



TIMKEN
Where You Turn

THE TIMKEN COMPANY
GLOBAL CITIZENSHIP REPORT

TABLE OF CONTENTS

Welcome	1
How Timken Began	2
Timken Profile	4
Mission and Stakeholders	5
Vision and Values	6
Products For a Better World	9
Acting Responsibly	16
Economic Impacts	36
Financial Summary	37

In **2008**, Timken recycled approximately 1.7 million tons of scrap metal, including nearly 400,000 tons of scrap steel from our own operations. This is equivalent to recycling 1.35 million automobiles into new steel. Using recycled steel saves enough energy to power 150,000 households annually.

W E L C O M E

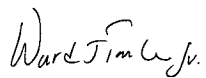
This is The Timken Company's first published Global Citizenship Report, although the roots of our social responsibility extend back to our founder, Henry Timken. He understood that solving the problem of friction in moving objects "fundamentally would achieve something of real value to the world," leading to his invention of a tapered roller bearing.

For the past 110 years, we have been helping the world move faster, safer and more productively by applying our knowledge of friction management and power transmission. Our ability to leverage bearings and specialty steel, which remain the heart of this company, into something more enduring stems from a core set of values: ethics and integrity, quality, innovation and independence.

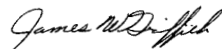
Throughout our history, we have measured our performance not only by financial returns, but by the success of our stakeholders: our customers, suppliers, associates and the communities in which we live and work. We are dedicated to helping them succeed. Doing the right thing, with a long-term view of our actions, is a hallmark of this company and the Timken brand. It is also one of the reasons many of our associates choose to spend their careers at Timken.

We remain committed to global citizenship, knowing that it touches every aspect of our business and underscores the policies and practices to which we hold ourselves accountable. By continuing to grow our enterprise in ways that build sustainable value, we help to fulfill our responsibility to associates, our communities, the environment and to our investors and business partners.

When our products and our people perform with integrity, we all benefit.



Ward J. Timken, Jr.
Chairman



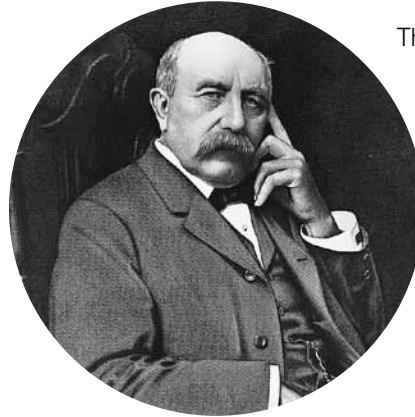
James W. Griffith
President and Chief Executive Officer



By using scrap material,
Timken's steelmaking operations
create products with nearly
recycled content.

100%

HOW TIMKEN BEGAN



The Timken Company began where traditional success stories usually end, at the conclusion of a long and profitable career. This was when Henry Timken, a visionary and innovator in carriage manufacturing (then one of the fastest growing industries), patented a tapered roller bearing. The next year, 1899, he formed a company to produce his new product, establishing a bedrock value – innovation – that continues to drive Timken today.

Henry solved a problem that had plagued carriage builders for many years: how to transport heavy loads while expending less energy and experiencing fewer breakdowns. Henry's tapered roller bearing was the key; it could sustain forces from all directions, making turning much easier even under great weight.

Henry was able to showcase the new bearing's potential when his two sons outfitted a freight wagon with the innovation, then hauled exceptionally heavy cargo to the railroad station. An alert constable noticed the overweighted wagon being pulled by only two mules and arrested the driver for cruelty to animals. Henry's son went before the magistrate and won acquittal for the driver, while gaining early publicity for the energy-saving invention.

To this day we pursue Henry Timken's vision of energy-saving possibilities by applying our expertise in friction management and power transmission to solve new problems. Our products and services enable better performance from customers' equipment and products, reducing heat and energy consumption, while extending maintenance intervals and system reliability. Timken is where our customers turn for improved efficiency and longer-lasting, safer products that make the world a better place.

Making
the world a better place.



Pulling a locomotive equipped with Timken® bearings in 1930, three women showed the ease with which the engine could move. It was an early demonstration of the economic benefit and fuel savings possible from Timken products.

