timken Company Pension Plan at December 31, 2013, and the changes in its net assets available for benefits for the year then ended, and the financial status of The Timken Company Pension Plan at December 31, 2012, and the changes in its financial status for the year then ended, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

Cleveland, Ohio
October 15, 2014

SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	The Timken Company
EIN/PN	34-0577130/001
Plan Name	The Timken Company Pension Plan
Valuation Date	January 1, 2013
Enrolled Actuary	Francis X. Reagan
Enrollment Number	14-05533

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

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

Plan Name:	The Timken Company Pension Plan
EIN / PN:	34-0577130 / 001
Plan Sponsor:	The Timken Company
Valuation Date:	January 1, 2013

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

► File as an attachment to Form 5500 or 5500-SF.

OMB No. 1210-0110

2013**This Form is Open to Public
Inspection**

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

► Round off amounts to nearest dollar.

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

A Name of plan The Timken Company Pension Plan	B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF The Timken Company	D Employer Identification Number (EIN) 34-0577130
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2013</u>		
2 Assets:		
a Market value	2a	1,372,049,567
b Actuarial value	2b	1,330,943,648
3 Funding target/participant count breakdown:		
	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a 6,121	901,015,816
b For terminated vested participants	3b 904	23,803,221
c For active participants:		
(1) Non-vested benefits	3c(1)	41,757,947
(2) Vested benefits	3c(2)	205,351,629
(3) Total active	3c(3) 2,183	247,109,576
d Total	3d 9,208	1,171,928,613
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)	☐	
a Funding target disregarding prescribed at-risk assumptions	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b	
5 Effective interest rate	5	6.24 %
6 Target normal cost	6	9,768,143

Statement by Enrolled Actuary

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

SIGN HERE	Francis X. Reagan 	October 7, 2014
	Signature of actuary	Date
Francis X. Reagan	Type or print name of actuary	14-05533
Towers Watson Delaware Inc.	Firm name	Most recent enrollment number
1001 LAKESIDE AVENUE, SUITE 1900		(216) 937-4000
Cleveland	OH 44114	Telephone number (including area code)
Address of the firm		

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

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

Schedule SB (Form 5500) 2013
v. 130118

Part II Beginning of Year Carryover and Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	193,524,856
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	34,508,861
9 Amount remaining (line 7 minus line 8)	0	159,015,995
10 Interest on line 9 using prior year's actual return of <u>14.22</u> %		22,612,074
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		37,054,246
b Interest on (a) using prior year's effective interest rate of <u>6.93</u> % except as otherwise provided (see instructions)		5,083,555
c Total available at beginning of current plan year to add to prefunding balance		42,137,801
d Portion of (c) to be added to prefunding balance		42,137,801
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d - line 12)	0	223,765,870

Part III Funding Percentages

14 Funding target attainment percentage	14	94.47 %
15 Adjusted funding target attainment percentage	15	113.56 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	95.71 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ▶			18(b)	0	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contributions from prior years	19a
b Contributions made to avoid restrictions adjusted to valuation date	19b
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 0

20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If line 20a is "Yes," see instructions and complete the following table as applicable:	

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

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 4.94 %	2nd segment: 6.15 %	3rd segment: 6.76 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 57
23 Mortality table(s) (see instructions)	☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous Items

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

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

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

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	9,768,143	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment.....	64,750,835		33,713,576
b Waiver amortization installment			0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	0	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ..	34	43,481,719	
		Carryover balance	Prefunding balance
35 Balances elected for use to offset funding requirement.....		0	43,481,719
36 Additional cash requirement (line 34 minus line 35).....	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	0	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42	0	
43 Excess installment acceleration amount to be carried over to future plan years	43	0	

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22
Description of Weighted Average Retirement Age
as of January 1, 2013

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

Age of Retirement	Rates of Retirement	% Retiring	Weighted Ages
(A)	(B)	(C)	(A)*(C)
50	6.00%	6.00%	3.0000
51	6.00%	5.64%	2.8764
52	6.00%	5.30%	2.7568
53	6.00%	4.98%	2.6413
54	10.00%	7.81%	4.2160
55	10.00%	7.03%	3.8647
56	10.00%	6.32%	3.5415
57	15.00%	8.54%	4.8664
58	15.00%	7.26%	4.2090
59	15.00%	6.17%	3.6393
60	20.00%	6.99%	4.1945
61	30.00%	8.39%	5.1173
62	40.00%	7.83%	4.8544
63	25.00%	2.94%	1.8498
64	25.00%	2.20%	1.4093
65	100.00%	6.61%	4.2941

Average Retirement Age =====> 57

Plan Name: The Timken Company Pension Plan
EIN / PN: 34-0577130 / 001
Plan Sponsor: The Timken Company
Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Plan Sponsor

The Timken Company

EIN/PN:

34-0577130/001

Plan

The Timken Company Union Agreement Pension Plan

Effective Date and Most Recent Amendment

January 1, 1950 (Amended and restated January 1, 2012).

Plan Year

The twelve-month period ending December 31.

Coverage and Participation

Attained age 21 and at least 1 year of service.

Plan Name: The Timken Company Pension Plan
EIN / PN: 34-0577130 / 001
Plan Sponsor: The Timken Company
Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Normal Retirement Benefit

Normal Retirement Date: Age 65.

