THE TIMKEN COMPANY

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The Timken Company International Stock Ownership Plan
(TISOP)

Prospectus dated May 18, 2009
for Employees
of Subsidiaries of The Timken Company
in Germany, Italy and Spain
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I. GERMAN TRANSLATION OF THE SUMMARY/ZUSAMMENFASSUNG DES PROSPEKTS

Hinweis für den Leser


Timken weist den Leser auf Folgendes hin:

- Diese Zusammenfassung ist als Einführung zu diesem Prospekt zu verstehen;
- Der Anleger sollte jede Entscheidung zur Anlage in die betreffenden Wertpapiere auf die Prüfung des gesamten Prospekts stützen;
- Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Staaten der EU oder des Europäischen Wirtschaftsraums die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben; und
- Diejenigen Personen, die die Verantwortung für die Zusammenfassung einschließlich einer Übersetzung hiervon übernommen haben, oder von denen deren Erlass ausgeht, können hierfür haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird.

1. Über Timken


Timken hat ein Direktorium (Board of Directors) mit dreizehn Mitgliedern (Directors). Etwa ein Drittel der Directors werden bei der ordentlichen oder einer außerordentlichen Hauptversammlung für einen Zeitraum von jeweils drei Jahren gewählt.

1 In dieser Zusammenfassung groß geschriebene Begriffe beziehen sich entweder auf Eigennamen oder auf Begriffe, die in dem der Zusammenfassung folgenden Haupttext definiert sind.
2. Zusammenfassung der wesentlichen Finanzzahlen

Die folgenden wesentlichen Finanzzahlen wurden unverändert dem Jahresbericht von Timken an die Aktionäre für das am 31. Dezember 2008 abgelaufene Geschäftsjahr entnommen:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nettoumsatzerlöse</td>
<td>$5.663.660</td>
<td>$5.236.020</td>
</tr>
<tr>
<td>Wertminderungs- und Restrukturierungsaufwand</td>
<td>64.383</td>
<td>40.378</td>
</tr>
<tr>
<td>Gewinn aus fortgeführten Geschäftsaktivitäten vor Ertragsteuern</td>
<td>425.596</td>
<td>282.257</td>
</tr>
<tr>
<td>Rückstellungen für Ertragsteuern</td>
<td>157.926</td>
<td>62.868</td>
</tr>
<tr>
<td>Gewinn aus fortgeführten Geschäftsaktivitäten</td>
<td>267.670</td>
<td>219.389</td>
</tr>
<tr>
<td>Gewinn aus eingestellten Geschäftsaktivitäten, nach Ertragsteuern</td>
<td>--</td>
<td>665</td>
</tr>
<tr>
<td>Nettogewinn</td>
<td>267.670</td>
<td>220.054</td>
</tr>
<tr>
<td>Ergebnis je Aktie</td>
<td>$2,80</td>
<td>$2,33</td>
</tr>
<tr>
<td>Ergebnis je Aktie – verwässert</td>
<td>$2,78</td>
<td>$2,30</td>
</tr>
<tr>
<td>Dividenden je Aktie</td>
<td>$0,70</td>
<td>$0,66</td>
</tr>
</tbody>
</table>

3. The Timken Company International Stock Ownership Plan

Überblick

Das Programm ist ein Anlageförderungsprogramm (matched savings program), bei dem jeder Teilnehmer in jeder Zahlungsperiode einen Teil seines Gehalts in das Programm einzahlen kann. Die örtliche Timken-Gesellschaft leistet bis zu den festgelegten Höchstbeträgen ergänzende Beiträge, die der vollen Höhe der Teilnehmerbeiträge entsprechen.


Die Aktien der Gesellschaft


Verwaltung des Programms


4. Risikofaktoren

Eine Anlage in die Aktien der Gesellschaft birgt diverse Risiken hinsichtlich der Branche, der Geschäftstätigkeit und der Stammaktien von Timken. Im Folgenden sind die wesentlichen Risikofaktoren genannt:

**Risiken bezogen auf die Branche der Gesellschaft**

- Die (Kugel-)Lagerbranche ist stark durch Wettbewerb geprägt, wobei dieser Wettbewerb einen erheblichen Preisdruck für Timkens Produkte bedeutet, der die Erlöse und Ertragskraft der Gesellschaft beeinträchtigen könnte.
- Der Wettbewerb und die Konsolidierungstendenzen in der Stahlindustrie sowie mögliche weltweite Überkapazitäten könnte zu erheblichem Preisdruck für die Stahlprodukte von Timken führen.
- Schwächerphasen in den Branchen, in denen Timkens Kunden tätig sind, sowie die Konjunkturabhängigkeit der Geschäftsbereiche von Timkens Kunden im Allgemeinen können sich infolge sinkender Nachfrage und Margendruck nachteilig auf die Erlöse und Ertragskraft der Gesellschaft auswirken.

**Risiken bezogen auf die Geschäftstätigkeit der Gesellschaft**

- Timken könnte es misslingen, das Project O.N.E. erfolgreich umzusetzen oder die erwarteten Einspareffekte aus dem Project O.N.E. zu erzielen.
- Geltend gemachte Ansprüche aus Gewährleistung und Produkthaftung sowie Kosten aus Rückrufmaßnahmen können erhebliche nachteilige Auswirkungen auf die Einkünfte von Timken haben.
- Das Nichterreichen der erwarteten Ergebnisziele aus den Initiativen Restrukturierung, Rationalisierung und Neuordnung kann erhebliche nachteilige Auswirkungen auf die Einkünfte von Timken haben.
- Für Timken kann sich ein weiterer Wertminderungs- und Restrukturierungsaufwand ergeben, welcher die Profitabilität der Gesellschaft erheblich beeinträchtigen kann.
- Die fehlende Ausfinanzierung der Verpflichtungen aus bestehenden Pensionsplänen Timkens hat eine erhebliche Verminderung des Eigenkapitals der Aktionäre verursacht und kann dies auch weiterhin verursachen.
- Die Unterkapitalisierung von Pensionsfondsvermögen kann dazu führen, dass Timken zusätzliche Leistungen zur Finanzierung der Pensionsverpflichtungen erbringen muss, so dass weniger Mittel zu anderen Zwecken zur Verfügung stehen könnten.
Arbeitsunterbrechungen und ähnliche Schwierigkeiten können zu erheblichen Störungen des Produktionsbetriebs von Timken führen, die Einnahmen der Gesellschaft vermindern und erhebliche nachteilige Auswirkungen auf die Einkünfte der Gesellschaft haben.

Unvorhergesehene Maschinenausfälle oder andere Störungen des Produktionsbetriebs der Gesellschaft können Timkens Kosten erhöhen, zu Engpässen bzw. Stillständen bei der Produktion führen und so die Verkäufe und Einkünfte der Gesellschaft verringern.

Die Globalität von Timkens Geschäften setzt die Gesellschaft Risiken von Währungsschwankungen aus, die sich auf die Vermögenswerte, Geschäftsergebnisse und die Wettbewerbsfähigkeit auswirken können.

Umweltrechtliche Vorschriften verursachen erhebliche Kosten und Beschränkungen für den Geschäftsbetrieb von Timken, und die Umsetzung von Compliance-Maßnahmen könnte sich kostspieliger als erwartet herausstellen.

Globale politische Instabilität und andere Risiken des Auslandsgeschäfts können erhebliche nachteilige Auswirkungen auf die Produktionskosten, Einkünfte und die Preise von Produkten der Gesellschaft haben.

**Risiken bezogen auf die Aktien der Gesellschaft**

- Beträchtliche Veräußerungen von Timken-Stammaktien können zu einem Rückgang des Aktienkurses führen.

- Die Aktien der Gesellschaft könnten in Zukunft schwankungsanfälliger werden, was zu erheblichen Verlusten für Anleger führen kann, die Stammaktien von Timken erwerben. Anleger könnten ihre Timken-Stammaktien möglicherweise nicht zum oder über dem Erwerbspreis am öffentlichen Kapitalmarkt verkaufen.

- Allgemeiner Rückgang der Aktienkurse.

- Möglicher Totalverlust der Anlage im Insolvenzfalle Timkens.

- Timkens Satzungsvorschriften sowie die gesellschaftsrechtlichen Bestimmungen des US-Bundesstaates Ohio könnten eine gegebenenfalls von einem Aktionär befürwortete Änderung der Eigentümerverhältnisse (change of control) verzögern oder verhindern.
II. SUMMARY OF PROSPECTUS

Notice to the Reader

The terms "Timken" and the "Company" are used interchangeably in this prospectus and both refer to The Timken Company unless the context otherwise requires. The Timken Company is the issuer and the offeror of the shares offered to its associates under The Timken Company International Stock Ownership Plan ("TISOP").

Timken warns the reader that:

- This summary should be read as an introduction to the prospectus;
- Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor;
- Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EU or EEA Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated; and
- Civil liability attaches to those persons who have tabled the summary, including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus.

1. About Timken

The Timken Company is a leading global manufacturer of highly engineered bearings and alloy steels and a provider of related products and services. An outgrowth of a business originally founded in 1899, the Company was incorporated under the laws of the US State of Ohio in 1904. In March 2009, Timken had facilities in 26 countries on six continents and had approximately 25,000 associates. Timken operates under two business groups: the Steel Group and the Bearings and Power Transmission Group and will report four segments: (1) Mobile Industries, (2) Process Industries, (3) Aerospace and Defense and (4) Steel.

The Timken Company manufactures two basic product lines: anti-friction bearings and steel products. Differentiation in these two product lines comes in two different ways: (1) differentiation by bearing type or steel type and (2) differentiation in the applications of bearings and steel.

Timken has a Board of Directors consisting of thirteen Directors. Approximately one-third of the Directors are elected at the annual meeting or at a special meeting of shareholders for a term of three years.

1 Capitalized terms used in this summary refer to either proper names or terms defined in the main text following this summary.
2. Summary of Key Financial Data

The following key financial data is extracted without adjustment from Timken’s Annual Report to the shareholders for the fiscal year ended December 31, 2008:

<table>
<thead>
<tr>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td><strong>$5,663,660</strong></td>
</tr>
<tr>
<td>Impairment and restructuring charges</td>
<td>64,383</td>
</tr>
<tr>
<td>Income from Continuing Operations before Income Taxes</td>
<td>425,596</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>157,926</td>
</tr>
<tr>
<td>Income from continuing operations</td>
<td>267,670</td>
</tr>
<tr>
<td>Income from discontinued operations, net of income taxes</td>
<td>--</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>267,670</strong></td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$2.80</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$2.78</td>
</tr>
<tr>
<td>Dividends per share</td>
<td>$0.70</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2004 4.30</td>
<td>2004 149</td>
<td>2004 0.52</td>
</tr>
<tr>
<td>2005 4.80</td>
<td>2005 2.81</td>
<td>2005 0.60</td>
</tr>
<tr>
<td>2006 5.0</td>
<td>2006 2.36</td>
<td>2006 0.62</td>
</tr>
<tr>
<td>2007 5.2</td>
<td>2007 2.30</td>
<td>2007 0.66</td>
</tr>
<tr>
<td>2008 5.70</td>
<td>2008 2.78</td>
<td>2008 0.70</td>
</tr>
</tbody>
</table>

3. The Timken Company International Stock Ownership Plan

The Timken Company, in conjunction with Timken's Local Business Units, has chosen to sponsor the participation of certain qualified Timken associates who work and reside outside the United States in an employee stock offer program called "The Timken Company International Stock Ownership Plan" (TISOP or Plan). To participate in the Plan, the individual must be at least 18 years old and have been a Timken associate for at least six months.
Overview

The Plan is a matched savings program allowing each Participant to contribute a portion of his or her salary to the Plan each payment period. The Local Business Unit matches the Participant Contributions 100% up to specified limits.

The Participant Contributions and the Local Business Unit’s contributions made on behalf of a Participant are deposited and held in a trust in the name of the respective Participant. The Company has established a trust, which acquires and holds Company Stock and other Plan assets for the benefit of Plan Participants.

The Company Stock

The offer under the Plan refers to Timken's common stock. The common stock is regulated under the US Securities Act of 1933 and the US Securities Exchange Act of 1934. All common stock issued and outstanding is without par value, fully paid and admitted to trading on the New York Stock Exchange. The US security identification (CUSIP) number of Timken's common stock is 887389104, and the short code at the New York Stock Exchange is "TKR."

All shares of common stock offered under the Plan are registered, certificated and freely transferable. Each share entitles the holder to one vote and to fully and equally receive dividends. When, and if, dividends are declared by the Company, they are generally paid quarterly, usually in March, June, September and December.

Administration of the Plan

The Plan is administered by an international Committee, a Plan Administrator and a Trustee. The Committee is responsible for the general administration and management of the Plan. The Committee has full discretionary power to interpret the provisions of the Plan, to make rules for the administration of the Plan and to make factual findings with respect to any issues arising under the Plan. The Plan Administrator provides day-to-day processing, record keeping and communications services for the benefit of Plan Participants and performs certain other administrative functions specified in the Plan.

The Company has selected Lloyds TSB Offshore Trust Company Limited, a trust company located in Jersey, Channel Islands, as the Trustee. The Trustee administers the Plan assets, combines the contributions made by or on behalf of all Participants and uses the combined contributions to purchase Company Stock in the open market at market prices. The Trustee is the legal owner of the shares of Company Stock acquired under the Plan until the Participants withdraw those shares from the Plan under the Plan rules. The Participants, however, control the voting and sale of their shares in the Plan.

The costs and expenses incurred in the administration of the Plan and trust, including the compensation of the Trustee and the Plan Administrator and such expenses as brokerage fees and commissions, are paid by the Local Business Units sponsoring the Plan.

4. Risk Factors

An investment in the Company's shares is confronted with various risks that are related to the industry, the business and the common stock of Timken. The main risk factors are as follows:

Risks Related to the Company's Industry

- The bearing industry is highly competitive, and this competition results in significant pricing pressure for Timken's products, which could affect the Company's revenues and profitability.
- Competition and consolidation in the steel industry, together with potential global overcapacity, could result in significant pricing pressure for Timken's products.
- Changes in global economic conditions, weakness in any of the industries in which Timken's customers operate, as well as the cyclical nature of Timken customers’ businesses in general, could adversely impact the Company's revenues and profitability by reducing demand and margins.
- Any reduction of distributions under the US Continued Dumping and Subsidy Offset Act (CDSOA) in the future would reduce Timken's earnings and cash flows.