TIMKEN PROFILE

The Timken Company (NYSE:TKR) keeps the world turning. Our innovative friction management and power transmission products and services enable customers to perform faster and more efficiently. With sales of \$5.7 billion in 2008, operations in 26 countries and approximately 25,000 employees, Timken is Where You Turn™ for better performance.

Timken operates as two business groups:

- The Steel Group, and
- The Bearings and Power Transmission Group, which is comprised of three operating segments: Mobile Industries, Process Industries, and Aerospace and Defense.



Timken keeps
the world **turning.**

MISSION AND STAKEHOLDERS

GLOBAL CITIZENSHIP MISSION

Timken makes the world a better place. Our products and services improve our customers' performance by making their operations and products safer, more reliable and energy efficient. Our conduct, which is rooted in our core values – ethics and integrity, quality, innovation, independence – establishes trust between our company and our shareholders, associates, communities and people who turn to Timken around the world.

STAKEHOLDERS

With global citizenship underlying our operating strategy, we value the input and feedback of our stakeholders. In 2008, we established a formal framework for engaging key stakeholders and leveraging their expertise. In 2009, we will be establishing specific goals by which we and our stakeholders can gauge our performance.

Internally, Timken associates came together at our External Communications Council Summit to discuss broad concepts related to global citizenship and identify our stakeholder base. Through the Manufacturers Alliance/MAPI, we conducted benchmarking surveys and interviewed suppliers and distributors. Based on this report, we hope to enter into an informed dialogue with stakeholders about our global citizenship practices, so we can better understand how to align our business goals with the needs of our global communities.

We are
engaging
stakeholders and leveraging their expertise.

VISION AND VALUES

Founder Henry Timken's fundamental desire to provide the world with solutions of real value laid the foundation for the company's continuing vision:

**We are dedicated
to improving our customers' performance
by applying our knowledge
of friction management and power transmission
to deliver unparalleled value and innovation
all around the world.**

With more than a century of success to build upon, our core values provide a framework for moving forward, guiding our actions for the benefit of all stakeholders. Our core values – ethics and integrity, quality, innovation and independence – define who we are and how we work.

Henry espoused another bit of good advice that we continue to follow today: "Above all, don't set your name to anything you will ever have cause to be ashamed of."



ETHICS AND COMPLIANCE

Our moral and ethical expectations are outlined in Timken's Standards of Business Ethics Policy, which guides how associates, officers and directors of the company and subsidiaries are expected to conduct business. These standards are distributed globally to all salaried associates and translated into the primary language of any location where Timken has a significant presence. We require all recipients to complete ethics training and sign a pledge to abide by the rules set forth. In 2008, we achieved 100 percent sign-off by 8,500 global salaried associates.

We uphold the elements of our ethics policy through a comprehensive compliance system that extends around the world. Compliance committees exist in our corporate centers, within business units and in specific geographies to address the unique issues of those regions. Timken associates and external stakeholders are encouraged to report any questionable ethical behavior or compliance concerns; and The Timken HelpLine, operated by a third party, is available to any stakeholder who wishes to discuss a situation in confidence. All calls are investigated, and serious issues are brought to the audit committee of our Board of Directors.

GOVERNANCE

Ward J. Timken, Jr., is chairman of the Board of Directors and a fifth generation of Timken family leadership, which we believe provides a consistent, unified vision for the company. Timken's board has three standing committees: audit, compensation, and nominating and corporate governance. Consistent with the New York Stock Exchange listing standards and applicable law, each committee contains only independent directors. For more information, visit our corporate governance Web page and the Board of Directors' general policies and procedures. Additional information can be found in our 2009 Proxy Statement.

**We demonstrate our commitment to global
excellence through continuing and extensive ethics**

training

**and enterprise-wide standards for
ethical behavior.**

Our fuel-efficient bearings for vehicles have the potential to lower U.S. oil consumption by 14 million barrels and eliminate

230,000 tons

of greenhouse gas emissions a year.



PRODUCTS FOR A BETTER WORLD

With Timken's friction management and power transmission products and services, our customers are able to improve both the efficiency and reliability of their rotating machinery – from earth-moving equipment and railcars to jet engines and wind turbines. This allows them to cut their consumption of natural resources, make their operations safer and improve their productivity.