Normal Form of Benefit:

(a) For associates hired prior to November 1, 2009:

For associates with less than 25 years of service, 1.165% of average monthly compensation during highest 130 out of the last 260 bi-weekly pay periods immediately preceding retirement per year of service. For service earned over 25 years but less than 35 years, 1.515% of such average compensation per year of service. For service earned at or above 35 years or more, 1.265% of such average compensation per year of service. Such benefit is subject to a minimum of:

\$56.25 per month per year of service for service up to 30 years for service earned prior to January 1, 2012.

\$75.00 per month per year of service for service at or beyond 30 years for service earned prior to January 1, 2012.

Effective January 1, 2012, the above multiplier increases for future service as follows:

\$67.00 per month per year of service up to 30 years.

\$85.00 per month per year of service at or beyond 30 years.

(b) For associates hired on or after November 1, 2009:

\$45.00 per month per year of service for service up to 30 years.

\$60.00 per month per year of service for service at or beyond 30 years.

Retirement benefits, regardless of optional form, are payable as a 5 year certain benefit, in addition to the form of payment elected.

Disability Benefit

Eligibility:

If disabled after 15 years of service, such disability continuing at least 5 months, the associate is eligible for a pension as determined in the "Normal Monthly Pension" section above. A disability pensioner hired prior to November 1, 2009 will receive an additional \$400 monthly supplement until such time as he is eligible for unreduced Social Security benefits or until age 62, if earlier.

Plan Name: The Timken Company Pension Plan
EIN / PN: 34-0577130 / 001
Plan Sponsor: The Timken Company
Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Early Retirement

- (a) For associates hired prior to November 1, 2009:

Permitted between age 60 and 65 if 15 or more years of service for normal pension benefits, subject to actuarial reduction for commencement prior to age 62, except reduction not applicable if service is 25 years or more. An associate may retire voluntarily on full pension if he has at least 30 years of service.

- (b) For associates hired on or after November 1, 2009:

Permitted if associate has attained either:

- (i) age 62 with 15 or more years of service, or
- (ii) age 60 with 25 or more years of service, or
- (iii) 30 or more years of service.

The normal pension benefit is subject to a reduction of 3% per year for associates who retire before age 65, except the reduction is not applicable if, at retirement, age plus service is equal to or greater than 85 and age is at least 55.

Vested Benefits Upon Termination of Service

Associates terminating with at least 5 years of service are eligible for normal pension and payable without actuarial reduction commencing at age 65. If an associate hired before November 1, 2009 has at least 15 years of service at termination, benefits can commence at any time after age 60, but will be actuarially reduced if commencing before age 65. If an associate is hired on or after November 1, 2009 and has at least 15 years of service at termination, benefits can commence at any time after age 62 but will be actuarially reduced if commencing before age 65. If an associate has at least 25 years of service at termination, benefits can commence at any time after age 60 but will be actuarially reduced if commencing before age 65.

Rule of 70/80 Benefit

If an associate is laid off (1) after age 55 and 15 years of service with combined age and service equal to 70 or more, or (2) after 15 years of service with age and service equal to 80 or more, because of permanent plant shutdown, reduction in force, or disability, full pension is payable (except for employees hired on or after November 1, 2009 the pension is reduced as described under "Early Retirement"), subject to proper application following notification by the administrator. A terminated associate who satisfies (1) or (2) above and was hired prior to November 1, 2009, will receive an additional \$400 monthly until such time as he is eligible for unreduced Social Security benefits or until age 62, if earlier.

Plan Name: The Timken Company Pension Plan
EIN / PN: 34-0577130 / 001
Plan Sponsor: The Timken Company
Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Rule of 65 Benefit

If (1) an associate is laid off after 20 years of service with a combined age and service equal to 65 or more because of permanent plant shutdown, reduction in force, or disability, and (2) the associate has not refused an opportunity for employment with the Company, full pension is payable (except for employees hired on or after November 1, 2009 the pension is reduced as described under "Early Retirement"), subject to proper application following notification by the administrator. A terminated associate who satisfies (1) and (2) above and was hired prior to November 1, 2009 will receive an additional \$400 monthly until such time as he is eligible for unreduced Social Security benefits or until age 62, if earlier.

Special Retirement Payment

Associates hired prior to November 1, 2009 are eligible for a Special Retirement Payment. To calculate this benefit, the average straight time hourly rate during two pay periods before retirement is multiplied by 400 for associates with 14 to 18 years of service or by 360 for associates with 18 years of service or over. Regular pension payments, as indicated above, then commence three months after this payment is made from the Pension Fund.

Optional Benefits

Survivorship options are available at appropriate actuarial factors. Benefits for married associates are payable in the form of a 50% joint and survivor option unless the associate elects otherwise.

Surviving Spouse's Benefit/Death Benefit

Participants who have been married one year and who have completed 15 years of service at the time of their death are eligible for a pre-retirement spouse's benefit equal to 50% of their accrued benefit. The minimum benefit is \$200 per month.

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

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

Beneficiaries of active participants who die with at least 30 years of service will receive a benefit for 60 months equal to the participants accrued benefit before any survivor benefits are paid.