**Risks Related to the Company's Business**

- Any change in the Company's operation of its raw material surcharge mechanisms, a raw material index, or the availability or cost of raw materials and energy resources could materially affect Timken's earnings.
- Timken may not be able to realize the anticipated benefits from, or successfully execute, Project O.N.E.
- Warranty, recall or product liability claims could materially adversely affect Timken's earnings.
- The failure to achieve the anticipated results of Timken’s restructuring, rationalization and realignment initiatives could materially affect the Company’s earnings.
- Timken may incur further impairment and restructuring charges that could materially affect the Company's profitability.
- Underfunding of Timken's defined benefit and other postretirement plans has caused and may in the future cause a significant reduction in shareholders’ equity.
- The underfunded status of Timken's pension plans may require large contributions which may divert funds from other uses.
- Timken’s defined benefit plans’ assets and liabilities are substantial and expenses and contributions related to those plans are affected by factors outside the Company’s control, including the performance of plan assets, interest rates, actuarial data and experience, and changes in laws and regulations.
- Work stoppages or similar difficulties could significantly disrupt Timken's operations, reduce its revenues and materially affect its earnings.
- Unexpected equipment failures or other disruptions of the Company's operations may increase Timken's costs and reduce its sales and earnings due to production curtailments or shutdowns.
- The global nature of Timken’s business exposes the Company to foreign currency fluctuations that may affect its asset values, results of operations and competitiveness.
- Environmental regulations impose substantial costs and limitations on Timken's operations and environmental compliance may be more costly than the Company expects.
- Global political instability and other risks of international operations may adversely affect the Company's operating costs, revenues and the price of its products.

**Risks Related to the Company's Stock**

- Substantial sales of shares of Timken's common stock could cause the stock price to decline.
- The Company's stock price may become more volatile in the future, resulting in substantial losses for investors purchasing shares of Timken's common stock. Investors may not be able to resell their shares of Timken's common stock at or above the purchase price to the public.
- General decline of stock markets.
- Possible total loss of investment in case of Timken's insolvency.
Timken's articles of incorporation, regulations and Ohio corporate law could delay or prevent a change of control that a stockholder may favor.

III. RISK FACTORS

The reader should carefully consider the following main risk factors, as well as other information contained in this prospectus, that could negatively affect Timken's business, financial condition and result of operations, before making an investment in the Company's common stock.

1. Risks Related to Timken's Industries

- The bearing industry is highly competitive, and this competition results in significant pricing pressure for Timken's products, which could affect the Company's revenues and profitability.

  The global bearing industry is highly competitive. Timken competes with domestic manufacturers and many foreign manufacturers of anti-friction bearings, including SKF Group, Schaeffler Group, NTN Corporation, JTEKT Corporation and NSK Ltd. The bearing industry is also capital-intensive and profitability is dependent on factors such as labor compensation and productivity and inventory management, which are subject to risks that Timken may not be able to control. Due to the competitiveness within the bearing industry, Timken may not be able to increase prices for products to cover increases in costs and, in many cases, Timken may face pressure from its customers to reduce prices, which could adversely affect its revenues and profitability. In addition, Timken’s customers may choose to purchase products from one of the Company’s competitors rather than pay the prices the Company seeks for its products, which could adversely affect Timken’s revenues and profitability.

- Competition and consolidation in the steel industry, together with potential global overcapacity, could result in significant pricing pressure for Timken's products.

  Competition within the steel industry, both domestically and worldwide, is intense and is expected to remain so. Global production overcapacity has occurred in the past and may reoccur in the future, which, when combined with high levels of steel imports into the United States, may exert downward pressure on domestic steel prices and result in, at times, a dramatic narrowing, or with many companies the elimination, of gross margins. High levels of steel imports into the United States could exacerbate this pressure on domestic steel prices. In addition, many of Timken's competitors are continuously exploring and implementing strategies, including acquisitions and the addition or repositioning of capacity, which focus on manufacturing higher margin products that compete more directly with Timken's steel products. These factors could lead to significant downward pressure on prices for Timken's steel products, which could have a materially adverse effect on the Company's revenues and profitability.

- Changes in global economic conditions, weakness in any of the industries in which Timken's customers operate or changes in financial markets, could adversely impact the Company's revenues and profitability by reducing demand and margins.

  Timken's results of operations are materially affected by the global economy generally and in global capital markets. The current global economic downturn has caused extreme volatility in the capital markets and in the end markets in which our customers operate. The Company’s revenues may be negatively affected by changes in customer demand, changes in the product mix and negative pricing pressure in the industries in which Timken operates. Margins in those industries are
highly sensitive to demand cycles, and Timken’s customers in those industries historically have
tended to delay large capital projects, including expensive maintenance and upgrades, during eco-
nomic downturns. As a result, Timken’s revenues and earnings are impacted by overall levels of
industrial production.

Timken’s results of operations can be materially affected by the conditions in the global financial
markets. If an end user cannot obtain financing to purchase the Company’s products, either di-
rectly or indirectly contained in machinery or equipment, demand for the Company’s products
will be reduced, which could have a material adverse effect on the Company’s financial condition
and earnings.

Certain automotive industry companies have recently experienced significant financial downturns.
In 2008, the Company increased its reserve for accounts receivable relating to its automotive in-
dustry customers. If any of its automotive industry customers becomes insolvent or files for bank-
ruptcy, the Company’s ability to recover accounts receivable from that customer would be ad-
versely affected and any payment the Company received in the preference period prior to a bank-
ruptcy filing may be potentially recoverable by the bankruptcy estate. In addition, financial insta-
bility of certain companies that participate in the automotive industry supply chain could disrupt
production in the industry. A disruption of production in the automotive industry could have a
materially adverse effect on the Company’s financial condition and earnings.

- Any reduction of distributions under the US Continued Dumping and Subsidy Offset Act
  (CDSOA) in the future would reduce Timken’s earnings and cash flows.

The CDSOA provides for distribution of monies collected by U.S. Customs from antidumping
cases to qualifying domestic producers where the domestic producers have continued to invest in
their technology, equipment and people. The Company reported CDSOA receipts, net of ex-
penses, of $10.2 million, $7.9 million and $87.9 million in 2008, 2007 and 2006, respectively. In
February 2006, U.S. legislation was enacted that would end CDSOA distributions for imports
covered by antidumping duty orders entering the United States after September 30, 2007. Instead,
any such antidumping duties collected would remain with the U.S. Treasury. This legislation is
expected to reduce any distributions in years beyond 2007, with distributions eventually ceasing.

In separate cases in July and September 2006, the U.S. Court of International Trade (CIT) ruled
that the procedure for determining recipients eligible to receive CDSOA distributions is unconsti-
tutional. In February 2009, the United States Court of Appeals for the Federal Circuit reversed the
decision of the CIT. The Company is unable to determine, at this time, what the ultimate outcome
of litigation regarding CDSOA will be.

There are a number of other factors that can affect whether the Company receives any CDSOA
distributions and the amount of such distributions in any year. These factors include, among other
things, potential additional changes in the law, other ongoing and potential additional legal chal-
lenges to the law, and the administrative operation of the law. It is possible that CIT rulings might
prevent Timken from receiving any CDSOA distributions in 2009 and beyond. Any reduction of
CDSOA distributions would reduce the Company’s earnings and cash flow.

2. Risks Related to Timken's Business

- Any change in the Company's operation of its raw material surcharge mechanisms, a raw material
  market index or the availability or cost of raw materials and energy resources could materially af-
  fect Timken's revenues and earnings.
Timken requires substantial amounts of raw materials, including scrap metal and alloys and natural gas, to operate its business. Many of Timken's customer contracts contain surcharge pricing provisions. The surcharges are tied to a widely-available market index for that specific raw material. Many of the widely-available raw material market indices have recently experienced wide fluctuations. Any change in a raw material market index could materially affect Timken’s revenues. Any change in the relationship between the market indices and Timken's underlying costs could materially affect the Company's earnings. Any change in Timken’s projected year-end input costs could materially affect the Company’s LIFO inventory valuation method and earnings.

Moreover, future disruptions in the supply of raw materials or energy resources could impair Timken's ability to manufacture products for its customers, or require Timken to pay higher prices in order to obtain these raw materials or energy resources from other sources and could thereby affect Timken’s sales and profitability. Any increase in the prices for such raw materials or energy resources could materially affect the Company's costs and therefore its earnings.

- **Timken may not be able to realize the anticipated benefits from, or successfully execute, Project O.N.E.**

  During 2005, Timken began implementing Project O.N.E., a multi-year program designed to improve business processes and systems to deliver enhanced customer service and financial performance. During the second quarter of 2007, the Company completed the first major U.S. implementation of Project O.N.E. During the second quarter of 2008, the Company completed the installation of Project O.N.E. in additional U.S. operations and a major portion of its European operations. The Company may not be able to efficiently operate its business after implementation of Project O.N.E., which could have a materially adverse effect on its business and financial performance and could impede its ability to realize the anticipated benefits from this program. If the Company is not able to successfully operate its business after implementation of this program, it may lose the ability to schedule production, receive orders, ship product, track inventory and prepare financial statements. Timken’s future success will depend, in part, on its ability to improve its business processes and systems. The Company may not be able to successfully do so without substantial costs, delays or other difficulties. It may also face significant challenges in improving its processes and systems in a timely and efficient manner.

  If Timken is not successful in executing, or operating under, Project O.N.E., or if it fails to achieve the anticipated results, then the Company’s operations, margins, sales and reputation could be adversely affected.

- **Warranty, recall or product liability claims could materially adversely affect Timken's earnings.**

  In Timken's business, the Company is exposed to warranty and product liability claims. In addition, the Company may be required to participate in the recall of a product. A successful warranty or product liability claim against the Company, or a requirement that the Company participate in a product recall, could have a materially adverse effect on its earnings.

- **The failure to achieve the anticipated results of Timken’s restructuring, rationalization and realignment initiatives could materially affect the Company’s earnings.**

The Canton bearing operations and the Mobile Industries segment initiatives are each targeted to deliver annual pretax savings, assuming certain amounts of costs. The failure to achieve the anticipated results of any of these plans, including the Company’s targeted costs and annual savings, could materially adversely affect its earnings. In addition, increases in other costs and expenses may offset any cost savings from these efforts.

- **Timken may incur further impairment and restructuring charges that could materially affect its profitability.**

The Company has taken approximately $144.2 million in impairment and restructuring charges, during the last four years, for the Canton bearing operations, Mobile Industries and Bearings and Power Transmission Group initiatives. The Company expects to take additional charges in connection with the Canton bearing operations and Mobile Industries initiatives. Continued weakness in business or economic conditions, or changes in Timken’s business strategy may result in additional restructuring programs and may require the Company to take additional charges in the future, which could have a material adverse effect on its earnings.

- **Underfunding of Timken's defined benefit and other postretirement plans has caused and may in the future cause a significant reduction in its shareholders’ equity.**

Due primarily to negative asset returns for the Company’s defined benefit pension plans in 2008 and a change in accounting standards in 2006, Timken was required to record total reductions, net of income taxes, against the Company’s equity of $398 million in 2008 and $276 million in 2006. In the future, Timken may be required to record additional charges related to pension and other postretirement liabilities as a result of asset returns, discount rate changes or other actuarial adjustments, and these charges may be significant.

- **The underfunded status of Timken’s pension plans may require large contributions which may divert funds from other uses.**

The increase in Timken’s defined benefit pension obligations, as well as the Company’s ongoing practice of managing its funding obligations over time, may require the Company to make large contributions to the Company’s pension plans. The Company made cash contributions of approximately $1 million, $80 million and $243 million in 2008, 2007 and 2006, respectively, to its U.S.-based pension plans and currently expects to make cash contributions of approximately $70 million in 2009 to such plans. However, the Company cannot predict whether changing economic conditions, the future performance of assets set aside in trusts for these plans, the level of interest rates, actuarial data and experience, and any changes in government laws and regulations. In addition, if the various investments held by Timken’s pension trusts do not perform as expected, or the liabilities increase as a result of discount rate and other actuarial changes, the Company’s pension expense and required contributions would increase and, as a result, could materially adversely affect its business. Due to the value of
Timken’s defined benefit plan assets and liabilities, even a minor decrease in interest rates, to the extent not offset by contributions and asset returns, could increase the Company’s obligations under such plans. Timken may be legally required to make contributions to the pension plans in the future in excess of its current expectations, and those contributions could be material.

- **Work stoppages or similar difficulties could significantly disrupt Timken's operations, reduce its revenues and materially affect its earnings.**

  The collective bargaining agreement covering substantially all of Timken’s hourly employees in the Canton, Ohio bearing and steel plants expires in September 2009. A work stoppage at one or more of Timken's facilities could have a materially adverse effect on its business, financial condition and results of operations. Also, if one or more of the Company's customers were to experience a work stoppage, that customer would likely halt or limit purchases of the Company's products, which could have a material adverse effect on its business, financial condition and results of operations.

- **Unexpected equipment failures or other disruptions of the Company's operations may increase Timken's costs and reduce its sales and earnings due to production curtailments or shutdowns.**

  Interruptions in production capabilities, especially in Timken's Steel Group, would inevitably increase production costs and reduce sales and earnings for the affected period. In addition to equipment failures, Timken's facilities are also subject to the risk of catastrophic loss due to unanticipated events such as fires, explosions or violent weather conditions. Timken's manufacturing processes are dependent upon critical pieces of equipment, such as furnaces, continuous casters and rolling equipment, as well as electrical equipment, such as transformers, and this equipment may, on occasion, be out of service as a result of unanticipated failures. In the future, Timken may experience material plant shutdowns or periods of reduced production as a result of these types of equipment failures.

- **The global nature of Timken’s business exposes the Company to foreign currency fluctuations that may affect its asset values, results of operations and competitiveness.**

  The Company is exposed to the risks of currency exchange rate fluctuations because a significant portion of its net sales, costs, assets and liabilities, are denominated in currencies other than the U.S. dollar. These risks include a reduction in Timken’s asset values, net sales, operating income and competitiveness.

  For those countries outside the United States where Timken has significant sales, devaluation in the local currency would reduce the value of its local inventory as presented in its Consolidated Financial Statements. In addition, a stronger U.S. dollar would result in reduced revenue, operating profit and shareholders’ equity due to the impact of foreign exchange translation on the Company’s Consolidated Financial Statements. Fluctuations in foreign currency exchange rates may make the Company’s products more expensive for others to purchase or increase its operating costs, affecting its competitiveness and its profitability.

  Changes in exchange rates between the U.S. dollar and other currencies and volatile economic, political and market conditions in emerging market countries have in the past adversely affected Timken’s financial performance and may in the future adversely affect the value of its assets located outside the United States, its gross profit and its results of operations.