EFFICIENCIES TO REDUCE ENVIRONMENTAL IMPACT

- Timken's fuel-efficient bearings for cars, trucks and other vehicles reduce power consumption by 30 percent and improve fuel economy by as much as 2 percent over traditional bearings. If all cars and light trucks in the U.S. used our energy-saving bearings, each year 14 million fewer barrels of petroleum would be consumed and 230,000 tons of greenhouse gas emissions would be eliminated.
- For our railroad customers, the new fuel-efficient Timken® EcoTurn™ seal dramatically reduces both the amount of fuel locomotives consume and the volume of emissions released into the atmosphere. If the 800,000 freight cars currently operating in North America were retrofitted with EcoTurn seals, 36 million gallons of fuel would be saved and 10,800 tons of emissions would be eliminated. This reduction in emissions would be the equivalent of removing 650,000 automobiles from roadways for one year.
- Timken worked with Alcoa, one of our major customers, in improving efficiencies in making aluminum beverage cans – already among the most recycled consumer products. Using our tapered roller and cylindrical roller bearings for precision and consistency in their high-speed mills, Alcoa can now make 34.2 cans from one pound of aluminum, up from 26.9 in 1975.



Timken innovations
for rail have the potential for

saving

36 million gallons of fuel and eliminating 10,800
tons of emissions annually.

Pushing

the limits of science begins with a reliable foundation.

The Large Hadron Collider is the world's largest and highest-energy particle accelerator.

RELIABILITY IS MISSION CRITICAL

- In 2004, Timken supplied super-precision bearings for the NASA Mars rovers, Spirit and Opportunity, which were intended to sustain three-month missions. With the help of long-lasting Timken® bearings, they have provided valuable information about the “red planet” for five years.
- Timken® steel may help answer questions about the “Big Bang.” The underground laboratory for the European Organization for Nuclear Research (CERN) houses the world's largest and highest-energy particle accelerator, the Large Hadron Collider (LHC). Scientists developed the LHC to recreate the conditions present at the start of the universe. When Superbolt, Inc., won the bid to manufacture the CERN lab's industrial bolts for assembly inside the LHC tunnel, they turned to Timken to deliver clean steel for the specialized bolts. On Sept. 10, 2008, the bolts were tested for the first time when proton beams successfully circulated in the main ring of the LHC, reaching 99.99 percent of the speed of light.
- Most of the world's aircraft land on Timken bearings, which have precious little room for error, especially when bringing a 500-ton aircraft filled with passengers back safely to the runway.
- Timken helicopter transmissions are designed to function even when damaged, which can make a critical difference in flight safety.



When a **500 ton**
passenger aircraft touches down on a runway,
more than performance is at stake.



PERFORMANCE IMPROVES SAFETY, LOWERS ENVIRONMENTAL IMPACT

- Our products are found in medical devices that require precision, accuracy and reliability – from advanced cardiac imaging and dental drills to long-lasting X-ray tubes used in radiotherapy, radio-surgery and other life-saving cancer treatments. A Timken precision bearing allows the Abiocror implantable artificial heart to add more life for patients with end-stage heart failure.
- Timken is a trusted business partner in the consumer products market, helping customers to meet health and safety compliance standards. Our food-safe grease and engineered surfaces, together with our bearing products, help reduce friction in the equipment used in food and pharmaceutical processing facilities, which minimizes facility downtime, lowers operating costs and maintains a safe manufacturing environment.
- Timken® cold-formed steel liners replace cast-iron cylinder liners in heavy diesel engines, enabling a needed horsepower boost and move toward compliance with 2010 emissions regulations in the U.S.
- Our innovations in bearing technology allow for the greatest generation of power from the smallest bearing possible. With lighter, thinner bearings that are just as strong as their standard counterparts, we help customers improve energy efficiency while maintaining strength, reliability and performance.
- We are working to advance wind power as a safe, more reliable and competitive renewable energy source. In 2008, we announced plans to expand production capacity at our Tyger River facility in South Carolina to serve the wind energy market. This expansion follows the formation of our joint venture with China's XEMC to build a new wind turbine main-shaft bearing facility in Xiangtan, Hunan Province.
- Until the world develops a more diversified energy portfolio, oil and natural gas will remain critical resources to the global energy supply. Timken's steel products and specially engineered bearings equip rigs on the deepest ocean floors, allowing safe extraction under the harshest conditions.