Plan Name: The Timken Company Pension Plan
EIN / PN: 34-0577130 / 001
Plan Sponsor: The Timken Company
Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Special Pension Benefit Option

This option is available to all associates hired prior to November 1, 2009 with 30 or more years of service at the time of retirement, or who are age 60 with at least 25 years of service. Eligible associates who retire and choose this option will receive a minimum monthly pension of \$1,500. The supplemental amount added to the regular pension will be at least \$400 per month.

This special benefit will be paid until the age of eligibility for 80 percent Social Security benefits as established by existing law (age 62 for those born prior to 1937) or for a minimum of 12 payments. After this time, payments to retirees choosing this option will revert to the pension amount calculated according to minimum or percentage formulas.

An associate retiring with at least 30 years of service who was hired prior to November 1, 2009 may elect to instead receive a minimum monthly benefit based on the following schedule:

Age at Retirement	Minimum Monthly Benefit
Less than 55	\$1,000
55 to 58	1,200
59 to 61	1,400
62 to 64	1,750
65 and older	2,000

Special Pension Supplement

An associate hired prior to November 1, 2009 and retiring with 30 or more years of service at the time of retirement, or who are age 60 with at least 25 years of service, or who are age 62 with at least 15 years of service and does not elect a Special Pension Benefit Option may elect to receive a monthly supplement equal to the difference between \$1,000 and the recipient's monthly pension.

The Special Pension Supplement will commence with the month following the month in which the participant attains eligibility for 80 percent Social Security Benefits as established by existing law.

Special Retiree Lump Sums

An associate hired prior to November 1, 2009 who retires or becomes disabled prior to June 30, 2012 is entitled to a \$5,000 lump sum payment.

Certain surviving spouses are entitled to various lump sum payments throughout the term of the 2012 Pension Agreement.

Plan Name: The Timken Company Pension Plan
EIN / PN: 34-0577130 / 001
Plan Sponsor: The Timken Company
Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Changes in Plan Provisions since Last Actuarial Valuation

- For associates hired prior to November 1, 2009, benefit multipliers increased effective January 1, 2012 for future service as follows:
 - From \$56.25 to \$67.00 per month per year of service up to 30 years.
 - From \$75.00 to \$85.00 per month per year of service at or beyond 30 years.
- For associates hired prior to November 1, 2009, the pay-related formula was updated to 1.165% of average monthly compensation for years of service up to 25 years, 1.515% of average monthly compensation for years of service between 25 and 35 years, and 1.265% of average monthly compensation for years of service beyond 35.
- Lump sum payments for certain surviving spouses were extended through the term of the 2012 Pension Agreement.

Plan Name: The Timken Company Pension Plan
EIN / PN: 34-0577130 / 001
Plan Sponsor: The Timken Company
Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2013

Attained Age	Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & Over	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	0		49	52,153	2		0		0		0		0		0		0		0	
25 - 29	0		74	53,818	22	57,899	1		0		0		0		0		0		0	
30 - 34	0		59	55,310	30	62,415	29	62,571	3		0		0		0		0		0	
35 - 39	0		54	54,836	29	61,433	60	62,684	102	65,170	0		0		0		0		0	
40 - 44	0		45	54,834	28	59,994	68	63,992	156	65,268	30	69,267	0		0		0		0	
45 - 49	0		27	53,496	27	60,724	48	62,892	119	63,376	124	66,177	23	69,290	5		0		0	
50 - 54	0		26	53,739	31	59,160	49	62,726	84	62,561	99	66,385	59	66,815	104	66,560	9		0	
55 - 59	0		15		17		21	61,324	48	62,538	37	63,924	27	65,291	91	64,336	85	64,097	9	
60 - 64	0		5		12		12		21	60,727	16		11		20	64,289	33	61,735	20	62,775
65 - 69	0		0		1		1		2		0		0		0		1		2	
70 & Over	0		0		0		0		1		0		0		0		0		0	

Plan Name: The Timken Company Pension Plan
 EIN / PN: 34-0577130 / 001
 Plan Sponsor: The Timken Company
 Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 32
Schedule of Amortization Bases
as of January 1, 2013

	Type of Base	Date Established	Initial Amount	Remaining Amortization Period (Years)	Outstanding Balance	Amortization Payment
1	Shortfall	01/01/2013	44,496,177	7	44,496,177	7,426,055
2	Shortfall	01/01/2012	(143,301,628)	6	(128,732,623)	(24,321,802)
3	Shortfall	01/01/2011	41,212,276	5	30,857,978	6,780,632
4	Shortfall	01/01/2010	87,073,987	4	54,604,836	14,653,863
5	Shortfall	01/01/2009	40,637,393	3	20,630,756	7,211,055
6	Shortfall	01/01/2008	131,383,554	2	42,893,711	21,963,773
Total					64,750,835	33,713,576

Plan Name: The Timken Company Pension Plan
 EIN / PN: 34-0577130 / 001
 Plan Sponsor: The Timken Company
 Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Statement of Assumptions/Methods

Economic Assumptions

Interest rate basis:

- | | |
|---|-----------------|
| ● Applicable month | September |
| ● Yield curve basis | 3-Segment Rates |
| ● MAP-21 applied for funding | Yes |
| ● MAP-21 applied for benefit restrictions | Yes |

Interest rates:

- | | Reflecting
Corridors | Not Reflecting
Corridors |
|---------------------------|-------------------------|-----------------------------|
| ● First segment rate | 4.94% | 1.75% |
| ● Second segment rate | 6.15% | 4.62% |
| ● Third segment rate | 6.76% | 5.72% |
| ● Effective interest rate | 6.24% | 4.80% |

Annual rates of increase

- | | |
|---|--|
| ● Compensation: | 2.00% per year from 2012-2015
3.00% per year for all years after 2015 |
| ● Future Social Security wage bases | 3.00% |
| ● Social Security cost of living increase | 2.50% |
| ● Statutory limits on compensation | 0.00% |

Administrative Expenses

The amount included this year for plan-related expenses is \$622,232.

