

# TO OUR SHAREHOLDERS:

TODAY, THE TIMKEN COMPANY STANDS STRONG, WITH ANOTHER YEAR OF PERFORMANCE ACHIEVEMENTS THAT UNDERSCORE THE MAGNITUDE OF OUR TRANSFORMATION.

OVER THE LAST DECADE, WE SHARPENED OUR STRATEGIC FOCUS AND GREW PROFITABLY WITH A MORE ATTRACTIVE PORTFOLIO. OUR EVOLUTION EXPANDED OUR FIELD OF VISION FROM A RELATIVELY NARROW PRODUCT VIEW WITH SOMEWHAT LIMITED GEOGRAPHIC BREADTH TO A TRULY GLOBAL ENTERPRISE, OFFERING A MORE ROBUST PRODUCT PORTFOLIO ORGANIZED AROUND RAPIDLY GROWING, DIVERSIFIED INDUSTRIAL MARKETS.

WE CONTINUE TO APPLY OUR ENGINEERING KNOW-HOW, BUT TODAY CREATE SUBSTANTIAL AND SUSTAINABLE VALUE IN COUNTLESS NEW WAYS.

FOR OUR CUSTOMERS AND OUR SHAREHOLDERS ALIKE, TIMKEN WORKS DILIGENTLY TO PROVIDE RELIABLE PERFORMANCE WITH EXCELLENT PROSPECTS FOR ONGOING GROWTH AND STABILITY, DESPITE THE INEVITABLE SWINGS IN THE GLOBAL ECONOMY.

**B**y nearly every measure, 2011 stands out as a banner year for Timken. We delivered record results, recovering from the downturn faster than any other time in the company's history. By August, our earnings surpassed all previous years, and we ended the year by setting new records on many fronts: sales, gross profit, net income and earnings per share, as well as in safety, productivity, shipments and customer service.

We experienced unprecedented demand, particularly for our Steel business, which stands distinctly apart from other steelmakers. Our ability to produce custom-designed steels used in demanding mechanical applications flows from our metallurgical prowess and unparalleled know-how. This allows us to differentiate components and systems with strength where it matters. More than half of our specialized steel products cannot be competitively replicated elsewhere in North America.

*The company's new revolutionary ADAPT bearings feature a unique design that provides optimal ease of installation, reliability and performance for metal-industry manufacturers.*

*Augers, new to the Timken product portfolio, strengthen the world's most respected heavy equipment and consumer brands.*