A row of white wind turbines stands against a vibrant blue sky filled with soft, white clouds. The turbines are arranged in a line, receding into the distance. The foreground turbine is the largest and most detailed, showing its three blades and the nacelle. The background features a range of dark, hazy mountains under the same sky.

Advancing wind power

as a safer, more reliable and competitive
renewable energy source.

26%

reduction in the amount of electricity needed to produce an ingot ton of steel since 1990.



As part of the steel industry – which leads recycling efforts throughout the world – we continue to advance our steelmaking technology. Our focus is on improving the efficiency of our operations and reducing both the amount of electricity needed to produce an ingot of steel and waste.

Our steelmaking process uses electric-arc furnace technology, a more energy-efficient alternative to traditional blast-furnace and basic oxygen-furnace technologies. Rather than using mined iron ore and coke as raw materials, we rely on recycled content to produce new steel: scrapped vehicles, building materials and appliances. Today, nearly 100 percent of Timken's steel needs come from recycled material.

In our steel manufacturing operations, Timken reduced the amount of electricity needed to produce an ingot ton of steel by 26 percent since 1990. To put that in perspective, the amount of electricity saved, based on our production in 2008, could provide power to 10 million homes for a day.

Additionally, improvements made in the thermal treat operations at the Gambrinus Steel Plant in Canton, Ohio, over the past four years have resulted in a 25 percent reduction in natural gas consumption per ton processed.



ACTING RESPONSIBLY

Our expectations for responsible behavior encompass ways to protect the environment and promote the health and safety of our associates, contractors, customers, and other stakeholders. No matter how policies and regulations may differ among the countries where we operate, we hold Timken facilities and our associates to one global standard. This consistency ensures a high level of commitment and accountability in matters related to the environment, health and safety.



We are recycling
21,000 tons
of electric arc furnace dust to keep it
from being sent to landfills.

ENVIRONMENTAL OBJECTIVES

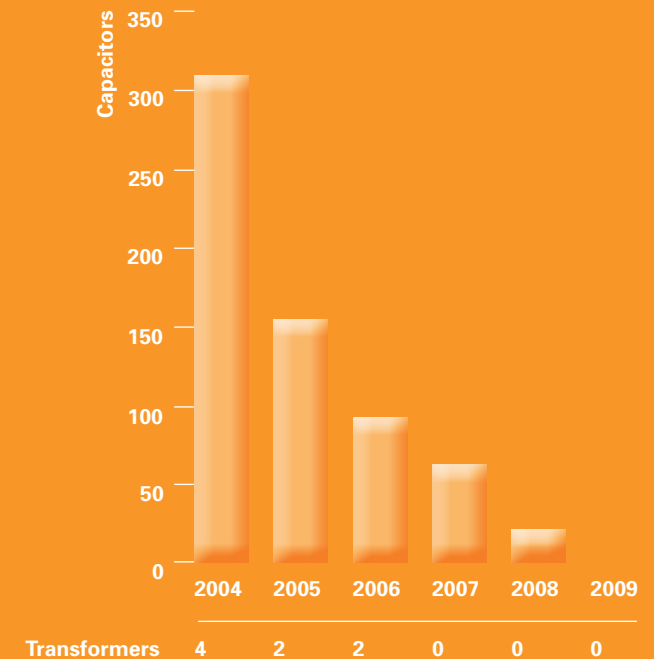
Our environmental objectives across all Timken facilities and subsidiaries worldwide include the following:

- Complying with all applicable laws, regulations and Timken policies relating to environmental protection;
- Preventing pollution at its source by minimizing emissions, effluents and waste in the design, operation and maintenance of our facilities;
- Reducing and, where feasible, eliminating negative environmental impacts associated with our operations and products; and
- Increasing the general awareness among associates so they can better understand the environmental implications of their day-to-day responsibilities.

We are working towards implementation of a global environmental management system (EMS) in accordance with the international standard ISO 14001 at all of our manufacturing facilities. More than 65 percent of Timken facilities have an EMS, with 28 facilities receiving third-party certification.