- **Environmental regulations impose substantial costs and limitations on Timken's operations and environmental compliance may be more costly than the Company expects.**
Timken is subject to the risk of substantial environmental liability and limitations on its operations due to environmental laws and regulations. The Company is subject to various federal, state, local and foreign environmental, health and safety laws and regulations concerning issues such as air emissions, wastewater discharges, solid and hazardous waste handling and disposal and the investigation and remediation of contamination. The risks of substantial costs and liabilities related to compliance with these laws and regulations are an inherent part of the Company's business, and future conditions may develop, arise or be discovered that create substantial environmental compliance or remediation liabilities and costs.

Compliance with environmental legislation and regulatory requirements may prove to be more limiting and costly than Timken anticipates. New laws and regulations, including those which may relate to emissions of greenhouse gases, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or the imposition of new clean-up requirements could require the Company to incur costs or become the basis for new or increased liabilities that could have a material adverse effect on its business, financial condition or results of operations. Timken may also be subject from time to time to legal proceedings brought by private parties or governmental authorities with respect to environmental matters, including matters involving alleged property damage or personal injury.

- **Global political instability and other risks of international operations may adversely affect the Company's operating costs, revenues and the price of its products.**

Timken's international operations expose the Company to risks not present in a purely domestic business, including primarily:

- changes in tariff regulations, which may make Timken's products more costly to export or import;
- difficulties in establishing and maintaining relationships with local OEMs, distributors and dealers;
- import and export licensing requirements;
- compliance with a variety of foreign laws and regulations, including unexpected changes in taxation and environmental or other regulatory requirements, which could increase the Company's operating and other expenses and limit its operations; and
- difficulty in staffing and managing geographically diverse operations.

These and other risks may also increase the relative price of Timken's products compared to those manufactured in other countries, reducing the demand for Timken's products in the markets in which the Company operates, which could have a materially adverse effect on its revenues and earnings.

3. **Risks Related to Timken's Common Stock**

- **Substantial sales of shares of Timken's common stock could cause the stock price to decline.**

Timken may, in the future, sell additional shares of common stock in subsequent public offerings and may also issue additional shares of common stock to finance future acquisitions. A substantial number of shares of Timken's common stock is also available for future sale pursuant to stock options that the Company has granted to its associates. Sales of substantial amounts of common stock, or the perception that such sales could occur, may adversely affect prevailing market prices for shares of common stock and could impair Timken's ability to raise capital through future offerings.
• **Timken's stock price may become more volatile in the future.**

The trading price of Timken's common stock may become more volatile in the future. Many factors may contribute to this volatility, including the risks described above, as well as:

- Changes in marketing, product pricing and sales strategies or development of new products by Timken or its competitors;
- Variations in the Company's results of operations;
- Perceptions about market conditions in the industries served;
- General market conditions (i.e., general decline of stock markets); and
- Possible total loss of investment in case of Timken's insolvency.

Volatility may have a significant impact on the market price of Timken's common stock. Moreover, the possibility exists that the stock market could experience extreme price and volume fluctuations that may materially adversely affect the stock price regardless of the Company's operating results. This volatility makes it difficult to ascribe a stable valuation to a shareholder’s holdings of Timken's common stock.

• **Timken's articles of incorporation, regulations and Ohio corporate law could delay or prevent a change of control that an investor may favor.**

Timken's articles of incorporation, regulations and Ohio corporate law contain provisions that could delay, defer or prevent a change of control of the Company or its management. These provisions could also discourage proxy contests and make it more difficult for shareholders to elect directors and take other corporate actions. These provisions:

- Divide the Board of Directors into three classes, with members of each class to be elected for staggered three-year terms; and
- Regulate how shareholders may present proposals or nominate directors for election at shareholder meetings.

Additionally, Ohio corporate law provides that certain notice and informational filings and special shareholder meeting and voting procedures must be followed prior to consummation of a proposed "control share acquisition," as defined in the Ohio statute. Assuming compliance with the notice and information filings prescribed by statute, the proposed control share acquisition may be made only if, at a special meeting of shareholders, the acquisition is approved by both a majority of the voting power of the Company represented at the meeting and a majority of the voting power remaining after excluding the combined voting power of the "interested shares," as defined in the statute. Together, these provisions of the Company's articles and regulations and Ohio corporate law may discourage transactions that otherwise could provide for the payment of a premium over prevailing market prices for Timken's common stock and could also limit the price that investors may be willing to pay in the future for common stock.
IV. ABOUT THIS PROSPECTUS

1. Legal Basis

This prospectus has been prepared in accordance with:

- the Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003, on the prospectus to be published when securities are offered to the public or admitted to trading (the "Prospectus Directive");
- the Commission Regulation (EC) No. 809/2004 of April 29, 2004, implementing Directive 2003/71/EC of the European Parliament and of the Council in regard to information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (the "Prospectus Regulation"); and
- the German Securities Prospectus Act (Wertpapierprospektgesetz).

2. Responsibility for the Contents of the Prospectus

The Timken Company accepts responsibility for the information contained in this prospectus. The address of its principal executive offices is 1835 Dueber Avenue, S.W., Canton, Ohio 44706-2798, United States of America. To the best knowledge and belief of The Timken Company, the information contained in this prospectus is in accordance with the facts and does not omit any material circumstances.

3. Approval and Notification

This prospectus has been filed with and approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) (the "German Financial Supervisory Authority") in its capacity as competent authority under the Prospectus Directive and the German Securities Prospectus Act for Timken's common stock offered under the The Timken Company International Stock Ownership Plan (TISOP) up to the expiry of twelve months from the date of publication of this prospectus. The Timken Company will apply to the German Financial Supervisory Authority to issue additional Certificates of Approval to the competent authorities of such other Member States as and when it deems it appropriate or necessary.
V. THE TIMKEN COMPANY INTERNATIONAL STOCK OWNERSHIP PLAN

1. Introduction

The Timken Company, in conjunction with its Local Business Units, has chosen to sponsor the participation of certain qualified Timken associates who work and reside outside the United States (the "Participants") in an employee stock offer program called "The Timken Company International Stock Ownership Plan" ("TISOP") (also referred to as the "Plan"). Through the stock offer program, Timken intends to strengthen the associates' work motivation and loyalty to the Company and to provide a long-term opportunity for designated associates to own shares of the Company's common stock.

The Timken Company is the issuer and the offeror of the shares offered to the Participants under the Plan. The documents describing the Plan, including this prospectus, may be supplemented or updated from time to time, and the local Timken business unit to which a participating employee belongs (the "Local Business Unit") will provide each Participant with these supplements and updates.

2. The Company Stock Offered

The offer under the Plan concerns Timken's common stock (also referred to in the following paragraphs as the "Company Stock"), which is regulated under the US Securities Act of 1933 and the US Securities Exchange Act of 1934. All common stock issued and outstanding is without par value, fully paid and admitted to trading on the New York Stock Exchange. The stock is quoted in US dollars. The stock's US security identification (CUSIP) number is 887389104, and its short code at the New York Stock Exchange is "TKR".

All shares of common stock offered under the Plan are registered, certificated and freely transferable. Each share entitles the holder to one vote on all matters presented to the shareholders in annual or special meetings of the Company. It also entitles the shareholder to fully and equally receive dividends, without limitation, from funds legally available in the amount when, as and if declared by the board of directors. When, and if, dividends are declared by the Company, dividends are generally paid quarterly, usually in March, June, September and December (see further stock description below).

3. Overview of the Plan

The Plan is a matched savings program allowing each Participant to contribute a portion of his or her salary every payment period to the Plan ("Participant Contributions"). The Local Business Unit matches the Participant Contributions 100% up to specified limits described below ("Matching Contributions"). A Participant may contribute more than his or her Local Business Unit will match, but Participant Contributions above the limits for Matching Contributions will not be matched.

The Participant Contributions and the Local Business Unit’s contributions made on behalf of a Participant are deposited and held in a trust in the name of the respective Participant. A trustee combines these contributions with those made by or on behalf of other associates and uses the combined contributions to purchase Company Stock in the open market at market prices. The Company Stock bought with the contributions made by or on behalf of the Participants is held for the Participants in the trust. Each Participant may withdraw his or her Company Stock, together with any income earned on it, in cash or stock under the procedures described below.
To participate in the Plan, the individual must be at least 18 years old and have been a Timken associate for at least six months. In addition, the individual's place of employment and residence must be outside the United States. An associate will not be eligible to join if he or she is a United States resident or is eligible to participate in a similar stock ownership or stock purchase plan sponsored by another Timken business unit.

The Plan is maintained in the United Kingdom at the offices of the Plan administrator (see below). This is where the official Plan records used to determine and pay the Participants' benefits are kept and from where the Participants will receive statements reflecting their benefits under the Plan.

4. Administration of the Plan

The Committee

The Plan is administered by an international Committee (the "Committee") composed of not fewer than three individuals appointed by the Company. Each member of the Committee is an associate of a Timken unit. The Company reserves the right to appoint or remove members of the Committee at any time. The Committee is headquartered in the United Kingdom and meets once a year at a location outside the United States.

The Committee is responsible for the general administration and management of the Plan. The Committee has full discretionary power to interpret the provisions of the Plan, to make rules for the administration of the Plan and to make factual findings with respect to any issues arising under the Plan.

The Plan Administrator

The Committee has selected HBOS Employee Equity Solutions, a benefits and financial services company located in the United Kingdom, as the Plan administrator ("Plan Administrator"). The Plan Administrator provides day-to-day processing, record keeping and communications services for the benefit of Plan participants and performs certain other ministerial functions specified in the Plan. Although the Plan Administrator must follow the rules of the Plan, it is otherwise independent of the Company and the Local Business Units. The Committee may remove the Plan Administrator at any time and appoint a new Plan Administrator.

The Trustee

The Company has established a trust located in Jersey, Channel Islands, into which all contributions are deposited and which acquires and holds Company Stock and other Plan assets for the benefit of Plan Participants with Lloyds TSB Offshore Trust Company Limited as the trustee (the "Trustee"). The Trustee administers the Plan assets, investing them in Company Stock in accordance with the rules of the Plan. The Trustee is the legal owner of the shares of Company Stock acquired under the Plan until the Participants withdraw those shares from the Plan under the Plan rules. The Participants, however, control the voting and sale of their shares in the Plan under the terms described below. Although the Trustee must follow the rules of the Plan and the trust, it is otherwise independent from the Company and the Local Business Units. The Company may remove the Trustee and appoint a new Trustee under certain terms specified in the agreement establishing the trust.

Monthly Share Purchases

The Trustee and Plan Administrator affect the monthly share purchases on behalf of the Participants as follows:

No later than on the 12th UK working day of the month (unless otherwise required by local law), or the next working day when the Trustee and Plan Administrator and the New York Stock Exchange are
open for business, the Trustee instructs CIBC World Markets, the Plan stockbroker, to invest all Participant Contributions in the purchase of Company Stock at the full market price available at the time of dealing. Whole shares and fractional shares (to five decimal places) are allocated to Participants' accounts, ensuring that the US dollar amount contributed by each Participant is fully invested to the nearest cent.

The Trustee settles the purchase of shares with the stockbroker and receives ownership of the shares on behalf of the Participants.

Stockbrokers' commissions are charged separately. The Plan Administrator passes the stockbroker's annual account to The Timken Company for settlement. The Timken Company allocates the stockbroker's charges among the Local Business Units in relation to the number of Participants employed by each participating Local Business Unit.

The Plan Administrator maintains a register of Plan shareholdings, differentiating shares arising from the total of each Participant's basic and additional associate contributions ("Participant Shares") from those arising from matching Timken contributions or additional employer contributions ("Matched Shares").

Plan Administration Costs

The costs and expenses incurred in the implementation and administration of the Plan and trust, including the compensation of the Trustee and the Plan Administrator and such expenses as brokerage fees and commissions, are paid proportionally by the Local Business Units sponsoring the Plan. As for the Company, the administration costs for the Plan are estimated to amount to $220,000.00 p.a. Under certain circumstances, and depending on applicable law, Company Stock and other assets held in the trust for the benefit of Participants could be subject to liens for the debts of Participants. If the Company or a Local Business Unit is deemed under applicable tax law to have taxable earnings on the actual investment of the Plan assets, the Company or the Local Business Unit could request the Trustee to reimburse the Company or the Local Business Unit from the Plan assets for the amount of income tax liability resulting from these taxable earnings.

5. Participation and Contributions

The Plan year begins March 1st of each year as long as the Plan is in effect. Each February, the participating associate must complete a new election form to be eligible to make contributions or have contributions made on his or her behalf and to instruct the Local Business Unit as to the amount it should deduct from his or her salary each payment period in the following Plan year. If an associate becomes eligible to join the Plan in the midst of a Plan year, he or she must complete a similar election form within 30 days after becoming eligible to join. As further described below, the Company reserves the right to amend or terminate the plan, in whole or in part, at any time.

Minimum Participant Contributions

To make contributions to the Plan, the amount of the Participant Contributions must total a minimum amount per Plan year. If a Participant makes contributions for less than an entire Plan year, he or she is required to contribute only a portion of the minimum contribution, based on the period of time that he or she makes contributions. The Local Business Unit informs each Participant of the minimum contribution requirement that applies to him or her at the beginning of each Plan year.

Currently, the minimum contribution level per Plan year for Participants in Germany, Italy and Spain is the equivalent of US $10 in euros.
Participants can stop their contributions to the Plan at anytime, but they cannot restart the contributions until the earlier of three months after the time at which such termination becomes effective or the first day of the following Plan year.

**Limits on Matching Contributions**

At the beginning of each Plan year, the management of each Local Business Unit determines the amount of associate contributions to be complemented with Matching Contributions based on the profitability of the Local Business Unit during the preceding year. Matching Contributions must not exceed an amount equal to a maximum percentage of the Participant's base compensation. In no event will Matching Contributions on behalf of any Participant exceed an absolute maximum amount. The Participant will be informed of the maximum amount of Matching Contributions available to him or her at the beginning of each Plan year. Currently, the maximum amount of Matching Contributions made on behalf of any Participant in Germany, Italy and Spain will not exceed the equivalent of US $4,500 in euros.

If a Participant chooses to contribute an amount greater than the amount that the Local Business Unit currently matches, the amount of the Participant Contributions exceeding the maximum amount is used to buy Company Stock, but is not matched. The amount of Participant Contributions may be limited by the respective Local Business Unit, and the Committee may also limit the amount of Participant Contributions to as little as the amount of Matching Contributions permitted by the Local Business Unit.