Plan Name: The Timken Company Pension Plan
EIN / PN: 34-0577130 / 001
Plan Sponsor: The Timken Company
Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Demographic Assumptions

Inclusion date	The valuation date coincident with or next following the date on which the employee becomes a participant.
New or rehired employees	It was assumed there will be no new or rehired employees. Employees on layoff are assumed to retire or terminate two years from the first valuation date after their date of layoff.

Mortality

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

Termination

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

Disability	The rates at which participants become disabled are taken from the Wyatt 1985 disability study class 1.
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Retirement	Disregarding at risk assumptions, the rates at which participants retire by are shown below:
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Plan Name: The Timken Company Pension Plan
EIN / PN: 34-0577130 / 001
Plan Sponsor: The Timken Company
Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Age	Percentage retiring during the year
50-53	6%
54-56	10
57-59	15
60	20
61	30
62	40
63-64	25
65 & older	100

Form of payment	Participants are assumed to elect the normal form.
Percent married	80% of males; 50% of females. Used to value pre-retirement surviving spouse benefits and in determining the optional forms expected to be elected at commencement.
Spouse age	Wife three years younger than husband.
Covered pay	Compensation assumed paid in the current year beginning on the valuation date is the current hourly rate of pay. Associates work 2,080 hours per year plus 5.00% overtime paid at time plus one-half time.
Timing of benefit payments	Annuity payments are payable monthly at the beginning of the month and lump sum payments are payable on date of decrement.

Methods

Valuation date	First day of plan year
Benefits not valued	Shutdown Benefits: No contingent liability for potential plan shutdown benefits has been included.

Plan Name: The Timken Company Pension Plan
EIN / PN: 34-0577130 / 001
Plan Sponsor: The Timken Company
Valuation Date: January 1, 2013

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 11b Explanation of Prefunding Balance Interest Rate Calculation as of January 1, 2013

The excess contributions of \$37,054,246 shown on line 11a are comprised of:

- \$2,545,385 which represents the employer contributions made for the prior year in excess of the total funding requirement for the prior plan year before reflecting carryover/prefunding balances, plus
- \$34,508,861 which represents the carryover balance used to offset the prior plan year funding requirement and subsequently replenished.

\$5,083,555 shown on line 11b represents the interest on line 11a as follows:

- interest on \$2,545,385 using the prior year's effective rate of 6.93%, or \$176,395, plus
- interest on \$34,508,861 using the interest crediting rate of 14.22%, or \$4,907,160.

Plan Name: The Timken Company Pension Plan
EIN / PN: 34-0577130 / 001
Plan Sponsor: The Timken Company
Valuation Date: January 1, 2013

The Timken Company Pension Plan

Statements of Net Assets Available for Benefits

	December 31,	
	2013	2012
Assets		
Investments, at fair value:		
Interest in The Timken Company		
Collective Investment Trust for		
Retirement Trusts	\$ 1,426,574,701	\$ 1,332,427,461
Contribution receivable from		
The Timken Company	—	40,000,000
Total assets	1,426,574,701	1,372,427,461
Liabilities		
Accrued administrative expenses	44,525	74,482
Net assets available for benefits	\$ 1,426,530,176	\$ 1,372,352,979

See accompanying notes.

The Timken Company Pension Plan

Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31,	
	2013	2012
Additions		
Net investment gain from The Timken Company Collective Investment Trust for Retirement Trusts	\$ 147,189,685	\$ 163,243,145
Contributions from The Timken Company	—	40,000,000
Total additions	<u>147,189,685</u>	<u>203,243,145</u>
Deductions		
Benefits paid directly to participants	92,390,442	92,428,886
Administrative expenses	622,046	594,835
Total deductions	<u>93,012,488</u>	<u>93,023,721</u>
Net increase	54,177,197	110,219,424
Net assets available for benefits:		
Beginning of year	1,372,352,979	1,262,133,555
End of year	<u>\$ 1,426,530,176</u>	<u>\$ 1,372,352,979</u>

See accompanying notes.

The Timken Company Pension Plan

Notes to Financial Statements

Years Ended December 31, 2013 and 2012

1. Description of the Plan

The following description of The Timken Company Pension Plan (the Plan) provides only general information. Participants should refer to the *2012 Pension Agreement Between The Timken Company and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (the Union)* for a more complete description of the plan, and the plan's benefit and eligibility provisions. Copies of this agreement are available from the Plan administrator, The Timken Company (the Company). The 2012 Pension Agreement was ratified on March 2, 2012, and the provisions of the 2012 Pension Agreement went into effect January 1, 2012. This agreement is in effect until January 1, 2018.

