

THE TIMKEN COMPANY

AUDIT COMMITTEE CHARTER

Purposes

The purposes of the Committee are to (a) assist the Board of Directors in fulfilling the Board of Directors' oversight responsibilities with respect to (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independent auditors' qualifications and independence, and (iv) the performance of the independent auditors and the Company's internal audit function; (b) prepare the Committee's report to be included in the Company's annual proxy statement (the "Audit Committee Report"); and (c) advise and consult with management and the Board of Directors regarding the financial affairs of the Company.

Composition

Size. The Committee shall consist of no fewer than three members.

Qualifications. Each Committee member shall have all of the following qualifications:

- 1) Each Committee member shall meet the independence criteria of (a) the rules of the New York Stock Exchange, Inc.; as such requirements are interpreted by the Board of Directors in its business judgment, (b) Section 301 of the Sarbanes-Oxley Act of 2002, and (c) the rules promulgated thereunder by the Securities and Exchange Commission ("SEC").
- 2) Each Committee member shall be financially literate or shall become financially literate within a reasonable period of time after his or her appointment to the Committee. Additionally, at least one member of the Committee shall have accounting or related financial management expertise sufficient to meet the criteria of an audit committee financial expert within the meaning of Section 407 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder by the SEC. The Board of Directors shall determine, in its business judgment and upon the recommendation of the Nominating and Governance Committee, whether a member is financially literate and whether at least one member has the requisite accounting or financial expertise and meets the financial expert criteria.
- 3) Each Committee member shall receive as compensation from the Company only (a) director's fees (which includes all forms of compensation paid to directors of the Company for service as a director or member of a Board Committee) and/or (b) pension payments or other deferred compensation provided that such compensation is not in any way contingent on continued service.

- 4) If a Committee member simultaneously serves on the audit committee of more than three public companies (including the Company), the Board of Directors must determine that such simultaneous service would not impair the ability of such member to effectively serve on the Committee. The Company shall disclose any such determination in its annual proxy statement.

Selection. The Board of Directors will select the members and the Chair of the Committee based on recommendations made by the Company's Nominating and Corporate Governance Committee. Each Committee member will serve at the pleasure of the Board and for such term as the Board may decide or until such Committee member is no longer a Board member.

Duties and Responsibilities of the Committee

The Committee is responsible for overseeing the Company's financial reporting process on behalf of the Board of Directors. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements and for the appropriateness of the accounting and reporting policies that are used by the Company. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's interim financial statements. The independent auditors report directly to the Committee.

The Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the Company's independent auditors (including resolution of disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The shareholders of the Company shall be provided the opportunity to ratify the Committee's appointment of the independent auditors.

In performing its responsibilities, the Committee shall:

- 1) **Retain the Independent Auditors:** The Committee has the sole authority to (a) retain and terminate the Company's independent auditors, (b) approve all audit engagement fees, terms and services, and (c) approve any non-audit engagements with the Company's independent auditors. The Committee is to exercise this authority in a manner consistent with Sections 201, 202 and 301 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder by the SEC. The Committee may delegate the authority to grant any pre-approvals required by such sections to one or more members of the Committee as it designates, subject to the delegated member or members reporting any such pre-approvals to the Committee at its next scheduled meeting.
- 2) **Review and Discuss the Auditors' Quality Control:** The Committee is to, at least annually, obtain, review and discuss a report by the independent auditors describing (a) the audit firm's internal quality control procedures, (b) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional

authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and (c) any steps taken to deal with any such issues.