Our Corporate Environmental Affairs Department conducts comprehensive audits to ensure compliance with ISO 14001, environmental regulations and Timken standards. In 2008, 25 audits were completed at our facilities worldwide; additionally, manufacturing facilities complete compliance self-assessments on an annual basis.

Worldwide Program to Phase-out PCB Transformers and Capacitors Completed



In the past, transformers and capacitors at Timken facilities used a dielectric fluid with polychlorinated biphenyls (PCBs). In March 2009, six years ahead of our goal, Timken became

PCB-free.



ENVIRONMENTAL ACHIEVEMENTS

Over the past year, we have made significant progress:

- A recycling process eliminated 21,000 tons of electric arc furnace dust from being sent to landfills.
- Our returnable and reusable packaging initiatives reduce waste in excess of 6 million pounds annually.
- Our new wind bearing facility in Xiangtan, China, is well on its way toward certification as a green building, following the standards of the LEED rating system (Leadership in Energy and Environmental Design).
- Continuation of our program to eliminate mercury-containing devices has resulted in more than 3,600 devices removed to date.
- A program to eliminate PCBs from all Timken facilities was completed in March 2009, six years ahead of schedule.

6 million pounds of waste no longer enter
landfills thanks to Timken's returnable and

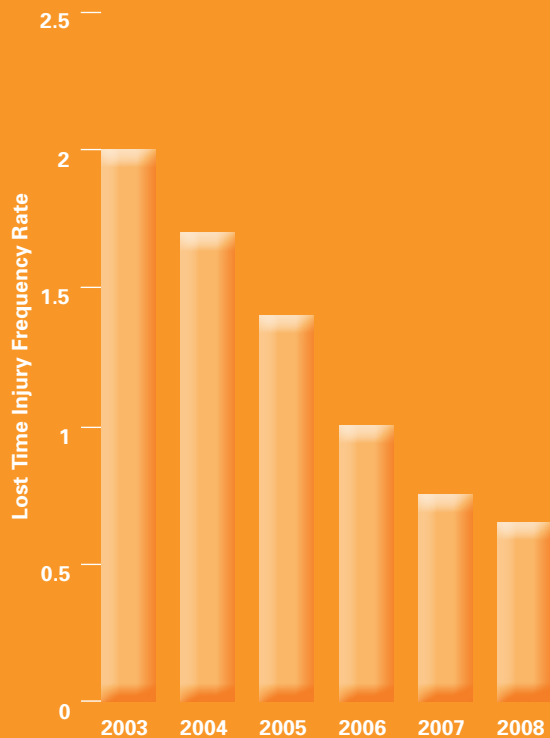
reusable
packaging.



Providing
clean water

in Bangalore, India, is part of our global citizenship efforts in this community. Timken constructed both an underground sewage treatment plant and rain harvesting system that helps support area farms.

Lost Time Injury Frequency Rate vs. Year



Achieving

zero injuries and lost-time accidents
is our goal.

COMMITTED TO A SAFE WORKING ENVIRONMENT

In all we do, our first priority must be the health and safety of our workforce. Our focus on safety practices has helped Timken to achieve a 68 percent reduction in lost-time accidents over the past five years. This means we successfully avoided the potential for as many as 1,200 accidents according to widely accepted safety measurements. However, as referenced in the chart at the left, the fact that we had more than 100 lost-time accidents including two tragic fatalities reminds us we must never stop our effort to improve.

Our commitment to safety begins at the top and extends throughout the organization, challenging every Timken associate to continuously improve our safety culture and strive for zero injuries and lost-time accidents. At the end of the day, every Timken associate should return home safely from the job. Any injury occurrence is unacceptable.

Our leadership team is accountable for Timken's overall health and safety system and ensures compliance with our corporate-wide Health and Safety Policy. In 2008, Timken established a safety leadership council to further institutionalize our health and safety practices and drive our safety culture and performance to leadership levels.