General

The Plan is a defined benefit pension plan which provides for retirement, supplemental pension, disability, and spouse's benefits for all employees of The Timken Company (the Company) who are represented by the Union.

The Pension Administration Committee (the Committee) is responsible for the general administration of the Plan. The Northern Trust Company (the Trustee) is the trustee of the Plan.

Eligibility and Vesting

An eligible employee becomes a participant in the Plan immediately upon employment with the Company. Active participants become fully vested upon the completion of five years of continuous service.

The Timken Company Pension Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Benefits

The Plan is a defined benefit pension plan that provides a specified monthly benefit to eligible participants on retirement that is determined by a formula based on the employee's earnings history and tenure of service. For associates hired prior to November 1, 2009, eligible participants earn for up to 25 years of service, 1.165% of average monthly compensation (as defined by the Plan) per year of service plus, for service earned over 25 years but less than 35 years, 1.515% of average monthly compensation per year of service plus, for service earned at or above 35 years or more, 1.265% of average monthly compensation per year of service. Such benefit is subject to a minimum of \$56.25 per month per year for service up to 30 years (\$67 for service earned after December 31, 2011), and \$75 per month per year for service at or beyond 30 years (\$85 per month for service earned after December 31, 2011). For associates hired on or after November 1, 2009, eligible participants earn \$45 per month per year of service for service up to 30 years, and \$60 per month per year of service for service at or beyond 30 years.

Minimum monthly benefits, Social Security supplements, and continuation of pay benefits based on service apply to eligible participants. Other benefits apply to eligible participants for previous service periods.

Funding

The Company contributes such amounts as are necessary to provide assets sufficient to meet the benefits to be paid to plan participants and satisfy the Employee Retirement Income Security Act of 1974 (ERISA) minimum funding requirements. The Plan has met the ERISA minimum funding requirements for 2013 and 2012. In addition, the Company contributes discretionary amounts from time to time.

Retirement

An employee is eligible for a full pension if a.) the employee has 15 or more years of continuous service and is at least age 62, b.) the employee has 25 or more years of continuous service and is at least age 60 or c.) the employee has 30 or more years of continuous service regardless of age. If a participant retires between age 60 and 62 and has at least 15 years of continuous service, but less than 25 years of continuous service, the participant will be paid 84.28% of the full pension if payments start at age 60 and the participant will be paid 91.69% of the full pension if payments start at age 61.

The Timken Company Pension Plan Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Plan Termination

Although it has not expressed an intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, its net assets will generally not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's accumulated plan benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the Pension Benefit Guaranty Corporation (PBGC) at that time. Some benefits may be fully or partially provided for by the then-existing assets and the PBGC guarantee, while other benefits may not be provided for at all.

Plan Updates

Based on the 2012 Pension Agreement, for employees hired prior to November 1, 2009, the benefit formula dollar multipliers for continuous service earned on and after January 1, 2012 increased to \$67 per year of continuous service for the first 30 years and \$85 per year of continuous service in excess of 30 years. For employees hired prior to November 1, 2009, the pay related benefit formula changed to 1.165% for years of continuous service up to 25 years, 1.515% for years of continuous service years in excess of 25 years up to 35 years and 1.265% for years of continuous service in excess of 35 years. The continuation of annual lump sum payments to surviving spouses of employees who retired prior to January 1, 1994 was extended through September 30, 2017.

2. Significant Accounting Policies

Basis of Accounting

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

Use of Estimates

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

The Timken Company Pension Plan
Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Payment of Benefits

Benefits are recorded when paid.

Investment Valuation

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

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

New Accounting Pronouncements

In January 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*. This update amends ASC 210, *Balance Sheet*, specifically the disclosure requirements created by ASU 2011-11, *Disclosures About Offsetting Assets and Liabilities*, issued by the FASB in December 2011. This update clarifies the scope of the disclosure requirements to be applicable to derivatives including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with Section 210-20-45 or Section 815-10-45 or are subject to a master netting arrangement or similar agreement. The disclosure requirements are effective for fiscal years beginning on or after January 1, 2013 and are required to be provided retrospectively for all comparative periods presented. The Plan has adopted ASU 2011-11, as amended by ASU 2013-01. However, the ASU 2011-11, as amended by ASU 2013-01 did not have a material impact on the disclosures.

The Timken Company Pension Plan
Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits (see Note 3) represent the actuarial present value of estimated future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries and (b) present employees or their beneficiaries. Benefits for retired or terminated employees or their beneficiaries are based on employees' compensation during their highest five consecutive years of the last ten years of credited service. The accumulated plan benefits for active employees are based on their average compensation during the highest five consecutive years of the last ten years preceding the valuation date. Benefits payable under all circumstances – retirement, death, disability, and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The Timken Company Pension Plan
Notes to Financial Statements (continued)

3. Accumulated Plan Benefits

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

The accumulated Plan benefit information was presented as of the beginning of the plan year.