- 3) Review and Discuss the Independence of the Auditors: In connection with the retention of the Company's independent auditors, the Committee is to, at least annually, review and discuss the information provided by management and the auditors relating to the independence of the audit firm, including, among other things, information related to the non-audit services provided and expected to be provided by the auditors. The Committee is responsible for (a) ensuring that the independent auditors submit at least annually to the Committee a formal written statement delineating all relationships between the auditors and the Company consistent with applicable independence standards, (b) actively engaging in a dialogue with the auditors with respect to any disclosed relationship or services that may impact the objectivity and independence of the auditors, and (c) taking appropriate action in response to the auditors' report to satisfy itself of the auditors' independence. In connection with the Committee's evaluation of the auditors' independence, the Committee shall also review and evaluate the lead partner of the independent auditors and take such steps as may be required by law with respect to the regular rotation of the lead audit partner and the reviewing audit partner of the independent auditors and consider whether there should be regular rotation of the independent auditor firm.
- 4) Set Hiring Policies: The Committee is to set clear hiring policies for employees or former employees of the independent auditors, which include the restrictions set forth in Section 206 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder by the SEC.
- 5) Review and Discuss the Audit Plan: The Committee is to review and discuss with the independent auditors the plans for, and the scope of, the annual audit and other examinations.
- 6) Review and Discuss Conduct of the Audit: The Committee is to review and discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, relating to the conduct of the audit, as well as any audit problems or difficulties and management's response, including (a) any restriction on audit scope or on access to requested information, (b) any disagreements with management, and (c) significant issues discussed with the independent auditors' national office. The Committee is to decide all unresolved disagreements between management and the independent auditors regarding financial reporting. Among the items the Committee may want to review with the independent auditors are: any accounting adjustments that were noted or proposed by the independent auditors but were "passed" (as immaterial or otherwise); any communications between the Company's audit team and the independent auditors' national office respecting auditing or accounting issues presented by the engagement; and any "management" or "internal control" letter issued, or proposed to be issued, by the independent

auditors to the Company. The review should also include discussion of the responsibilities, budget and staffing of the Company's internal audit function.

- 7) Review and Discuss Financial Statements and Disclosures: The Committee will meet to review and discuss with appropriate officers of the Company and the independent auditors the annual audited and quarterly financial statements of the Company, including (a) the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and (b) the disclosures regarding internal controls and other matters required to be reported to the Committee under applicable legal, regulatory and NYSE requirements. The Committee will make a recommendation to the Board whether or not the annual audited financial statements be included in the Company's 10-K for the last fiscal year for filing with the Securities and Exchange Commission.
- 8) Review and Discuss Earnings Press Releases: The Committee is to review and discuss earnings and other financial press releases (including any use of "pro forma" or "adjusted" non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies (which review may occur after issuance and may be done generally as a review of the types of information to be disclosed and the form of presentation to be made).
- 9) Review Actions Concerning Senior Internal Auditing Executive: The Committee will review and concur with management's appointment, termination or replacement of the senior internal auditing executive.
- 10) Review and Discuss Internal Audit Plans: The Committee is to review and discuss with the senior internal auditing executive and appropriate members of the staff of the internal auditing department the plans for and the scope of their ongoing audit activities.
- 11) Review and Discuss Internal Audit Reports: The Committee is to review and discuss with the senior internal auditing executive and appropriate members of the staff of the internal auditing department the annual report of the audit activities, examinations and results thereof of the internal auditing department. The Committee is also to review the internal auditing department's activities periodically, including any plan changes, objective changes or resource updates. The Committee should also periodically review with the senior internal auditing executive any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the internal auditing department's work.
- 12) Review and Discuss the Systems of Internal Accounting Controls: The Committee is to review and discuss with the independent auditors, the senior internal auditing executive, the General Counsel and, if and to the extent deemed appropriate by the Chairman of the Committee, members of their respective staffs the adequacy of the Company's internal accounting controls, the Company's financial, auditing and accounting organizations and personnel, and the

Company's policies and compliance procedures with respect to business practices which shall include the disclosures regarding internal controls and matters required to be reported to the Committee by Sections 302 and 404 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder by the SEC.

- 13) Review and Discuss the Recommendations of Independent Auditors: The Committee is to review and discuss with the senior internal auditing executive and the appropriate members of the staff of the internal auditing department recommendations made by the independent auditors and the senior internal auditing executive, as well as such other matters, if any, as such persons or other officers of the Company may desire to bring to the attention of the Committee.
- 14) Review and Discuss the Audit Results: The Committee is to review and discuss with the independent auditors (A) the report of their annual audit, or proposed report of their annual audit, (B) material written communications between the independent auditor and management provided by the independent auditor to the Committee, (C) the reports of their reviews of the Company's interim financial statements conducted in accordance with Statement on Auditing Standards No. 71, and (D) the reports of the results of such other examinations outside of the course of the independent auditors' normal audit procedures that the independent auditors may from time to time undertake. The foregoing shall include the reports required by Section 204 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder by the SEC and, as appropriate, a review of (a) major issues regarding (i) accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles and (ii) the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies, (b) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements, and (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- 15) Obtain Assurances under Section 10A(b) of the Exchange Act: The Committee is to obtain assurance from the independent auditors that in the course of conducting the audit, there have been no acts detected or that have otherwise come to the attention of the audit firm that require disclosure to the Committee under Section 10A(b) of the Exchange Act.
- 16) Discuss Risk Management Policies: The Committee is to discuss guidelines and policies with respect to risk assessment and risk management to assess and manage the Company's exposure to risk. The Committee should discuss the Company's major financial risk exposures and the steps management has taken to monitor and control these exposures.