Every Timken plant is required to follow an effective health and safety management system. Accident Prevention Plans form the foundation of this system and include six core elements:

1. Management leadership and associate participation
2. Workplace hazard analysis
3. Accident investigation and data analysis
4. Hazard prevention and control
5. Emergency response
6. Safety and health training

SAFETY ACHIEVEMENTS

- Our Cairo, Ga., facility reported five million hours without a lost-time accident.
- Our Rutherfordton, N.C., plant reported 1.985 million safe working hours.
- In March 2008, our Eaton (St. Clair) plant in Ohio celebrated nearly 3,000 days without a lost-time accident – eight years' worth of safe working days.
- In 2008, 21 facilities went without a single lost-time accident.
- In Colmar, France, we received three awards from Caisse Régionale d'Assurance Maladie Alsace-Moselle, a regional health insurance agency from the French Department of Labor, Labor Relations and Solidarity. Awards recognized safety improvements in the tool room, occupational risk prevention and individual contributions to safety prevention and improvements.



TIMKEN



SAFETY AND HEALTH ACTIVITIES

- In Chengdu, China, Safety Month activities included lectures from health and safety experts, a quiz competition, cardiopulmonary resuscitation/first aid training, and safety knowledge playing cards as a fun reminder to stay safe. Associate engagement increased as a result of the activities with 31 associates providing suggestions for safety and health improvements.
- One hundred percent of associates from our Bangalore, India, facility participated in annual Safety Week activities. A blood drive, health run, and yoga and meditation seminars helped associates improve their personal health and safety.
- Supervisors at our facility in Künsebeck, Germany, held a Contractor Safety Day to promote a healthy and safe environment for associates, visitors and contractors. Timken safety professionals explained plant health and safety regulations, inspected personal protective equipment, and shared environmental expectations.
- At our Yantai, China, plant – the first Timken facility globally to achieve OHSAS 18001 certification – plant management has integrated health and safety key performance indicators into the associate compensation system. This practice ensures that health and safety stay a primary focus for all Yantai associates.
- In Asheboro, N.C., associates implemented the DuPont STOP™ for Each Other safety program, which relies on peer-to-peer communication to keep safety a priority for associates. All plant associates were trained on the program and are now responsible for completing safety audits every six to eight weeks.

Keeping
safety
and health top of mind is a priority
for Timken operations.

Through resources and support,
we encourage healthy

living.

HEALTHY PEOPLE, HEALTHY CULTURE

Timken invests in programs that support and encourage personal health and wellness among associates.

To help enable our associates to practice good health, we provide resources that address such important health matters as nutrition, physical activity and weight management. In the U.S., we sponsor health fairs, provide health risk assessments and offer disease management programs. We communicate regularly with global associates through “Be Well” articles, tips, and “brown bag” lunches that span a variety of health and wellness topics.

One of Timken’s signature wellness programs, Active for Life, involves a global partnership with the American Cancer Society. The annual 10-week program focuses on physical fitness and nutrition to drive healthy lifestyles. In 2008, more than 2,000 associates at 18 global locations participated.

Smoking cessation programs in Brazil, Canada, France, Germany, Poland, Romania, South Africa, and the U.S. help associates improve personal health. To date, more than 300 Timken associates and spouses have used the American Cancer Society’s Quitline program to help them break their smoking habit.



DIVERSITY AND GLOBAL INCLUSION

Having a diverse, global workforce and inclusive work environment is helping Timken to compete better around the world with innovative business and product solutions. Our 25,000 global associates represent a variety of cultural backgrounds, education levels and thinking styles – and this unique mix makes a substantial contribution to our success.

Over the past two years, Timken has developed a leadership structure to ensure that we design and implement strategies to support business objectives in four critical areas: work-force, workplace, marketplace and value creation.

In 2008, we piloted the foundational course of our curriculum, “Growth and Optimization through Global Inclusion,” in December; it’s set to launch globally in 2009. We also began implementing GlobeSmart, an online learning tool available to all Timken associates that provides information about conducting business effectively with people from more than 50 countries. Once fully deployed, our training resources should help Timken associates to better understand and practice inclusive behaviors.

PROFESSIONAL DEVELOPMENT AND ADVANCEMENT

We support the professional development and advancement of Timken associates in various ways, including talent-management systems and processes, learning and development opportunities and tuition reimbursement. We consider this a win-win investment, with associates progressing to more challenging and satisfying work, while the company benefits by having the knowledge, skills and leadership capabilities essential for growth.