	<u>December 31, 2012</u>
Actual present value of accumulated plan benefits:	
Vested benefits:	
Participants currently receiving benefits	\$ 760,252,788
Other participants	175,404,023
Total vested benefits	<u>935,656,811</u>
Nonvested benefits	<u>34,221,139</u>
Total actuarial present value of accumulated plan benefits	<u><u>\$ 969,877,950</u></u>

The changes in accumulated plan benefits were as follows:

Actuarial present value of accumulated plan benefits at beginning of year	\$ 953,503,293
Increase during the year attributed to:	
Benefits accumulated	5,720,372
Actuarial loss	854,727
Increase for interest due to the decrease in the discount period	75,323,261
Benefits paid	(92,428,886)
Changes in actuarial assumption	20,801,635
Plan amendments	6,103,548
Net increase	<u>16,374,657</u>
Actuarial present value of accumulated plan benefits at end of year	<u><u>\$ 969,877,950</u></u>

The Timken Company Pension Plan
Notes to Financial Statements (continued)

The assumption changes of \$20.8 million primarily relate to a change in the discount rate from 8.25% to 8.00%.

3. Accumulated Plan Benefits (continued)

Significant assumptions underlying the actuarial computations are:

Actuarial cost method	Projected Unit Credit Cost Method
Assumed rate of return	
on investments	8.00% per annum, compounded annually for 2012.
Salary increases	2.00% from 2012 to 2015
	3.00% per year for all years after 2015
Retirement	Estimated at rate based upon becoming eligible for retirement at ages ranging between 50 and 65 and older
Mortality basis	The prescribed mortality assumption under Section 430(h)(3)(A) of the Internal Revenue Code using Static tables with separate mortality rate for annuitants and non-annuitants for healthy Associates
	1985 Pension Disability Mortality for males and females for disabled associates

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

The Timken Company Pension Plan
Notes to Financial Statements (continued)

4. Master Trust Investments

As of December 31, 2013, the Plan is one of two defined benefit pension plans combined into the Master Trust of which The Timken Company is the sponsor. The Trustee holds the assets of the Master Trust and executes transactions therein. Each month the Master Trust investment income (loss) and appreciation (depreciation) is allocated among the participating plans based on each plan's ending assets available after contributions and distributions to participants as a percentage of total Master Trust assets available.

The following table presents the fair value of the net assets of the Master Trust at December 31, 2013 and 2012. Purchases and sales of securities are recorded on a trade-date basis:

	2013	2012
Assets		
Investments:		
Cash and cash equivalents	\$ 345,893,415	\$ 79,953,221
United States government and agency securities	28,990,418	55,032,591
United States government and agency securities on loan	159,346,759	171,217,958
Corporate bonds	379,152,574	340,595,045
Corporate bonds on loan	31,488,112	26,105,232
Equity securities	456,965,684	481,522,762
Equity securities on loan	48,447,897	37,175,841
Common collective funds	1,003,853,878	1,089,238,650
Asset backed securities	34,843,059	44,666,549
Securities lending collateral	245,260,818	240,311,325
Limited partnership and real estate interests	380,240,687	372,197,455
Other	699,576	705,364
Total assets	<u>3,115,182,877</u>	<u>2,938,721,993</u>
Liabilities		
Obligation to return securities lending collateral	245,260,818	240,311,325
Total liabilities	<u>245,260,818</u>	<u>240,311,325</u>
Net assets	<u><u>\$ 2,869,922,059</u></u>	<u><u>\$ 2,698,410,668</u></u>

The Timken Company Pension Plan
Notes to Financial Statements (continued)

4. Master Trust Investments (continued)

The Plan's interest in the Master Trust was 49.7% and 49.4% as of December 31, 2013 and 2012, respectively. Annually, the Company reports the financial position and changes in assets of the Master Trust in accordance with Department of Labor requirements under employer identification number 34-0577130.

Changes in net assets of the Master Trust are as follows:

	Year Ended December 31	
	2013	2012
Net appreciation (depreciation) in fair value of investments determined by quoted market price:		
United States government and agency securities	\$ (29,479,070)	\$ 2,712,051
Corporate bonds	(23,647,903)	28,335,116
Equity securities	127,005,902	149,640,426
Common collective funds	157,814,820	97,341,807
Asset backed securities	7,003,608	6,791,189
	<u>238,697,358</u>	<u>284,820,589</u>
Net appreciation in fair value of investments estimated by the Trustee:		
Limited partnership and real estate interests	12,009,718	2,161,227
Interest income	44,056,210	37,214,130
Dividend income	12,353,703	14,956,081
	<u>56,409,913</u>	<u>52,170,211</u>
Investment manager and administrative fees	(10,751,623)	(10,499,346)
	<u>\$ 296,365,366</u>	<u>\$ 328,652,681</u>

The Timken Company Pension Plan
Notes to Financial Statements (continued)

5. Fair Value Measurement

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

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

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

Level 3 – Unobservable inputs for the asset or liability

The Timken Company Pension Plan
Notes to Financial Statements (continued)

5. Fair Value Measurement (continued)

The following tables present the fair value hierarchy of the Master Trust's assets measured at fair value on a recurring basis as of December 31, 2013 and 2012:

	Assets at Fair Value as of December 31, 2013			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	\$ 345,893,415	\$ 3,300,889	\$ 342,592,526	\$ -
United States government and agency securities	188,337,177	174,951,749	13,385,428	-
Corporate bonds:				
Investment grade	300,568,077	-	300,568,077	-
Non-investment grade	110,072,609	-	110,072,609	-
Total Corporate bonds	410,640,686	-	410,640,686	-
Equity securities:				
U.S. companies	274,679,458	273,277,561	1,401,897	-
International companies	230,734,123	230,734,123	-	-
Total equity securities	505,413,581	504,011,684	1,401,897	-
Common collective funds:				
Common collective funds – U.S. equities	180,878,368	-	180,878,368	-
Common collective funds – international equities	315,519,640	-	315,519,640	-
Common collective funds – fixed income	507,455,870	-	507,455,870	-
Total common collective funds	1,003,853,878	-	1,003,853,878	-
Asset backed securities	34,843,059	-	34,843,059	-
Limited partnership and real estate interests:				
Limited partnerships	78,795,491	-	-	78,795,491
Real estate partnerships	145,573,077	-	124,519,248	21,053,829
Mutual funds - real estate	155,872,119	155,872,119	-	-
Total limited partnerships and real estate interests	380,240,687	155,872,119	124,519,248	99,849,320
Securities lending collateral	245,260,818	213,079,307	32,181,511	-
Other assets	699,576	-	699,576	-
Total assets	3,115,182,877	1,051,215,748	1,964,117,809	99,849,320
Liabilities:				
Obligation to return securities lending collateral	245,260,818	213,079,307	32,181,511	-
Total liabilities	245,260,818	213,079,307	32,181,511	-
Net Assets	\$ 2,869,922,059	\$ 838,136,441	\$ 1,931,936,298	\$ 99,849,320

The Timken Company Pension Plan
Notes to Financial Statements (continued)

5. Fair Value Measurement (continued)

	Assets at Fair Value as of December 31, 2012			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	\$ 79,953,221	\$ 6,504,704	\$ 73,448,517	\$ -
United States government and agency securities	226,250,549	193,929,322	32,321,227	-
Corporate bonds:				
Investment grade	263,440,700	-	263,440,700	-
Non-investment grade	103,259,577	-	103,259,577	-
Total Corporate bonds	366,700,277	-	366,700,277	-
Equity securities:				
U.S. companies	322,953,361	322,953,361	-	-
International companies	195,745,242	195,745,242	-	-
Total equity securities	518,698,603	518,698,603	-	-
Common collective funds:				
Common collective funds – U.S. equities	362,891,259	-	362,891,259	-
Common collective funds – international equities	281,897,066	-	281,897,066	-
Common collective funds – fixed income	444,450,325	-	444,450,325	-
Total common collective funds	1,089,238,650	-	1,089,238,650	-
Asset backed securities	44,666,549	-	44,666,549	-
Limited partnership and real estate interests:				
Limited partnerships	79,949,549	-	-	79,949,549
Real estate partnerships	128,607,705		112,340,313	16,267,392
Mutual funds - real estate	163,640,201	163,640,201	-	-
Total limited partnerships and real estate interests	372,197,455	163,640,201	112,340,313	96,216,941
Securities lending collateral	240,311,325	213,724,652	26,586,673	-
Other assets	705,364	-	705,364	-
Total assets	2,938,721,993	1,096,497,482	1,746,007,570	96,216,941
Liabilities:				
Obligation to return securities lending collateral	240,311,325	213,724,652	26,586,673	-
Total liabilities	240,311,325	213,724,652	26,586,673	-
Net Assets	\$2,698,410,668	\$ 882,772,830	\$ 1,719,420,897	\$ 96,216,941

The Timken Company Pension Plan
Notes to Financial Statements (continued)

5. Fair Value Measurement (continued)

Cash and cash equivalents are valued at redemption value. Government and agency securities are valued at the closing price reported in the active market on which the individual securities are traded. Certain corporate bonds are valued at the closing price reported in the active market in which the bond is traded. Equity securities (both common and preferred stock) are valued at the closing price reported in the active market in which the individual security is traded. Common collective funds are valued based on a net asset value per share. The primary objective of common collective funds – equities is to approximate the risk and return characteristics of the global equity markets. The primary objective of common collective funds – fixed income is to maximize total return by investing primarily in a diversified portfolio of intermediate- and long-term debt securities. Asset-backed securities are valued based on quoted prices for similar assets in active markets.

Limited partnerships include investments in funds that invest primarily in private equity, venture capital, and distressed debt. Limited partnerships are valued based on the plan's ownership interest in the net asset value of the investment, which is used as a practical expedient to fair value, per the underlying investment fund, which is based upon the general partner's own assumptions about the assumptions a market participant would use in pricing the assets and liabilities of the partnership. Real estate investments include funds that invest in companies that primarily invest in commercial and residential properties, commercial mortgage backed securities, debt and equity securities of real estate operating companies, and real estate investment trusts. Mutual funds – real estate are valued based on the closing price reported in the active market in which the individual security is traded. Other real estate investments are valued based on the plan's ownership interest in the net asset value of the investment, which is used as a practical expedient to fair value per the underlying investment fund, which is based on appraised values and current transaction prices.

When such prices are unavailable, the Trustee determines a valuation from the market maker dealing in the particular security. Management may also estimate the value of an investment if no other information is available.