**Discretionary Additional Employer Contributions**

The Plan also provides for Local Business Units to make discretionary contributions to the Plan on behalf of a Participant in addition to Matching Contributions ("Additional Employer Contributions"). The Local Business Unit is not required to make Additional Employer Contributions. However, if it does, the Local Business Unit determines the amount of these contributions and the time at which they will be made. If the Local Business Unit makes Additional Employer Contributions on a Participant's behalf, they will be deposited in the trust and used by the Trustee to purchase Company Stock on the open market at market prices for the Participant's account in the Plan. These contributions would be available for the Participant to withdraw from the Plan only at the time and under the circumstances under which Matching Contributions made at the same time would be available.

**Discretionary Cash Payment**

The Local Business Unit, at its discretion, also may make a cash payment ("Cash Payment") directly to a Participant to offset, in full or in part, any additional tax liability incurred by the Participant as a result of his or her Local Business Unit’s Matching Contributions or Additional Employer Contributions. The Local Business Unit is not required to make any Cash Payments. However, if it does, the Local Business Unit determines the amount of the payment and the time at which it will be made. If the Local Business Unit makes a Cash Payment, none of the payment will be deposited in the trust or be used to buy Company Stock for the Participant.

**6. Payment of Contributions to the Trust**

The Local Business Unit deposits the Participant Contributions, its Matching Contributions and any Additional Employer Contributions made on behalf of a Participant in the trust. After depositing these contributions in the trust, neither the Company nor any Local Business Unit can direct the Trustee to return (except for satisfaction of income taxes arising because of trust investment earnings) any of the assets held in the trust for any Participant until all Plan benefits have been paid out in full to Partici-
pants and their beneficiaries. If any assets remain in the trust after payment of all expenses and all Plan benefits, the remaining assets are returned to the Local Business Units.

7. Sale and Transfer of Shares; Distribution of Contributions

Sale and Transfer of Participant Shares

Shares purchased with Participant Contributions are available for sale or for transfer into the direct ownership of the Participant at four sales dates throughout the calendar year (end of March, June, September and December). Fractions of shares may be sold, but cannot be transferred. In the event of a transfer of shares, the Trustee will instruct Timken's transfer agent to transfer shares out of the trust and into the direct ownership of the Participants. The Plan Administrator will send confirmation directly to the home address of the Participant that the transfer has been initiated. The transfer agent will then forward the resultant share certificate to the Participant by certified post.

Once a Participant has shares transferred into his or her ownership, the Plan has no further involvement in those shares. The Participant is entered on The Timken Company register of shareholders, and the Participant, not the Trustee or the Plan Administrator, will be responsible for managing his or her own shares.

Withdrawing Matched Shares

Participants generally can receive the shares purchased with Matching Contributions, or their value in cash, at the beginning of the fifth Plan year following the Plan year in which the Matching Contributions were made to the Plan ("Vested Matched Shares"). A Participant can receive Vested Matched Shares, or their value in cash, at the end of March, June, September and December. Under certain circumstances (e.g., death or disability, described below), a Participant can or will receive the Matched Shares, or their value in cash, earlier than the beginning of the fifth Plan year. In addition, even absent these certain circumstances, the respective Local Participation Agreement (defined below) may allow a Participant to receive the Matched Shares, or their value in cash, earlier than the beginning of the fifth Plan year.

Death and Disability

If a Participant dies while employed by a Timken unit, or employment with Timken is terminated as a result of disability, the Participant or his or her beneficiary will automatically receive cash or stock for all contributions made to the Plan by the Participant and the Local Business Unit. The distribution will be made promptly after the date of death or termination.

Leave Service

If (a) a Participant retires from Timken with the consent of a Timken unit, (b) employment with Timken is terminated without cause, or (c) employment with Timken is terminated under a mutual agreement with a Timken unit that specifically contemplates that the Participant will receive all contributions made by the Local Business Unit, the Participant will automatically receive cash or stock for all contributions made to the Plan by him or her and the Local Business Unit. The distribution will be made promptly after the date of termination.

Transfer to Another Timken Unit or Assignment to the United States

In general, if a Participant is transferred to another Timken unit by mutual agreement or is assigned to work in the United States, the Committee will determine whether Matching Contributions must remain in the Plan for the five-year period or be distributed to the Participant immediately. In addition, as a result of the transfer or assignment, all contributions made by or on behalf of the Participant, in-
cluding Matching Contributions, may be distributed to the Participant, and the Participant may no longer be eligible to participate in the Plan. However, if an associate is transferred to another Timken unit but remains on the payroll of the Local Business Unit, the Company, with the consent of the Local Business Unit, may allow the transferee to continue his or her active participation in the Plan.

**All Other Cases**

If a Participant leaves Timken or is discharged under any other circumstance, he or she will receive cash or stock for all of the contributions made by the Participant. He or she also will receive cash or stock for any Matching Contributions that have been in the Plan for five Plan years or more. Matching Contributions that have been in the Plan for less than five Plan years will be forfeited. These forfeited contributions will be applied toward the payment of future contributions made under the Plan by the respective Local Business Unit.

**8. Treatment of Dividends**

Dividends and other income ("Earnings") on the contributions made by or for a Participant are used to buy more stock for the Participant's account under the Plan. The Participant can or will receive Earnings on Participant Contributions or on contributions made by his or her employer from the Plan at the same time as the Participant Contributions or the contributions made by the employer, respectively, on which they were earned. For information on withholding tax on dividends, please refer to Section VII. 4. below.

**9. Interest in the Plan May Not Be Transferred**

The Plan does not permit any Participant or beneficiary of a Participant to assign or otherwise transfer the Participant’s or beneficiary’s interest in the Plan. For example, a Participant cannot pledge his or her interest in the Plan as security for a debt.

In addition to the shares of Company Stock offered under the Plan, which have been registered under the US Securities Act of 1933, the Plan may be deemed to involve separate participation interests that may be considered securities under applicable United States law or other countries' laws and regulations. These participation interests have not been registered under the law of any jurisdiction and may not be offered or sold (a) in the United States or in any member state of the European Union and the European Economic Area, (b) to any individual who is resident in the US, EU or EEA, or (c) to any partnership, corporation, estate, trust, agency or account with a material connection to the US, EU, and EEA, unless these participation interests are registered under the applicable local legislation, or an exemption from the registration requirements of such legislation is available. Any sale or transfer of an interest in participation in the Plan will be null and void.

**10. Account Information**

All Participants receive an account statement from the Plan Administrator at least once each year. This statement includes important information concerning the Participant's account under the Plan, including the amount of contributions made by the Participant and the Local Business Unit, the total number of shares of Company Stock and other assets held for benefit under the Plan, the price paid per share of Company Stock booked into the Participant’s account during the term covered by such statement, the amount of dividends earned on each account and reinvested in Company Stock, the amount of cash or stock a Participant has withdrawn from the Plan, and any information that may be required under applicable law. Participants should review their account statements closely. They must
contact the Plan Administrator within 90 days after receiving a statement if the Participants believe
the statement does not accurately reflect information concerning their account.

11. Naming a Beneficiary

When a Participant elects to make contributions to the Plan, he or she is asked to choose one or more
beneficiaries. If the Participant dies before receiving the full value of the account under the Plan, the
value will be paid to his or her beneficiary(ies). Each beneficiary must be an individual and may not
be a resident in the United States. Each beneficiary designation is subject to applicable law. If a con-
flict exists between the designation and applicable law, amounts payable upon the Participant's death
will be paid as required by applicable law.

12. Claiming Benefits

If a Participant or a beneficiary believes that either of them is entitled to Plan benefits that they have
not received, a written claim for those benefits should be filed with the Plan Administrator, specifying
the basis for and the facts underlying the claim. If the claim for a benefit is denied in whole or in part,
the applicant will receive a written statement from the Plan Administrator, giving reasons for the de-
nial and explaining the Plan’s claim review procedures. The applicant then has up to 60 days to appeal
the denial by filing a written request with the Committee for a review of and final decision on the
claim. Within 60 days of the date the written request for review is filed, the Committee will conduct a
review of the decision. Within 60 days of the date of that review, the Committee will issue a final de-
cision on review, specifying the reasons and Plan provisions on which it is based.

13. Voting of Company Stock and Tender Offers

Before each annual or special meeting of the Company’s shareholders, each Participant is sent a copy
of the proxy solicitation material and a form requesting instructions to the Trustee on how to vote the
whole shares of Company Stock allocated to the Participant’s account under the Plan as of a specified
date provided in the proxy information and instruction form. The Trustee votes the shares as in-
structed. If instructions are not received for any portion of the shares of Company Stock held under
the Plan, those shares will be voted by the Trustee in the same proportion as the votes directed by the
other Participants.

Except to the extent necessary to satisfy requests for distributions or withdrawals from the Plan, the
Trustee is not expected to sell any shares of Company Stock held by it under the Plan. However, in
the event of a tender offer (as determined by the Board of Directors of the Company) for shares of
Company Stock, each Participant or beneficiary under the Plan who has any shares held in the trust
will be sent all pertinent information regarding that offer, including all the terms and conditions of the
offer. Each of these Participants and beneficiaries will also be sent a form on which he or she may
direct the Trustee to tender or sell in the offer all or part of the shares held for his or her benefit in the
trust. Participants and beneficiaries also may, to the extent the terms of the offer permit, direct the
withdrawal of the same shares from the tender. The Trustee will set a deadline for receipt of direc-
tions. It will tender or sell only those shares for which valid and timely directions are received and
only if those directions have not been validly revoked in a timely manner.

The instructions regarding the voting or tender of shares of Company Stock will be received by the
Trustee, not the Company.
14. Duration, Modification, and Continuation of the Plan

The Company and Local Business Units have established the Plan for the sole benefit of participating associates of the Local Business Units, and expect to continue it. The Company, however, has voluntarily offered the Plan to Local Business Units and voluntarily made it available to certain international associates. Therefore, the Company reserves the right, in its sole discretion and for any reason or no reason, to change, modify, continue or terminate the Plan in whole or in part for any or all Local Business Units, Participants or associates at any time without the consent of any Local Business Unit, Participant, beneficiary or associate. No Participant has a right to continued participation in the Plan, and no associate or beneficiary has a right to continuation of the Plan or any benefits offered under the Plan.

The Company and the Local Business Unit, without the consent of the Participant or beneficiary or any associate, may also amend the individual, local participation agreement entered into between the Company and the Local Business Unit governing each associate's participation in the Plan (the "Local Participation Agreement"). The Local Business Unit, with the consent of the Company, also may elect to withdraw from the Plan with respect to all or a group of its associates, which would terminate the Plan with respect to those associates.

If the Plan is terminated, each affected Participant’s shares purchased with Matching Contributions and any Additional Employer Contributions will be available for withdrawal and will no longer be subject to forfeiture (as is always the case with Participant Shares). No amendment or termination of the Plan or Local Participation Agreement may, without the Participant's consent (or, in the case of death, the consent of the beneficiary), adversely affect the shares or other assets held under the Plan for the Participant or the beneficiary that are available for withdrawal at that time.
VI. INFORMATION ABOUT THE TIMKEN COMPANY

1. Description of Timken and Its Business

The Timken Company (herein referred to as "Timken" or the "Company") is an outgrowth of a business originally founded in 1899. Timken, an Ohio corporation, was incorporated under the laws of the US State of Ohio on December 16, 1904. It is registered with the Ohio Secretary of State located in Columbus, Ohio, with Charter No. 26206. The Company's principal executive offices are located at 1835 Dueber Avenue, S.W., Canton, Ohio 44706-2798, USA; phone: +1–330–438–3000; IRS Employer Identification No. 34-0577130.

General

Timken is a leading global manufacturer of highly engineered bearings, alloy and specialty steel and related components. The Company is also the largest North American-based bearings manufacturer (Source: The Freedonia Group, a leading international research company).

As of March 2009, Timken had facilities in 26 countries on six continents and had approximately 25,000 associates.

Products

The Timken Company manufactures two basic product lines: anti-friction bearings and steel products. Differentiation in these two product lines comes in two different ways: (1) differentiation by bearing type or steel type and (2) differentiation in the applications of bearings and steel.

Tapered Roller Bearings. In the bearing industry, Timken is best known for the tapered roller bearing, which was originally patented by the Company's founder, Henry Timken. The tapered roller bearing is Timken's principal product in the anti-friction industry segment. It consists of four components: (1) the cone or inner race, (2) the cup or outer race, (3) the tapered rollers, which roll between the cup and cone and (4) the cage, which serves as a retainer and maintains proper spacing between the rollers. Timken manufactures or purchases these four components and then sells them in a wide variety of configurations and sizes.

The tapered rollers permit ready absorption of both radial and axial load combinations. For this reason, tapered roller bearings are particularly well-adapted to reducing friction where shafts, gears or wheels are used. The uses for tapered roller bearings are diverse and include applications on passenger cars, light and heavy trucks and trains, as well as a wide variety of industrial applications, ranging from very small gear drives to bearings over two meters in diameter for wind energy machines. A number of applications utilize bearings with sensors to measure parameters such as speed, load, temperature or overall bearing condition.

Matching bearings to the specific requirements of customers' applications requires engineering and often sophisticated analytical techniques. The design of Timken's tapered roller bearing permits distribution of unit pressures over the full length of the roller. This design, combined with high precision tolerances, proprietary internal geometry and premium quality material, provides Timken bearings with high load-carrying capacities, excellent friction-reducing qualities and long lives.

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2 Timken confirms that this information has been accurately reproduced, and that, as far as Timken is aware and is able to ascertain from information published by The Freedonia Group, no facts have been omitted which would render this information inaccurate or misleading.
**Precision Cylindrical and Ball Bearings.** Timken's aerospace and super precision facilities produce high-performance ball and cylindrical bearings for ultra high-speed and/or high-accuracy applications in the aerospace, medical and dental, computer and other industries. These bearings utilize ball and straight rolling elements and are in the super precision end of the general ball and straight roller bearing product range in the bearing industry. A majority of Timken's aerospace and super precision bearings products are custom-designed bearings and spindle assemblies. They often involve specialized materials and coatings for use in applications that subject the bearings to extreme operating conditions of speed and temperature.

**Spherical and Cylindrical Bearings.** Timken produces spherical and cylindrical roller bearings for large gear drives, rolling mills and other process industry and infrastructure development applications. These products are sold worldwide to original equipment manufacturers and industrial distributors serving major industries, including construction and mining, natural resources, defense, pulp and paper production, rolling mills and general industrial goods.

**Needle Bearings.** Timken produces a broad range of radial and thrust needle roller bearings, as well as bearing assemblies, which are sold to original equipment manufacturers and industrial distributors worldwide. Major applications include automotive, consumer, construction, agriculture and general industrial.