As we develop the talent that exists within the organization, we continually measure and position our people within the organization through strategic succession planning and performance management. Our aim is to help associates and the company grow together to meet the needs of the business. Timken’s culture of limitless learning, creativity and problem solving is what originally attracted many associates to the company and has kept them here throughout their careers.

Creating

**an inclusive work environment to retain
and fully leverage our global
workforce.**





TALENT MANAGEMENT AND LEARNING

One of our most distinguished training and development practices involves our sales, service, application and design engineer training program. This intensive program takes new Timken associates out of the workplace and puts them in months-long training sessions that help them become well-versed in the products and services we offer. The training includes core business learning objectives as well as business unit and function-specific information. Since 2007, we have trained approximately 176 global associates.

We also support manufacturing leadership development with Timken's Manufacturing Academy. Over the past six years, approximately 200 associates have taken two weeks away from day-to-day work obligations to engage in business simulations and manufacturing-related classes dealing with subjects such as business economics, customer satisfaction, quality and culture building. The academy gives prospective Timken leaders an opportunity to run a manufacturing plant – and the skills and mindset to make it succeed. In 2008, we increased our talent development efforts abroad by hosting our first Asia Operations Academy. This two-week program in Wuxi, China, focused on building and strengthening our leadership pipeline for manufacturing operations in Asia. Twenty-six associates from China and India participated in the academy, learning about Timken's manufacturing and supply chain strategies, lean enterprise, quality, and key leadership competencies.

In 2007, we launched Timken University, an online resource for instructor-led courses and self-directed learning. With future plans to expand globally, Timken University offers an array of courses in multiple languages to associates around the world, covering topics as diverse as Timken's products and services to management and technical skills.

Another way in which we support the professional and educational development of our associates is through tuition reimbursement. We provide financial assistance to any U.S. Timken associate with at least one year of service with the company. We support our associates who want to enhance their education by obtaining advanced degrees in fields related to their careers.

We promote continuous
learning
through Timken University
and other programs.

Our associates

volunteer

thousands of hours each year in community service.



SUPPORTING OUR GLOBAL COMMUNITIES

Getting involved in our local communities is a Timken tradition that began with our founder and continues to inspire associates today. Volunteer leadership remains a core part of our community support strategy with all of our top executives expected to be involved in community leadership.

In 1947, the company established the Timken Charitable Trust, a separate charitable fund that is fully funded by donations from The Timken Company. Since its inception, the Trust has made more than \$34 million in community grants. In 1957, the company started the Timken Education Fund to provide college tuition scholarships to the children of Timken associates as a way to encourage excellence in education.

Timken associates provide thousands of volunteer hours to the community through personal endeavors, company-sponsored events and community leadership. In addition, our associates in the U.S. give generously to the United Way through an annual appeal. In China, and in many of our U.S. plant communities, employee engagement teams plan events for associates that often involve volunteer activities.

Our goal is to increase our community engagement by matching future generations of Timken leaders with community leadership opportunities; to continue to encourage employee volunteerism and enhance our community volunteer measurement techniques; and to advance our efforts to strategically integrate community support with our global business priorities.



 **TIMKEN**
Junior Achievement
BY THE LEADER
JA China - Timken
Workshop
做一个...
...
...



Our support for local communities extends globally:

- When a major earthquake struck China's Sichuan Province, near a newly opened Timken facility, the company donated \$100,000 to the China Red Cross to help with urgent recovery and rebuilding efforts. Associates generously gave \$43,000, and Timken matched their donations, bringing total relief support to \$186,000.
- Our associates spend significant volunteer hours with Junior Achievement (JA), helping students at all grade levels. In Canton, Ohio, 30 Timken associates helped adopt an elementary school for a day, teaching students in the "JA in a DAY" program. In China, more than 200 Timken associates have participated in JA tutoring programs, including helping college students improve career skills. In the past year alone, Timken associates worked with nearly 400 students to prepare them for the work world.
- In 2008, more than 50 associates from the Timken facility in Bangalore, India, joined hands with Habitat for Humanity's IndiaBUILDS Campaign to construct decent and affordable homes for local families in need. At our corporate headquarters in Canton, Ohio, we built our 10th Habitat for Humanity house with sponsorship from the Timken Charitable Trust and the dedication of more than 100 volunteers.
- With grants from The Timken Company Charitable Trust and corporate donations, we support a variety of programs that enhance education, advance economic development, and improve the quality of life for families in the communities in which we operate. In 2008, we donated more than \$2 million to non-profit organizations globally. Additionally, our associates also supported such organizations with personal donations. Our associates in Canton, Ohio, where our corporate headquarters is located, donated more than \$500,000 to local United Way.