The Timken Company Pension Plan
Notes to Financial Statements (continued)

5. Fair Value Measurement (continued)

The tables below sets forth a summary of changes in the fair value of the Master Trust's level 3 assets for the year ended December 31, 2013 and 2012:

Assets at Fair Value as of December 31, 2013

	Limited		
	Partnerships	Real Estate	Total
Balance, beginning of year	\$ 79,949,549	\$ 16,267,392	\$ 96,216,941
Purchases	5,284,120	3,453,307	8,737,427
Sales	(11,524,675)	(602,332)	(12,127,007)
Realized losses	(6,198,134)	(76,604)	(6,274,738)
Unrealized gains	11,284,631	2,012,066	13,296,697
Balance, end of year	\$ 78,795,491	\$ 21,053,829	\$ 99,849,320

Assets at Fair Value as of December 31, 2012

	Limited		
	Partnerships	Real Estate	Total
Balance, beginning of year	\$ 83,569,980	\$ 6,615,500	\$ 90,185,480
Purchases	7,124,717	11,307,783	18,432,500
Sales	(8,475,929)	(1,566,121)	(10,042,050)
Realized losses	(3,366,869)	-	(3,366,869)
Unrealized gains (losses)	1,097,650	(89,770)	1,007,880
Balance, end of year	\$ 79,949,549	\$ 16,267,392	\$ 96,216,941

The Timken Company Pension Plan
Notes to Financial Statements (continued)

5. Fair Value Measurement (continued)

The following tables summarize investments measured at fair value based on net asset value (NAVs) per share as of December 31, 2013 and 2012, respectively.

December 31, 2013				
Investment Class	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Cash and cash equivalents	\$ 342,592,526	N/A	Daily	Day of trade
Common collective funds – equities	184,624,370	N/A	Daily	Day of trade
Common collective funds – equities	174,250,794	N/A	Daily	5 days prior to trade
Common collective funds – equities	137,522,844	N/A	Last business day of each month	5 business days prior to trade
Common collective funds – fixed income	452,718,915	N/A	Daily	5 business days prior to trade
Common collective funds – fixed income	54,736,955	N/A	Daily	Day of trade
Real estate	58,603,156	N/A	Quarterly	45 days prior to end of quarter
Real estate	65,916,092	N/A	Quarterly	90 days prior to end of quarter
Real estate	21,053,829	\$20,006,387	Not eligible	N/A
Limited partnerships	78,795,491	\$23,915,322	Not eligible	N/A

December 31, 2012				
Investment Class	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Cash and cash equivalents	\$ 29,547,022	N/A	Daily	1 day prior to trade
Cash and cash equivalents	43,901,495	N/A	Daily	Day of trade
Common collective funds – equities	173,961,882	N/A	Daily	Day of trade
Common collective funds – equities	144,259,691	N/A	Daily	5 days prior to trade
Common collective funds – equities	178,248,736	N/A	Daily	1 day prior to trade
Common collective funds – equities	116,178,910	N/A	Last business day of each month	5 business days prior to trade
Common collective funds – fixed income	444,450,325	N/A	Daily	5 business days prior to trade
Real estate	53,050,747	N/A	Quarterly	45 days prior to end of quarter
Real estate	59,289,566	N/A	Quarterly	90 days prior to end of quarter
Real estate	16,267,392	\$23,366,345	Not eligible	N/A
Limited partnerships	79,949,549	\$27,496,474	Not eligible	N/A

The Timken Company Pension Plan
Notes to Financial Statements (continued)

6. Securities Lending

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

The Master Trust maintains full ownership rights to the securities loaned and, accordingly, classifies loaned securities as investments. Since the securities received as collateral may be repledged or sold, the Master Trust recognizes the amount of collateral received and a corresponding obligation to return such collateral on the statement of net assets available for benefits. The fair value of securities on loan was approximately \$239 million and \$234 million and the fair value of collateral was approximately \$245 million and \$240 million at December 31, 2013 and 2012, respectively.

The Timken Company Pension Plan
Notes to Financial Statements (continued)

7. Income Tax Status

The Plan received a determination letter from the Internal Revenue Service dated October 9, 2012, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, 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 taxation authorities. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2013, 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 2010.

8. Administrative Expenses

The Plan incurs administrative expenses directly related to the Plan which consist primarily of PBGC fees, actuarial fees, legal fees and administrative expenses. These expenses are reported on the statements of changes in net assets available for benefits as administrative expenses. Administrative expenses related to the Master Trust are allocated to the Plan and are reflected in the net investment gain from the Master Trust. Expenses relating to purchases, sales or transfers of the Plan's investments are charged to the particular investment fund to which the expenses relate.

The Timken Company Pension Plan
Notes to Financial Statements (continued)

9. Risks and Uncertainties

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

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

10. Subsequent Events

On June 30, 2014, the Company completed the separation of its steel business from its bearings and power transmission business through a spinoff, creating a new independent publicly traded company, TimkenSteel Corporation (TimkenSteel). The Company's board of directors declared a distribution of all outstanding common shares of TimkenSteel Corporation through a dividend. At the close of business on June 30, 2014, the Company's shareholders received one common share of TimkenSteel Corporation for every two common shares of the Company they held as of the close of business on June 23, 2014. As a result of the spinoff, net assets and accumulated plan benefits associated with employees and retirees of TimkenSteel were transferred effective May 1, 2014 into The TimkenSteel Corporation Bargaining Unit Pension Plan sponsored by TimkenSteel. This spinoff is not reflected in these financial statements.

Management evaluated subsequent events for the Plan through October 15, 2014, the date the financial statements were available to be issued.