**Bearing Reconditioning.** A small part of the business involves providing bearing reconditioning services for industrial and railroad customers, both internationally and domestically. These services accounted for less than 5% of the Company's net sales for the year ended December 31, 2008.

**Aerospace Products and Services.** Through strategic acquisitions and ongoing product development, Timken continues to expand its portfolio of parts, systems and services for the aerospace market, where they are used in helicopters and fixed-wing aircraft for the military and commercial aviation. Timken provides design, manufacture and testing for a wide variety of power transmission and drive train components including transmissions, gears and rotor head components. Other parts include bearings, airfoils (such as blades, vanes, rotors and diffusers), nozzles, gears and other precision flight critical components.

Timken also supplies comprehensive aftermarket maintenance, repair and overhaul services and parts for gas turbine engines, gearboxes and accessory systems in rotary- and fixed-wing aircraft. Services range from aerospace bearing repair and component reconditioning to the complete overhaul of engines, transmissions and fuel controls.

**Steel.** Steel products include steels of low and intermediate alloy, as well as some carbon grades. These products are available in a wide range of solid and tubular sections with a variety of lengths and finishes. These steel products are used in a wide array of applications, including bearings, automotive transmissions, engine crankshafts, oil drilling components and other similarly demanding applications.

Timken also produces custom-made steel products, including steel components for automotive and industrial customers. This steel components business has provided the Company with the opportunity to further expand its market for tubing and capture higher value-added steel sales. It also enables Timken's traditional tubing customers in the automotive and bearing industries to take advantage of higher-performing components that cost less than current alternative products. Customizing of products is an important component of the Company's steel business.

**Industry Segments**

Beginning with the first quarter of 2008, the Company began operating under two business groups: the Steel Group and the Bearings and Power Transmission Group. The Bearings and Power Transmission Group is composed of three operating segments: (1) Mobile Industries, (2) Process Industries and
Aerospace and Defense. These three operating segments and the Steel Group comprise the Company’s four reportable segments. Financial information for the segments is discussed in Note 14 to the Consolidated Financial Statements.3

Geographical Financial Information (audited)

<table>
<thead>
<tr>
<th>Year</th>
<th>United States</th>
<th>Europe</th>
<th>Other Countries4</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$ 3,625,470</td>
<td>$ 1,098,050</td>
<td>$ 940,140</td>
<td>$ 5,663,660</td>
</tr>
<tr>
<td></td>
<td>1,256,891</td>
<td>229,933</td>
<td>257,042</td>
<td>1,743,886</td>
</tr>
<tr>
<td>2007</td>
<td>$ 3,392,065</td>
<td>$ 963,908</td>
<td>$ 880,047</td>
<td>$ 5,236,020</td>
</tr>
<tr>
<td></td>
<td>1,228,399</td>
<td>264,531</td>
<td>229,151</td>
<td>1,722,081</td>
</tr>
<tr>
<td>2006</td>
<td>$ 3,370,244</td>
<td>$ 849,915</td>
<td>$ 753,206</td>
<td>$ 4,973,365</td>
</tr>
<tr>
<td></td>
<td>1,152,101</td>
<td>275,094</td>
<td>174,364</td>
<td>1,601,559</td>
</tr>
</tbody>
</table>

For further information about Timken's principal markets and the geographic distribution of revenues, please refer to the geographic financial information included in Timken's Annual Reports to the shareholders for the fiscal years 2006 to 2008, from which the figures above are extracted.5

Sales and Distribution

Timken's products in the Bearings and Power Transmission Group are sold principally by their own internal sales organizations. A portion of the Process Industries segment’s sales are made through authorized distributors.

Traditionally, a main focus of the Company's sales strategy has consisted of collaborative projects with customers. For this reason, Timken's sales forces are primarily located in close proximity to its customers rather than at production sites. In some instances, the sales forces are located inside customer facilities. Timken's sales force is highly trained and knowledgeable regarding all bearings products, and associates assist customers during the development and implementation phases and provide ongoing support.

The Company has a joint venture in North America focused on joint logistics and e-business services. This alliance is called CoLinx, LLC and was founded by Timken, SKF Group, INA and Rockwell Automation. The e-business service was launched in April 2001 and is focused on information and business services for authorized distributors in the Process Industries segment. The Company also has another e-business joint venture which focuses on information and business services for authorized industrial distributors in Europe, Latin America and Asia. This alliance, which Timken founded with SKF Group, Sandvik AB, INA and Reliance, is called Endorsia.com International AB.

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3 See 2008 Annual Report, pages 71 et seq.
4 Other countries: China, India, Singapore, Brazil, Canada, South Africa, Argentina, Australia, Mexico, Japan, Korea, Turkey, Taiwan, Venezuela.
5 See 2008 Annual Report, pages 71 et seq.
Timken's steel products are sold principally by its own sales organization. Most orders are customized to satisfy customer-specific applications and are shipped directly to customers from Timken's steel manufacturing plants. Approximately 10% of Timken's Steel Group net sales are intersegment sales. In addition, sales are made to other anti-friction bearing companies and to the automotive and truck, forging, construction, industrial equipment, oil and gas drilling and aircraft industries and to steel service centers.

Timken has entered into individually negotiated contracts with some of its customers in its Bearings and Power Transmission Group and Steel Group. These contracts may extend for one or more years and, if a price is fixed for any period extending beyond current shipments, customarily include a commitment by the customer to purchase a designated percentage of its requirements from Timken. Timken does not believe that there is any significant loss of earnings risk associated with any given contract.

**Competition**

The anti-friction bearing business is highly competitive in every country in which Timken sells products. Timken competes primarily based on price, quality, timeliness of delivery, product design and the ability to provide engineering support and service on a global basis. The Company competes with domestic manufacturers and many foreign manufacturers of anti-friction bearings, including SKF Group, Schaeffler Group, NTN Corporation, JTEKT Corporation and NSK Ltd.

Competition within the steel industry, both domestically and globally, is intense and is expected to remain so. However, the recent combination of a weakened US dollar, worldwide rationalization of uncompetitive capacity, raw material cost increases and North American and global market strength have allowed steel industry prices to increase and margins to improve. Timken’s worldwide competitors for steel bar products include North American producers such as Republic, Gerdau Mac Steel (a wholly owned subsidiary of The Gerdau Group), Mittal Steel USA (a wholly-owned subsidiary of ArcelorMittal), Steel Dynamics, Nucor and a wide variety of offshore steel producers who export into North America. Competitors for seamless mechanical tubing include Dofasco Tubular Products (a wholly-owned subsidiary of ArcelorMittal), Michigan Seamless Tube, Plymouth Tube, V & M Tube, Sanyo Special Steel, Ovako and Tenaris. Competitors in the precision steel components sector include Formtec, Linamar, Jernberg and overseas companies such as Tenaris, Ovako, Stackpole and FormFlo.

Maintaining high standards of product quality and reliability while keeping production costs competitive is essential to Timken's ability to compete with domestic and foreign manufacturers in both the anti-friction bearing and steel businesses.

**Trade Law Enforcement**

The US government has six antidumping duty orders in effect covering ball bearings from five countries and tapered roller bearings from China. The five countries covered by the ball bearing orders are France, Germany, Italy, Japan and the United Kingdom. The Company is a producer of these products in the United States. The US government determined in August 2006 that each of these six antidumping duty orders should remain in effect for an additional five years.

**Continued Dumping and Subsidy Offset Act (CDSOA)**

The CDSOA provides for distribution of monies collected by U.S. Customs from antidumping cases to qualifying domestic producers where the domestic producers have continued to invest in their technology, equipment and people. The Company reported CDSOA receipts, net of expenses, of $10.2 million, $7.9 million and $87.9 million in 2008, 2007 and 2006, respectively.

In September 2002, the World Trade Organization (WTO) ruled that CDSOA payments are not consistent with international trade rules. In February 2006, U.S. legislation was enacted that would end
CDSOA distributions for imports covered by antidumping duty orders entering the U.S. after September 30, 2007. Instead, any such antidumping duties collected would remain with the U.S. Treasury. This legislation would be expected to eventually reduce possible distributions in years beyond 2007, with distributions eventually ceasing.

In 2006, the U.S. Court of International Trade (CIT) ruled that the procedure for determining recipients eligible to receive CDSOA distributions is unconstitutional. In February 2009, the United States Court of Appeals for the Federal Circuit reversed the decision of the CIT. The Company is unable to determine, at this time, what the ultimate outcome of legislation regarding CDSOA will be.

There are a number of factors that can affect whether the Company receives any CDSOA distributions and the amount of such distributions in any year. These factors include, among other things, potential additional changes in the law, ongoing and potential additional legal challenges to the law and the administrative operation of the law. Accordingly, the Company cannot reasonably estimate the amount of CDSOA distributions it will receive in future years, if any. It is possible that CIT rulings might prevent the Company from receiving any CDSOA distributions in 2009 and beyond. Any reduction of CDSOA distributions would reduce our earnings and cash flow.

**Backlog**

The backlog of orders of Timken's domestic and overseas operations is estimated to have been $2.2 billion at December 31, 2008 and $2.5 billion at December 31, 2007. Actual shipments are dependent upon ever-changing production schedules of the customer. Accordingly, Timken does not believe that its backlog data and comparisons thereof, as of different dates, are reliable indicators of future sales or shipments.

**Raw Materials**

The principal raw materials used by Timken in its North American bearing plants to manufacture bearings are its own steel tubing and bars, purchased strip steel and energy resources. Outside North America, the Company purchases raw materials from local sources with whom it has worked closely to ensure steel quality according to its demanding specifications.

The principal raw materials used by Timken in steel manufacturing are scrap metal, nickel and other alloys. The availability and prices of raw materials and energy resources are subject to curtailment or change due to, among other things, new laws or regulations, changes in demand levels, suppliers’ allocations to other purchasers, interruptions in production by suppliers, changes in exchange rates and prevailing price levels. For example, the weighted average price of scrap metal decreased 7.9% from 2005 to 2006, increased 14.7% from 2006 to 2007, and increased 56.2% from 2007 to 2008. Prices for raw materials and energy resources continue to remain high compared to historical levels.

The Company continues to expect that it will be able to pass a significant portion of these increased costs through to customers in the form of price increases or raw material surcharges.

Disruptions in the supply of raw materials or energy resources could temporarily impair the Company’s ability to manufacture its products for its customers or require the Company to pay higher prices in order to obtain these raw materials or energy resources from other sources, which could affect the Company’s sales and profitability. Any increase in the prices for such raw materials or energy resources could materially affect the Company’s costs and its earnings.

Timken believes that the availability of raw materials and alloys is adequate for its needs, and, in general, it is not dependent on any single source of supply.
Environmental Matters

The Company continues its efforts to protect the environment and comply with environmental protection laws. Additionally, it has invested in pollution control equipment and updated plant operational practices. The Company is committed to implementing a documented environmental management system worldwide and to becoming certified under the ISO 14001 standard where appropriate to meet or exceed customer requirements. By the end of 2008, 28 of the Company's plants had obtained ISO 14001 certification.

The Company believes it has established adequate reserves to cover its environmental expenses and has a well-established environmental compliance audit program, which includes a proactive approach to bringing its domestic and international units to higher standards of environmental performance. This program measures performance against applicable laws, as well as standards that have been established for all units worldwide. It is difficult to assess the possible effect of compliance with future requirements that differ from existing ones. As previously reported, the Company is unsure of the future financial impact to the Company that could result from the United States Environmental Protection Agency’s (EPA’s) final rules to tighten the National Ambient Air Quality Standards for fine particulate and ozone. The Company is also unsure of potential future financial impacts to the Company that could result from possible future legislation regulating emissions of greenhouse gases.

The Company and certain US subsidiaries have been designated as potentially responsible parties by the EPA for site investigation and remediation at certain sites under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). The claims for remediation have been asserted against numerous other entities, which are believed to be financially solvent and are expected to fulfill their proportionate share of the obligation.

Management believes any ultimate liability with respect to pending actions will not materially affect the Company's operations, cash flows or consolidated financial position. The Company is also conducting voluntary environmental investigation and/or remediation activities at a number of current or former operating sites. Any liability with respect to such investigation and remediation activities, in the aggregate, is not expected to be material to the operations or financial position of the Company.

New laws and regulations, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or the imposition of new clean-up requirements may require the Company to incur costs or become the basis for new or increased liabilities that could have a materially adverse effect on Timken's business, financial condition or results of operations.

Patents, Trademarks and Licenses

Timken owns a number of US and foreign patents, trademarks and licenses relating to certain products. While Timken regards these as important, it does not deem its business as a whole, or any industry segment, to be materially dependent upon any one item or group of items.

Research

Timken has developed a significant global footprint of technology centers.

The Company operates two corporate innovation and development centers. The largest technical center is located in North Canton, Ohio, near Timken’s world headquarters, and it supports innovation and development know-how for all friction management and power transmission product lines. It is the lead center specifically for taper bearing capabilities. The other technical center is in Greenville, South Carolina. It is the lead center specifically for needle bearing products.

In addition, Timken’s business groups operate several technology centers for product excellence within the United States in Mesa, Arizona, Canton, Ohio and Keene and Lebanon, New Hampshire.
Through the 2007 acquisition of The Purdy Corporation, Timken has gained additional competence at a center in Manchester, Connecticut. Within Europe, technology is developed in Ploiesti, Romania; Colmar, France; and Halle/Westfalen, Germany and Brno, Czech Republic. In Asia, the Company supports related technical capabilities in Bangalore, India.

The Company’s technology commitment is to develop new and improved friction management and power transmission product designs with a heavy influence in related steel materials and lean manufacturing processes.

Expenditures for research, development and application amounted to approximately $61.6 million, $60.5 million and $67.9 million in 2008, 2007 and 2006, respectively. Of these amounts, $5.1 million, $6.2 million and $8.0 million, respectively, were funded by others.

Legal Proceedings

The Company is, and has over the past 12 months been, involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters does not and will not have significant effects on the Company’s consolidated financial position or profitability.

Properties

Timken has manufacturing facilities at multiple locations in the United States and in a number of countries outside the United States. The aggregate floor area of these facilities worldwide is approximately 14,527,000 square feet, all of which, except for approximately 1,429,000 square feet, is owned in fee. The facilities not owned in fee are leased. The buildings occupied by Timken are principally made of brick, steel, reinforced concrete and concrete block construction. All buildings are in satisfactory operating condition in which to conduct business.