Involving

**our associates in local communities
is a Timken tradition.**

Education is a strategic priority in our community engagement. Beyond our work with organizations like Junior Achievement, Timken donates significant resources to research, scholarships and other education-related programs. Our associates volunteer at career and science fairs, host shadow days, and participate in mentoring and tutoring programs. Through an internship program, we help provide financial resources and business experience to students in career fields that support global manufacturing.

Since 1958, we have awarded scholarships through the Timken Education Fund to deserving sons and daughters of Timken associates. Every year, eight students from around the world are selected. Each winner receives a scholarship that covers up to \$30,000 in tuition, fees and books. Timken has awarded 421 scholarships over the past 50 years, totaling more than \$15 million. Winners have attended 85 universities and colleges throughout the U.S.



Our support for education has a special focus in the science, engineering and technical fields:

- In 2008, we provided more than \$500,000 in technology research grants to colleges and universities around the world.
- For the past several years, we have funded a scholarship program in China that supports engineering students at three leading schools: Shanghai Jiao Tong University, Beihang University and Henan University of Science and Technology. Additionally, Timken China sponsors the China Leaders for Manufacturing program in partnership with Shanghai Jiao Tong University to foster future manufacturing talent in China.
- Timken's Art of Engineering program focuses on art and science education to foster innovation. In 2006, we hosted an Art of Engineering competition for university students in China, who created engineering-inspired artwork to compete for a cash prize and a trip to Timken's U.S. headquarters. In 2007, students from Canton, Ohio, participated in Art of Engineering Day at the Canton Museum of Art, with engineers leading lessons and experiments in robotics, electricity, friction and materials.
- Timken associates also get involved in technical education programs all over the world, helping to develop a pipeline of bright, qualified engineers and technical people. Our technology center in Canton hosts an engineering Explorer Post that encourages science education and engineering careers. Our engineering training center in Wuxi, China, supports professional development in engineering. Through the China Leaders for Manufacturing program, Timken provides guest lecturers at local universities and student career days.

Valuing

and supporting science and technology is a core element of our community outreach.

E C O N O M I C I M P A C T S

Despite a challenging economic climate in 2008, Timken achieved records in numerous financial measures, including sales, earnings and cash flow. Still, we were not immune to the crisis that weakened investor confidence and affected our stock price. Our multiyear business strategy to reposition the company for more diversified, profitable growth in industrial markets is focused on the long-term success of the company. See Timken's 2008 Annual Report for more detail.

The direct impact of our operations comes from financial transactions, such as company revenues, employee wages and benefits, purchases, and taxes. In 2008, we paid more than \$1.5 billion in salaries, wages and benefits globally.

Timken's indirect impact on the economy has a much broader reach, including increased productivity and money saved by customers who use Timken's products. Our associates, contractors and suppliers make purchases and investments with their income from Timken that support local housing, food and entertainment industries and more. Further, Timken's research, manufacturing, distribution, sales and other operations create tens of thousands of jobs for suppliers, contractors and ancillary services. In 2008, our global supplier relationships included more than 6,000 suppliers in countries around the world.

We paid more than **\$1.5**
billion
in salaries, wages and benefits
globally in 2008.

FINANCIAL SUMMARY

	2008	2007
(Dollars in thousands, except per share data)		
Net sales	\$5,663,660	\$5,236,020
Income from continuing operations	267,670	219,389
Income from discontinued operations*	-	665
Net income	\$ 267,670	\$ 220,054
Earnings per share from continuing operations – diluted	\$ 2.78	\$ 2.29
Net income per share – diluted	\$ 2.78	\$ 2.30
Dividends per share	\$.70	\$.66

* Income from discontinued operations is related to the sale of the Latrobe Steel Company in December 2006.





Mixed Sources

Product group from well-managed forests, controlled sources and recycled wood or fibre
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