- 17) Oversight of the Company's Ethics and Compliance Program: The Committee will be responsible for the oversight of the Company's Ethics and Compliance Program. In fulfilling its duties, the Committee will periodically obtain reports from management on the effectiveness of the Program. In addition, the chief ethics officer of the Company has the express authority to communicate personally to the Audit Committee (A) promptly on any matter involving criminal conduct, potential criminal conduct, or any violations of the Company's Standards of Business Ethics and (B) no less than annually on the implementation and effectiveness of the Company's Ethics and Compliance Program. The Committee will also oversee advising and updating the Board of Directors with respect to the Program.
- 18) Establish Procedures for Complaints Regarding Financial Statements or Accounting Policies: The Committee is to establish procedures for (A) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (B) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters as required by Section 301 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder by the SEC. The Committee is to discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any complaints or concerns regarding the Company's financial statements or accounting policies.
- 19) Discuss With General Counsel Matters Regarding Financial Statements or Compliance Policies: The Committee is to discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.
- 20) Review and Discuss Other Matters: The Committee is to review and discuss such other matters that relate to the accounting, auditing and financial reporting practices and procedures of the Company as the Committee may, in its own discretion, deem desirable in connection with the review functions described above. Additionally, the Committee will advise and consult with management and the Board from time to time in their discretion or as requested by management or the Board on other financial issues affecting the Company including matters such as capital structure, dividend policy, credit ratings and pension obligations.
- 21) Board Reports: The Committee should report its actions and any recommendations to the Board after each Committee meeting.
- 22) Perform Functions of a Qualified Legal Compliance Committee: The Committee shall also function as a qualified legal compliance committee (a "QLCC") within the meaning of SEC rules governing the conduct of attorneys appearing and practicing before the SEC. In its capacity as a QLCC, the Committee shall receive any reports of material violations of the securities laws, breach of

fiduciary duty or similar violations governed by such rule from attorneys representing the Company, including in-house counsel (“QLCC Reports”). The Committee shall take such actions as may be permitted or required of a QLCC under applicable law, which may include the making of inquiries and investigations in response to any QLCC Reports, directing the Company to take such remedial action as the Committee shall deem necessary or appropriate, and providing such notifications to the Securities and Exchange Commission as may be required by law.

Meetings of the Committee

The Committee shall meet in person or telephonically at least quarterly, or more frequently as it may determine necessary, to comply with its responsibilities as set forth herein. The Chair of the Committee shall, in consultation with the other members of the Committee, the Company’s independent auditors and the appropriate officers of the Company, be responsible for calling meetings of the Committee, establishing agenda therefor and supervising the conduct thereof.

The Committee may request any officer or employee of the Company or the Company’s outside legal counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee shall meet with the Company’s management, the internal auditors and the independent auditors periodically in separate private sessions to discuss any matter that the Committee, management, the independent auditors or such other persons believe should be discussed privately.

Resources and Authority of the Committee

The Committee shall have the resources and authority appropriate to discharge its responsibilities and carry out its duties as required by law, including the authority to engage outside auditors for special audits, reviews and other procedures and to engage independent counsel and other advisors, experts or consultants as it determines necessary or appropriate to carry out the duties. The Committee may also, to the extent it deems necessary or appropriate, meet with the Company’s investment bankers or financial analysts who follow the Company.

The Company will provide for appropriate funding, as determined by the Committee, for payment of (i) compensation to the Company’s independent auditors engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company, (ii) compensation to independent counsel and any other advisors, experts or consultants employed by the Committee, and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Audit Committee Report

The Committee will prepare, with the assistance of management, the independent auditors and outside legal counsel, the Audit Committee Report.

Annual Review

At least annually, the Committee shall (a) review this Charter with the Board and recommend any changes to the Board, and (b) evaluate its own performance in the manner prescribed by the Nominating and Corporate Governance Committee and report the results of this evaluation to the Board.

Publicity

Consistent with the New York Stock Exchange listing requirements, this Charter will be included on the Company's website and will be made available upon request sent to the Company's Corporate Secretary. The Company's annual report to shareholders will state that this Charter is available on the Company's website and will be available upon request sent to the Company's Corporate Secretary.