Timken’s Mobile Industries and Process Industries segments’ manufacturing facilities in the United States are located in Bucyrus, Canton and Niles, Ohio; Cairo, Sylvania, Ball Ground and Dahlonega, Georgia; Carlyle, Illinois; South Bend, Indiana; Lenexa, Kansas; Randleman and Iron Station, North Carolina; Gaffney, Union, Honea Path and Walhalla, South Carolina; Pulaski and Knoxville, Tennessee; Ogden, Utah; and Altavista, Virginia. These facilities, including research facilities in Canton, Ohio and Greenville, South Carolina, and warehouses at plant locations, have an aggregate floor area of approximately 5,412,000 square feet.

Timken’s Mobile Industries and Process Industries manufacturing plants outside the United States are located in Benoni, South Africa; Villa Carcina, Italy; Colmar, Vierzon, Maromme and Moul, France; Northampton and Willenhall, England; Bilbao, Spain; Halle/Westfalen, Germany; Olomouc, Czech Republic; Ploiesti, Romania; Mexico City, Mexico; Sao Paulo and Belo Horizonte, Brazil; Singapore, Singapore; Jamshedpur and Chennai, India; Sosnowiec, Poland; St. Thomas and Bedford, Canada; and Yantai and Wuxi, China. These facilities, including warehouses at plant locations, have an aggregate floor area of approximately 4,408,000 square feet.

Timken’s Aerospace and Defense manufacturing facilities in the United States are located in Gilbert, Mesa and Tucson, Arizona; Los Alamitos, California; Manchester, Connecticut; Keene and Lebanon, New Hampshire; New Philadelphia, Ohio; and Rutherfordton, North Carolina. These facilities, including warehouses at plant locations, have an aggregate floor area of approximately 1,060,000 square feet.

Timken’s Aerospace and Defense manufacturing facilities outside the United States are located in Wolverhampton, England; Medemblik, The Netherlands; and Chengdu, China. These facilities, including warehouses at plant locations, have an aggregate floor area of approximately 188,000 square feet.
Timken’s Steel Group’s manufacturing facilities in the United States are located in Canton and Eaton, Ohio; Columbus, North Carolina; and Houston, Texas. These facilities have an aggregate floor area of approximately 3,459,000 square feet.

In addition to the manufacturing and distribution facilities discussed above, Timken owns warehouses and steel distribution facilities in the United States, United Kingdom, France, Singapore, Mexico, Argentina, Australia, Brazil, Germany and China, and leases several relatively small warehouse facilities in cities throughout the world.

The plant utilization for the Mobile Industries segment was between approximately 70% and 80% in 2008, lower than 2007. The plant utilization for the Process Industries segment was between 85% and 95% in 2008, higher than 2007. The plant utilization for the Aerospace and Defense segment was between approximately 80% and 90% in 2008, the same as 2007. Finally, the Steel segment plant utilization was between approximately 80% and 90% in 2008, lower than 2007.

2. Selected Financial Information

Periods 2006 – 2008

The following table provides an overview of key consolidated financial data extracted without adjustment from the Company's audited annual consolidated financial statements for the periods ended on December 31, 2008, December 31, 2007 and December 31, 2006:

Summary of Operations and Other Comparative Data

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total net sales</td>
<td>$5,663,660</td>
<td>$5,236,020</td>
<td>$4,973,365</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,241,469</td>
<td>1,053,834</td>
<td>1,005,094</td>
</tr>
<tr>
<td>Selling, administrative and general expenses</td>
<td>724,987</td>
<td>695,283</td>
<td>677,342</td>
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<tr>
<td>Impairment and restructuring charges</td>
<td>64,383</td>
<td>40,378</td>
<td>44,881</td>
</tr>
<tr>
<td>(Gain) loss on divestitures</td>
<td>(8)</td>
<td>528</td>
<td>64,271</td>
</tr>
<tr>
<td>Operating income</td>
<td>452,107</td>
<td>317,645</td>
<td>218,600</td>
</tr>
<tr>
<td>Other income (expense)</td>
<td>12,452</td>
<td>251</td>
<td>80,416</td>
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<tr>
<td>(Earnings before interest and taxes (EBIT))</td>
<td>464,559</td>
<td>317,896</td>
<td>299,016</td>
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<tr>
<td>Interest expense</td>
<td>44,934</td>
<td>42,684</td>
<td>49,387</td>
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<tr>
<td>Income from continuing operations</td>
<td>267,670</td>
<td>219,389</td>
<td>176,439</td>
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<tr>
<td>Income from discontinued operations, net of income taxes</td>
<td>--</td>
<td>665</td>
<td>46,088</td>
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<tr>
<td>Net income</td>
<td>$267,670</td>
<td>$220,054</td>
<td>$222,527</td>
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### Balance Sheets

<table>
<thead>
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<th></th>
<th>2008</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories — net</td>
<td>$1,145,695</td>
<td>$1,087,712</td>
<td>$952,310</td>
</tr>
<tr>
<td>Property, plant and equipment — net</td>
<td>1,743,866</td>
<td>1,722,081</td>
<td>1,601,559</td>
</tr>
<tr>
<td>Total assets</td>
<td>4,536,050</td>
<td>4,379,237</td>
<td>4,027,111</td>
</tr>
<tr>
<td>Total debt:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term debt</td>
<td>91,482</td>
<td>108,370</td>
<td>40,217</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>17,108</td>
<td>34,198</td>
<td>10,236</td>
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<tr>
<td>Long-term debt</td>
<td>515,250</td>
<td>580,587</td>
<td>547,390</td>
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<tr>
<td>Total debt:</td>
<td>$623,840</td>
<td>723,155</td>
<td>597,843</td>
</tr>
<tr>
<td>Net debt:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total debt</td>
<td>623,840</td>
<td>723,155</td>
<td>597,843</td>
</tr>
<tr>
<td>Less: cash and cash equivalents</td>
<td>(116,306)</td>
<td>(30,144)</td>
<td>(101,072)</td>
</tr>
<tr>
<td>Net debt:</td>
<td>$507,534</td>
<td>693,011</td>
<td>496,771</td>
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<tr>
<td>Total liabilities</td>
<td>2,895,753</td>
<td>2,418,568</td>
<td>2,550,931</td>
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<tr>
<td>Shareholders’ equity</td>
<td>$1,640,297</td>
<td>$1,960,669</td>
<td>$1,476,180</td>
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<tr>
<td>Capital:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Net debt</td>
<td>507,534</td>
<td>693,011</td>
<td>496,771</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>1,640,297</td>
<td>1,960,669</td>
<td>1,476,180</td>
</tr>
<tr>
<td>Net debt + shareholders’ equity (capital)</td>
<td>2,147,831</td>
<td>2,653,680</td>
<td>1,972,951</td>
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</table>

### Other Comparative Data

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from continuing operations/Net sales</td>
<td>4.7%</td>
<td>4.2%</td>
<td>3.5%</td>
</tr>
<tr>
<td>EBIT /Net sales</td>
<td>8.2%</td>
<td>6.1%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Return on equity (3)</td>
<td>16.3%</td>
<td>11.2%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Net sales per associate (4)</td>
<td>$222.8</td>
<td>$207.0</td>
<td>$191.5</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>$271,776</td>
<td>$313,921</td>
<td>$296,093</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$230,994</td>
<td>$218,353</td>
<td>$196,592</td>
</tr>
<tr>
<td>Capital expenditures /Net sales</td>
<td>4.8%</td>
<td>6.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Dividends per share</td>
<td>$0.70</td>
<td>$0.66</td>
<td>$0.62</td>
</tr>
<tr>
<td>Basic earnings per share – continuing operations (5)</td>
<td>$2.80</td>
<td>$2.32</td>
<td>$1.89</td>
</tr>
<tr>
<td>Diluted earnings per share – continuing operations (5)</td>
<td>$2.78</td>
<td>$2.29</td>
<td>$1.87</td>
</tr>
<tr>
<td>Basic earnings per share (6)</td>
<td>$2.80</td>
<td>$2.33</td>
<td>$2.38</td>
</tr>
<tr>
<td>Diluted earnings per share (6)</td>
<td>$2.78</td>
<td>$2.30</td>
<td>$2.36</td>
</tr>
<tr>
<td>Net debt to capital (2)</td>
<td>23.6%</td>
<td>26.1%</td>
<td>25.2%</td>
</tr>
<tr>
<td>Number of associates at year-end (7)</td>
<td>25,662</td>
<td>25,175</td>
<td>25,418</td>
</tr>
<tr>
<td>Number of shareholders (8)</td>
<td>47,742</td>
<td>49,012</td>
<td>42,608</td>
</tr>
</tbody>
</table>

### Footnotes

1. EB1T is defined as operating income plus other income (expense) — net.
2. The Company presents net debt because it believes net debt is more representative of the Company’s indicative financial position due to temporary changes in cash and cash equivalents.
3. Return on equity is defined as income from continuing operations divided by ending shareholders’ equity.
4. Based on average number of associates employed during the year.
5. Based on average number of shares outstanding during the year.
6. Based on average number of shares outstanding during the year and includes discontinued operations for all periods presented.
7. Adjusted to exclude Latrobe Steel for all periods.
8. Includes an estimated count of shareholders having common stock held for their accounts by banks, brokers and trustees for benefit plans.
3. Auditors

Ernst & Young LLP, 1300 Huntington Building, 925 Euclid Ave., Cleveland, Ohio 44115-1476, USA, are certified public accountants and have audited the accounts of The Timken Company, without qualification, in accordance with the standards of the Public Company Accounting Oversight Board of the United States, for the financial periods ending December 31, 2008, 2007 and 2006, respectively.

4. Capital Resources and Indebtedness

Since the end of the last financial period (December 31, 2008), there has been no significant change in the financial positions of the Company.

Total debt was $623.9 million at December 31, 2008 compared to $723.2 million at December 31, 2007. Net debt was $507.6 million at December 31, 2008 compared to $693.0 million at December 31, 2007. The net debt to capital ratio was 23.6% at December 31, 2008 compared to 26.1% at December 31, 2007.

The following tables are extracted without adjustments from the audited annual consolidated financial statements for the periods ending on December 31, 2008 and December 31, 2007 respectively. The Company confirms that there have been no material changes in the Company's leverage ratio (ratio of net debt to capital) from December 31, 2008 through the date of the prospectus.

Reconciliation of total debt to net debt and the ratio of net debt to capital:

\[
\begin{array}{lcc}
\hline
\text{Net Debt:} & \text{December 31,} & \text{2008} & \text{2007} \\
\hline
\text{(US dollars in millions)} & & & \\
\text{Short-term debt} & \$ 91.5 & \$ 108.4 & \\
\text{Current portion of long-term debt} & 17.1 & 34.2 & \\
\text{Long-term debt} & 515.3 & 580.6 & \\
\text{Total debt} & 623.9 & 723.2 & \\
\text{Less: cash and cash equivalents} & (116.3) & (30.2) & \\
\text{Net debt} & \$ 507.6 & \$ 693.0 & \\
\hline
\end{array}
\]

\[
\begin{array}{lcc}
\hline
\text{Ratio of Net Debt to Capital:} & \text{December 31,} & \text{2008} & \text{2007} \\
\hline
\text{(US dollars in millions)} & & & \\
\text{Net debt} & \$ 507.6 & \$ 693.0 & \\
\text{Shareholders’ equity} & 1,640.3 & 1,960.7 & \\
\text{Net debt + shareholders’ equity (capital)} & \$ 2,147.9 & \$ 2,653.7 & \\
\text{Ratio of net debt to capital} & 23.6\% & 26.1\% & \\
\hline
\end{array}
\]

The Company presents net debt because it believes net debt is more representative of the Company’s financial position.

On December 19, 2008, the Company renewed its 364-day Asset Securitization. At December 31, 2008, the Company had no outstanding borrowings under the Company’s Asset Securitization, which provides for borrowings up to $175 million, subject to certain borrowing base limitations, and is se-
cured by certain domestic trade receivables of the Company. As of December 31, 2008, although the Company had no outstanding borrowings under the Asset Securitization, certain borrowing base limitations reduced the availability under the Asset Securitization to $115.2 million.

At December 31, 2008, the Company had no outstanding borrowings under its $500 million Amended and Restated Credit Agreement (Senior Credit Facility), and letters of credit outstanding totaling $42 million, which reduced the availability under the Senior Credit Facility to $458 million. The Senior Credit Facility matures on June 30, 2010. Under the Senior Credit Facility, the Company has two financial covenants: a consolidated leverage ratio and a consolidated interest coverage ratio. At December 31, 2008, the Company was in full compliance with the covenants under the Senior Credit Facility and its other debt agreements. The maximum consolidated leverage ratio permitted under the Senior Credit Facility is 3.0 to 1.0. As of December 31, 2008, the Company’s consolidated leverage ratio was 0.83 to 1.0. The minimum consolidated interest coverage ratio permitted under the Senior Credit Facility is 2.0 to 1.0. As of December 31, 2008, the Company’s consolidated interest coverage ratio was 11.51 to 1.0. Were the Company to borrow the remaining balances available under both the Senior Credit Facility and the Company’s Asset Securitization, the Company would still be in full compliance with the covenants under the Senior Credit Facility and its other debt agreements as of December 31, 2008.

The Company expects that any cash requirements in excess of cash generated from operating activities will be met by the committed availabilities under its Asset Securitization and Senior Credit Facility, which totaled $573 million as of December 31, 2008. The Company believes it has sufficient liquidity to meet its obligations through at least the middle of 2010.

Other sources of liquidity include lines of credit for certain of the Company’s foreign subsidiaries, which provide for borrowings up to $426 million. The majority of these lines are uncommitted. At December 31, 2008, the Company had borrowings outstanding of $91.5 million, which reduced the availability under these facilities to $334.5 million.

In the third quarter of 2008, Moody’s Investors Service increased Timken’s corporate credit rating to “Baa3,” which is considered investment-grade, reflecting the Company’s improved financial condition. This rating is consistent with the Company’s investment-grade rating from Standard & Poor’s Ratings Services (“BBB-”).

The Company has $250 million of fixed-rate unsecured notes which mature in February 2010. In addition, the Company’s $500 million revolving Senior Credit Facility, as noted above, expires in June 2010. The current credit shortage affecting the world economy may impact the availability of credit throughout 2009 and is expected to result in higher financing costs on new credit. The Company plans to refinance both the unsecured notes and the Senior Credit Facility in advance of their maturities, but expects financing costs to increase.

The Company expects to continue to generate cash from operations as working capital management improves, as well as reducing selling, administrative and general expenses. In addition, the Company expects to decrease capital expenditures by 25% in 2009, compared to 2008. However, pension contributions are expected to increase to approximately $90 million in 2009, compared to $22.1 million in 2008, primarily due to negative asset returns in the Company’s defined benefit pension plans during 2008.

The Company will likely take further actions to reduce expenses and preserve liquidity as it reacts to the current global economic and financial crisis, including the impact on the automotive industry. The Company has reduced its exposure to the financial condition of its automotive customers by increasing allowances for doubtful accounts in 2008. In addition, further actions are expected to reduce expenses to optimize the size of the Company as a result of the economy and current and anticipated market demand. However, these actions are not expected to have a material impact on the liquidity of the Company.
5. **Liquidity and Working Capital Statement**

The Company expects that any cash requirements in excess of cash generated from operating activities will be met by the availability under its Asset Securitization and Senior Credit Facility. The Company believes it has sufficient liquidity to meet its obligations through the middle of 2010.

6. **Recent Trends**

**Outlook**

The Company’s outlook for 2009 reflects a deteriorating global economic climate that is expected to last throughout the year, impacting most of the Company’s market sectors. Lower sales, compared to 2008, are expected in all business segments except for the Aerospace and Defense segment. A significant portion of the decrease in Steel segment sales is expected to be due to significantly lower surcharges to recover raw material costs, which were at historically high levels during the middle of 2008, but declined significantly by the end of 2008. The Company’s results will reflect lower margins as a result of the lower volume and surcharges, partially offset by improved pricing, lower raw material costs and lower selling, administrative and general expenses. The Company expects to continue to take actions to properly align its business with current market demand. During 2009, the Company announced that it plans to eliminate approximately 400 salaried positions by the end of the fourth quarter of 2009, as well as implement cost savings initiatives that are targeted to save approximately $80 million in annual selling and administrative expenses.

The Company expects to continue to generate cash from operations in 2009 as result of lower working capital levels. In addition, the Company expects to decrease capital expenditures by approximately 40% in 2009, compared to 2008. However, pension contributions are expected to increase to approximately $70 million to $75 million, including $50 million of discretionary U.S. contributions, in 2009, compared to $22 million in 2008, primarily due to negative asset returns in the Company’s defined benefit pension plans during 2008.

**Mobile Industries Segment**

The Mobile Industries segment provides bearings, power transmission components and related products and services. Customers of the Mobile Industries segment include original equipment manufacturers and suppliers for passenger cars, light trucks, medium and heavy-duty trucks, rail cars, locomotives and agricultural, construction and mining equipment. Customers also include aftermarket distributors of automotive products. The Company’s strategy for the Mobile Industries segment is to improve financial performance by allocating assets to serve the most attractive market sectors and restructuring or exiting those businesses where adequate returns can not be achieved over the long-term.

In March 2007, the Company announced the planned closure of its manufacturing facility in Sao Paulo, Brazil. The closure of this manufacturing facility was subsequently delayed to serve higher customer demand. However, with the current downturn in the economy, the Company believes it will close this facility before the end of 2010.

The Mobile Industries segment’s sales are expected to decrease approximately 30 to 35 percent in 2009 as demand is expected to be down across all of the Mobile Industries’ market sectors, primarily driven by anticipated declines in global heavy-truck demand of approximately 50%, global light-vehicle demand of approximately 35% and global off-highway demand of approximately 35%. These decreases are expected to be partially offset by improved pricing. The Company believes it will be able to continue to obtain year-over-year price improvements based on recent experience. In addition, adjusted EBIT for the Mobile Industries segment is also expected to decrease as lower demand is par-
tially offset by improved pricing and lower selling, administrative and general expenses. In reaction to the current and anticipated lower demand, the Mobile Industries segment reduced total employment levels by approximately 1,300 positions during the first quarter of 2009. The Company expects to continue to take actions in the Mobile Industries segment to properly align its business with market demand.

**Process Industries Segment**

The Process Industries segment provides bearings, power transmission components and related products and services. Customers of the Process Industries segment include original equipment manufacturers of power transmission, energy and heavy industries machinery and equipment, including rolling mills, cement and aggregate processing equipment, paper mills, sawmills, printing presses, cranes, hoists, drawbridges, wind energy turbines, gear drives, drilling equipment, coal conveyors and crushers and food processing equipment. Customers also include aftermarket distributors of products other than those for steel and automotive applications. The Company’s strategy for the Process Industries segment is to pursue growth in selected industrial market sectors and in the aftermarket and to achieve a leadership position in Asia. In December 2007, the Company announced the establishment of a joint venture, Timken XEMC (Hunan) Bearings Co., Ltd., in China, to manufacture ultra-large-bore bearings for the growing Chinese wind energy market. In October 2008, the joint venture broke ground on a new wind energy plant to be built in China. Bearings produced at this facility are expected to be available in 2010. In April 2008, the Process Industries segment began shipping product from its new industrial bearing plant in Chennai, India. In October 2008, the Company announced that it would expand production at its Tyger River facility in Union, South Carolina to make ultra-large-bore bearings to serve wind-turbine manufacturers in North America.

The Company expects lower Process Industries segment sales and adjusted EBIT for 2009 due to significantly reduced demand across most Process Industries’ market sectors. In reaction to the current and anticipated lower demand, the Process Industries segment reduced total employment levels by approximately 600 positions during the first quarter of 2009. The Process Industries segment’s sales are expected to decrease approximately 25 to 30 percent in 2009 as compared to 2008. The Company expects to continue to take actions in the Process Industries segment to properly align its business with market demand.

**Aerospace & Defense Segment**

The Aerospace and Defense segment manufactures bearings, helicopter transmission systems, rotor head assemblies, turbine engine components, gears and other precision flight-critical components for commercial and military aviation applications. The Aerospace and Defense segment also provides aftermarket services, including repair and overhaul of engines, transmissions and fuel controls, as well as aerospace bearing repair and component reconditioning. In addition, the Aerospace and Defense segment also manufactures bearings for original equipment manufacturers of health and positioning control equipment. The Company’s strategy for the Aerospace and Defense segment is to: (1) grow by adding power transmission parts, assemblies and services, utilizing a platform approach; (2) develop new aftermarket channels; and (3) add core bearing capacity through manufacturing initiatives in North America and China. In October 2007, the Company completed the acquisition of the assets of The Purdy Corporation (Purdy), located in Manchester, Connecticut. This acquisition further expands the growing range of power-transmission products and capabilities that the Company provides to aerospace customers. In addition, the Company opened a new aerospace precision products manufacturing facility in China in April 2008. In November 2008, the Company completed the acquisition of the assets of EXTEXT Ltd. (EXTEXT), located in Gilbert, Arizona. EXTEXT is a leading designer and marketer of high-quality replacement engine parts for the aerospace aftermarket.

The Company expects the Aerospace and Defense segment to see a modest increase in sales in 2009, compared to 2008, as a result of the continued integration of the Purdy acquisition, which has a strong defense oriented profile, and the benefits from the inclusion of a full year of sales from the EXTEXT
The Aerospace and Defense segment’s adjusted EBIT is expected to improve slightly in 2009, leveraging improved manufacturing performance and the integration of acquisitions.

Steel Segment

The Steel segment manufactures more than 450 grades of carbon and alloy steel, which are produced in both solid and tubular sections with a variety of lengths and finishes. The Steel segment also manufactures custom-made steel products for both industrial and automotive applications. The Company’s strategy for the Steel segment is to focus on opportunities where the Company can offer differentiated capabilities while driving profitable growth. In November 2008, the Company opened a new $60 million small-bar steel rolling mill to expand its portfolio of differentiated steel products. The new mill enables the Company to competitively produce steel bars down to 1-inch diameter for use in power transmission and friction management applications for a variety of customers, including foreign automakers. In February 2008, the Company completed the acquisition of the assets of Boring Specialties, Inc. (BSI), a provider of a wide range of precision deep-hole oil and gas drilling and extraction products and services.

The Company expects the Steel segment to see 55 to 65 percent decreases in sales in 2009 due to lower volume and lower average selling prices. The average selling prices are expected to decline in 2009 primarily driven by lower surcharges as scrap steel and alloy costs have fallen substantially from historically high levels in 2008. The index on which the scrap steel surcharge mechanism is based hit a record of $870 per ton during the middle of 2008 and decreased to $245 per ton in December. The Company also expects lower demand across most markets, primarily driven by a 50% decline in energy markets and a 40% decline in industrial markets. The Company also expects the Steel segment’s adjusted EBIT to be significantly lower in 2009 primarily due to the lower average selling prices, partially offset by lower raw material costs and related LIFO. Scrap costs are expected to remain at current levels, as are alloy and energy costs. In light of the current market demands, the Steel segment reduced total employment levels by approximately 140 positions in late 2008 and the first quarter of 2009. The Company will continue to take actions in the Steel segment to properly align its business with market demand.
VII. THE CAPITAL STOCK

As of December 31, 2008, Timken's authorized capital stock consisted of:

- 200,000,000 shares of common stock, without par value,
- 10,000,000 shares of Class I Serial Preferred Stock, without par value,
- and 10,000,000 shares of Class II Serial Preferred Stock, without par value.

No shares of preferred stock were issued and outstanding.

On December 31, 2008, 96,891,501 shares of common stock (95,808,509 as of December 31, 2007) were issued and outstanding. These numbers exclude common stock held by the Company and its subsidiaries in treasury. The number of such treasury shares was 344,948 (335,105 as of December 31, 2007).

1. Common Stock

As stated above, the offer under the Plan concerns Timken's common stock only.

General

Timken's common stock is regulated by the US Securities Act of 1933 and the US Securities Exchange Act of 1934. All common stock issued and outstanding is without par value and admitted to trading on the New York Stock Exchange. The stock is quoted in US dollars, and its short code at the New York Stock Exchange is "TKR."

The US security identification (CUSIP) number of Timken's common stock is 887389104. The CUSIP number is the US equivalent of the international security identification number (ISIN).

All of Timken's issued and outstanding common stock is fully paid and non-assessable.

All shares of common stock are registered, certificated and freely transferable.

National City Bank, Cleveland, Ohio, is the Company's stock transfer agent, registrar and dividend reinvestment plan agent. The entity in charge of keeping the records of legal ownership of the shares is National City Bank Shareholder Services, P.O. Box 92301, Cleveland, Ohio 44193-0900, USA.

Dividend Rights

All holders of common stock are entitled to fully and equally receive dividends from funds legally available when, as and if declared by Timken's Board of Directors.\textsuperscript{6} When, and if, dividends are declared by the Company, dividends are generally paid quarterly, usually in March, June, September and December. The right for holders of common stock to receive a dividend arises upon his or her registration in the Company's register of shareholders and lapses after five years, at which time the State of Ohio is entitled to receive the dividends. Dividend payments are non-cumulative in nature. There are no dividend restrictions and no special procedures for stockholders residing in the EU and the EEA.

\textsuperscript{6} Certain restrictions apply if preferred stock is issued (which is currently not the case), see description in Section VII. 2. ("Preferred Stock"), below.
Other Shareholders' Rights

The holders of common stock are entitled to one vote for each share held on all matters as to which shareholders are entitled to vote.7

The holders of common stock are entitled upon the Company's liquidation, dissolution or winding up to receive pro rata the remaining net assets after satisfaction in full of the prior rights of the Company's creditors and holders of any preferred stock.

The holders of common stock do not have any preferential, subscriptive or preemptive rights to subscribe to or purchase any new or additional issue of shares of any class of stock or of securities convertible into the Company's stock. The common stock is not subject to redemption and does not have any conversion rights.

2. Preferred Stock

Timken's preferred stock is divided into two classes, Class I Serial Preferred Stock and Class II Serial Preferred Stock. Holders of the Class I Serial Preferred have preference rights superior to both the holders of Class II Serial Preferred and shares of common stock. The Class II Serial Preferred holders have preference rights superior to the holders of common stock. The following description of Timken's preferred stock applies to both classes, unless otherwise specified.

The preferred stock may be issued from time to time in one or more series with such distinctive serial designations as are fixed by the Board of Directors and with such rights, preferences and limitations as are fixed by the Board of Directors or required by law. Currently, no shares of preferred stock are issued and outstanding. Satisfaction of dividend preferences of any outstanding preferred stock would reduce the amount of funds available for the payment of dividends on Timken's common stock. In addition, holders of preferred stock would be entitled to receive a preferential payment before any payment is made to holders of common stock in the event of the Company's voluntary or involuntary liquidation, dissolution or winding up. Additionally, with respect to any dividend or dissolution preferences, holders of Class I Serial Preferred Stock will receive preferential payment over holders of Class II Serial Preferred Stock.

Subject to the exceptions listed below, the holders of Class I Serial Preferred Stock are not entitled, as such, to notice of meetings of shareholders or to vote upon any matter presented to the shareholders. However, the affirmative vote of the holders of at least two-thirds of the holders of Class I Serial Preferred Stock, voting separately as a class, and in certain cases by series, is required to effect or validate any amendment to the Company's amended articles of incorporation which:

- Changes issued shares of Class I Serial Preferred Stock of all series then outstanding into a lesser number of shares of the same class and series or into the same or a different number of shares of any other class or series;
- Changes the express terms of the Class I Serial Preferred Stock in any manner substantially prejudicial to the holders of all series thereof then outstanding;
- Authorizes shares of any class, or any security convertible into shares of any class, or authorizes the conversion of any security into shares of any class, ranking prior to the Class I Serial Preferred Stock; or

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7 The holders of common stock vote jointly as a single class with the holders of Class II Serial Preferred Stock (to apply only if preferred stock is issued, see description in the next Section VII. 2., below).
Changes the express terms of issued shares of any class ranking prior to the Class I Serial Preferred Stock in any manner substantially prejudicial to the holders of all series of Class I Serial Preferred Stock then outstanding.

In addition, if the payment of six quarterly dividends, whether or not consecutive, is in default, holders of Class I Serial Preferred Stock, voting separately as a class, are entitled to elect two additional members to Timken's Board of Directors. When all dividends in default on any Class I Serial Preferred Stock have been paid, the holders’ power to elect the two additional directors at subsequent elections of directors becomes null and void until a new default occurs. The holders of Class I Serial Preferred Stock do not have cumulative voting rights or any preferential, subscriptive or preemptive rights to subscribe to or purchase any new or additional issue of shares of any class of stock or securities convertible into Timken stock.

If the shares of any series of either class of preferred stock are convertible into shares of any other class or series of Timken stock, the stated capital, if any, will be modified accordingly to reflect such conversion.

3. Change of Shareholders' Rights

The rights of holders of common stock may be changed only by a formal amendment of the articles of incorporation as long as no preferred stock is issued. If preferred stock is issued, the terms and conditions thereof are fixed by a resolution of the Board of Directors. By such a resolution, the Board of Directors can also modify certain terms of the common stock.

4. Withholding of Tax on Dividends

In the USA, dividends are subject to withholding of income tax in the amount of 30% upon distribution. The Company is responsible for the withholding of such tax at the source and has instructed National City Bank Shareholder Services, Cleveland, Ohio, to withhold and pay the withholding amount to the US tax authorities. Therefore, dividends are distributed to shareholders less the applicable withholding tax amount. Should Participants that are non-US citizens become shareholders, they may waive the withholding requirement if they make a certification on a W-8BEN Form to National City Bank Shareholder Services.

Timken advises each Participant to consult a tax advisor for information about the specific tax consequences and tax reporting obligations applying in his or her country of residence (for instance, to which extent dividend payments are considered taxable income and withheld amounts in the US are imputed under applicable double taxation treaties for the Participant's fulfillment of local tax obligations).
VIII. CORPORATE ORGANIZATION

1. About Timken's Current Directors

The following table, based on information obtained in part from the respective Directors and in part from the records of the Company, sets forth information regarding each Director as of January 9, 2009. It further reflects the elections to the Company’s Board of Directors at 2009 annual meeting of shareholders on May 12, 2009 as well as the retirement of the former Directors Joseph F. Toot, Jr. and Robert W. Mahoney with effect as of that date. The business address for all Directors is The Timken Company, 1835 Dueber Avenue, S. W., Canton, Ohio 44706-2798, USA.

<table>
<thead>
<tr>
<th>Name</th>
<th>Class</th>
<th>Age / Principal position or office/ Business experience for last five years/ Directorships of publicly held companies</th>
<th>Director continuously since</th>
<th>Term expires at annual meeting of shareholders in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phillip R. Cox</td>
<td>II</td>
<td>61, President and Chief Executive Officer of Cox Financial Corporation, a financial services company, since 1972. Director of: Cincinnati Bell, Inc. (Chairman); Diebold, Incorporated; Touchstone Mutual Funds.</td>
<td>2004</td>
<td>2011</td>
</tr>
<tr>
<td>James W. Griffith</td>
<td>I</td>
<td>55, President and Chief Executive Officer of The Timken Company, since 2002. Director of: Goodrich Corporation.</td>
<td>1999</td>
<td>2010</td>
</tr>
<tr>
<td>Jerry J. Jasinowski</td>
<td>II</td>
<td>70, Retired President and Chief Executive Officer of the National Association of Manufacturers and Retired President of The Manufacturing Institute, the education and research arm of the National Association of Manufacturers, the nation’s largest industrial trade association, since 2006. Previous positions: President – The Manufacturing Institute, 2005-2006; President and Chief Executive Officer – National Association of Manufacturers, 1990-2004. Director of: Harsco Corporation; The Phoenix Companies, Inc.</td>
<td>2004</td>
<td>2011</td>
</tr>
<tr>
<td>Joseph W. Ralston</td>
<td>III</td>
<td>65, Vice Chairman, The Cohen Group, an organization that provides clients with comprehensive tools for understanding and shaping their business, political, legal, regulatory and media environments, since 2003. Previous positions: General – United States</td>
<td>2003</td>
<td>2012</td>
</tr>
<tr>
<td>Name</td>
<td>Class</td>
<td>Age / Principal position or office/ Business experience for last five years/ Directorships of publicly held companies</td>
<td>Director continuously since</td>
<td>Term expires at annual meeting of shareholders in</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------</td>
<td>---------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>John P. Reilly III 65, Retired Chairman, President and Chief Executive Officer of Figgie International, an international diversified operating company, since 1998. Director of: Exide Corporation (Chairman); Material Sciences Corporation (Chairman).</td>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Ward J. Timken</td>
<td>I</td>
<td>Ward J. Timken 66, President – Timken Foundation of Canton, a private, charitable foundation to promote civic betterment through capital fund grants, since 2004.</td>
<td></td>
<td>1971</td>
</tr>
</tbody>
</table>

**Related Parties; Independence of Directors; Conflicts of Interest**

Ward J. Timken is the father of Ward J. Timken, Jr. and the cousin of John M. Timken, Jr. Please refer to the sections about "Directors' beneficial ownership of common stock" below, for additional information about the family relationship among certain Timken stockholders.

The Board of Directors has adopted the independence standards of the New York Stock Exchange listing requirements for determining the independence of Directors. The Board has determined that the following Directors have no material relationship with the Company and meet those independence standards: Phillip R. Cox, Jerry J. Jasinowski, John A. Luke, Jr., Joseph W. Ralston, John P. Reilly, Frank C. Sullivan, John M. Timken, Jr., and Jacqueline F. Woods. With respect to John M. Timken, Jr., the Board determined that his family relationship to Ward J. Timken and Ward J. Timken, Jr. does not impair Mr. Timken’s independence.

The following Directors are employed with the Company: James W. Griffith and Ward J. "Tim" Timken, Jr. All other Directors are nonemployee Directors.
The Company’s Directors and executive officers are subject to the Company’s Standard of Business Ethics Policy, which requires that any potential conflicts of interest such as significant transactions with related parties be reported to the Company’s General Counsel. The Company’s Directors and executive officers are also subject to the Company’s Policy Against Conflicts of Interest, which requires that an employee or Director avoid placing himself or herself in a position in which his or her personal interests could interfere in any way with the interests of the Company. In the event of any potential conflict of interest, pursuant to the charter of the Nominating and Corporate Governance Committee and the provisions of the Standards of Business Ethics Policy, the Committee would review and, considering such factors as it deems appropriate under the circumstances, make a determination as to whether to grant a waiver to the Policy for any such transaction. Any waiver would be promptly disclosed to shareholders.

The Company is not aware of any specific conflicts of interest existing between the Directors’ duties towards Timken and their private interests and/or other duties.

**Good Standing of Directors**

The Company confirms that to the best of its knowledge and the information available to it, in the previous five years, none of its Directors have been subject to:

- Any convictions in relation to fraudulent offences;
- Any bankruptcies, receiverships or liquidations with which a Director who was acting in the capacity of any of the positions set out above was associated; and
- Any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies).

The Company also confirms that none of its Directors have ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

**Directors’ Beneficial Ownership of Common Stock**

The following table shows, as of January 9, 2009, the beneficial ownership of Common Stock of the Company by each Director. Beneficial ownership of Common Stock has been determined for this purpose in accordance with Rule 13d-3 under the Securities Exchange Act of 1934 and is based on the sole or shared power to vote or direct the voting or to dispose or direct the disposition of Common Stock. Beneficial ownership as determined in this manner does not necessarily bear on the economic incidents of ownership of Common Stock.

<table>
<thead>
<tr>
<th>Name</th>
<th>Sole voting or investment power (1)</th>
<th>Shared voting or investment power</th>
<th>Aggregate amount (1)</th>
<th>Percent of class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael C. Arnold</td>
<td>191,101</td>
<td>0</td>
<td>191,101</td>
<td>*</td>
</tr>
<tr>
<td>Phillip R. Cox</td>
<td>13,100(2)</td>
<td>0</td>
<td>13,100(2)</td>
<td>*</td>
</tr>
<tr>
<td>Jacqueline A. Dedo</td>
<td>170,272</td>
<td>0</td>
<td>170,272</td>
<td></td>
</tr>
<tr>
<td>Glenn A. Eisenberg</td>
<td>95,889</td>
<td>0</td>
<td>95,889</td>
<td></td>
</tr>
<tr>
<td>James W. Griffith</td>
<td>638,754</td>
<td>181,666</td>
<td>820,420</td>
<td>*</td>
</tr>
<tr>
<td>Jerry J. Jasinowski</td>
<td>17,100(2)</td>
<td>0</td>
<td>17,100(2)</td>
<td>*</td>
</tr>
</tbody>
</table>
### Amount and Nature of Beneficial Ownership of Common Stock

<table>
<thead>
<tr>
<th>Name</th>
<th>Sole voting or investment power</th>
<th>Shared voting or investment power</th>
<th>Aggregate amount</th>
<th>Percent of class</th>
</tr>
</thead>
<tbody>
<tr>
<td>John A. Luke, Jr.</td>
<td>33,085</td>
<td>0</td>
<td>33,085</td>
<td>*</td>
</tr>
<tr>
<td>Salvatore J. Miraglia, Jr.</td>
<td>113,197</td>
<td>0</td>
<td>113,197</td>
<td>*</td>
</tr>
<tr>
<td>Joseph W. Ralston</td>
<td>23,379</td>
<td>0</td>
<td>23,379</td>
<td>*</td>
</tr>
<tr>
<td>John P. Reilly</td>
<td>17,291</td>
<td>0</td>
<td>17,291</td>
<td>*</td>
</tr>
<tr>
<td>Frank C. Sullivan</td>
<td>20,000</td>
<td>0</td>
<td>20,000</td>
<td>*</td>
</tr>
<tr>
<td>John M. Timken, Jr.</td>
<td>579,740</td>
<td>951,660</td>
<td>1,531,400</td>
<td>1.5%</td>
</tr>
<tr>
<td>Ward J. Timken</td>
<td>480,023</td>
<td>6,482,002</td>
<td>6,962,025</td>
<td>7.2%</td>
</tr>
<tr>
<td>Ward J. Timken, Jr.</td>
<td>494,388</td>
<td>5,309,754</td>
<td>5,804,142</td>
<td>5.9%</td>
</tr>
<tr>
<td>Jacqueline F. Woods</td>
<td>22,407</td>
<td>0</td>
<td>22,407</td>
<td>*</td>
</tr>
</tbody>
</table>

* Percent of class is less than 1%.

(1) The following table provides additional details regarding beneficial ownership of Common Stock:

<table>
<thead>
<tr>
<th>Name</th>
<th>Outstanding Options</th>
<th>Vested Deferred Restricted Shares</th>
<th>Deferred Common Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael C. Arnold</td>
<td>105,425</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Phillip R. Cox</td>
<td>3,000</td>
<td>1,600</td>
<td>3,500</td>
</tr>
<tr>
<td>Jacqueline A. Dedo</td>
<td>136,350</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Glenn A. Eisenberg</td>
<td>36,675</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>James W. Griffith</td>
<td>525,750</td>
<td>20,000</td>
<td>0</td>
</tr>
<tr>
<td>Jerry J. Jasinowski</td>
<td>6,000</td>
<td>1,600</td>
<td>8,500</td>
</tr>
<tr>
<td>John A. Luke, Jr.</td>
<td>18,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Salvatore J. Miraglia, Jr.</td>
<td>28,125</td>
<td>10,000</td>
<td>0</td>
</tr>
<tr>
<td>Joseph W. Ralston</td>
<td>6,000</td>
<td>0</td>
<td>9,500</td>
</tr>
<tr>
<td>John P. Reilly</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Frank C. Sullivan</td>
<td>6,000</td>
<td>2,000</td>
<td>0</td>
</tr>
<tr>
<td>John M. Timken, Jr.</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Ward J. Timken</td>
<td>11,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Ward J. Timken, Jr.</td>
<td>289,250</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Jacqueline F. Woods</td>
<td>9,000</td>
<td>0</td>
<td>10,000</td>
</tr>
</tbody>
</table>

(a) Includes the shares which the individual named in the table has the right to acquire, on or before March 10, 2009, through the exercise of stock options pursuant to the Long-Term Incentive Plan. These shares have been treated as outstanding for the purpose of calcu-
lating the percentage of the class beneficially owned by such individual or group, but not for the purpose of calculating the percentage of the class owned by any other person.

(b) Awarded as annual grants under the Long-Term Incentive Plan, which will not be issued until a later date under The Director Deferred Compensation Plan.

(c) Deferred under the 1996 Deferred Compensation Plan.

(2) Does not include unvested deferred restricted shares held by the following individuals: Phillip R. Cox – 400; and Jerry J. Jasinowski – 800.

(3) Includes 197,886 shares for which John M. Timken, Jr. has sole voting and investment power as trustee of three trusts created as the result of distributions from the estate of Susan H. Timken.

(4) Includes shares for which another individual named in the table is also deemed to be the beneficial owner, as follows: John M. Timken, Jr. – 500,000; Ward J. Timken – 5,800,944; Ward J. Timken, Jr. – 5,300,944.

2. Stock Options Granted to Employees

Under the Company’s stock option plans, shares of common stock have been made available to grant at the discretion of the Compensation Committee (described below) to officers and key associates in the form of stock options, stock appreciation rights, performance shares, performance units, restricted shares and deferred shares. The options generally have a ten-year term and vest in 25% increments annually beginning twelve months after the date of grant for associates and vest 100% twelve months after the date of grant for Directors. The value of each type of long-term incentive grant is linked directly to the performance of the Company or the price of common stock.

The Company offers a performance unit component to certain other, mostly executive, associates under its Long-Term Incentive Plan. According to the rules of this plan, certain grants of performance units are earned based on Company performance measured by several metrics over a three-year performance period. The Compensation Committee can elect to make payments that become due in the form of cash or shares of the Company's common stock.

3. Other Stock Purchase Plans for Timken Associates

In conjunction with the Company's global efforts to retain a productive workforce, the Company also sponsors other equity compensation plans for its associates in the United States and in other countries. These plans provide associates with the opportunity to purchase Company Stock and are similar in form to TISOP.
IX. AVAILABLE INFORMATION / DOCUMENTS ON DISPLAY / SIGNATURE

All Participants of TISOP will receive copies (in English) of all reports, proxy statements and other communications distributed to the Company’s shareholders in general. These materials will be sent to the Participants not later than the time at which the materials are sent to the Company’s shareholders.

Available Information

Copies of the following documents or reports will be furnished to Participants without charge upon written or oral request to Eric Murray, GM – Total Rewards, The Timken Company, 1835 Dueber Avenue, S.W., Canton, Ohio 44706-2798, USA, phone +1-330-438-3000:

- The Company’s Annual Report to shareholders for the latest three fiscal years;
- All other recent reports, proxy statements and other communications distributed to the Company’s shareholders in general; and
- The most recent restatement of the Company's Amended Articles of Incorporation.

Documents on Display

Timken's Annual Reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, the amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and proxy statements are available, free of charge, on Timken's website at www.timken.com as soon as reasonably practicable after electronically filing such material with the US Securities and Exchange Commission.

This prospectus is published at Timken's website at www.timken.com.
Signature Page

Canton, Ohio/USA

May 18, 2009

THE TIMKEN COMPANY

[By /s/ Glenn A. Eisenberg]

Glenn A. Eisenberg
Executive Vice President – Finance and Administration