

TIMKEN®

Market

Timken works with customers to solve problems that help move the world. From a half-ounce bearing that measures 0.1" in diameter to a nine-ton bearing that's large enough to walk through, Timken® products are everywhere you turn; in applications as everyday as trucks and trains; as critical as artificial hearts and the space station and as fun as roller coasters and racecars.

The company's dedication to improving customer performance by applying its knowledge of friction management and power transmission has built one of America's greatest industrial brands. Often described as a bearing and steel manufacturer, customers turn to Timken more for its ability to solve engineering challenges.

The company invests more than Rs. 2,225 million (US\$ 50.57 million) annually in R&D at its ten research facilities around the world. That commitment to innovation, quality and problem solving is what differentiates the Timken brand in the global marketplace. While bearings and steel remain the core product lines manufactured in its 65 plants around the world, the Timken® brand has expanded to include a growing selection of related products, including steel components, lubricants, sensors, seals and assemblies that feature bearings as the key component.



As a result, the brand pulled in US\$ 4.5 billion (Rs. 198 billion) in sales in 2004. Timken's 26,000 employees in 27 countries serve every major industry, including automotive, aerospace, consumer products, drilling, heavy industry, machine tools, off-highway, power transmission, rail and industrial distribution.

Achievements

Timken has been a business leader throughout its history. Technologically, the company has been at the forefront in friction management innovations. Henry Timken, the company's founder, patented the tapered roller bearing in 1898. The company also earned the patent for the original drawn-cup needle bearing. Both of these innovations changed the industrial world by managing friction in ways that improved the performance of customers' operations and products. Both of those inventions are vital to industry, even today.

Timken sets the standard for quality in its product lines. In 2004, customers granted Timken more than 300 quality awards.

The greatest single change in the company's history was the 2003 acquisition of The Torrington Company. With this one event, the Timken brand stretched to new products, new services and new markets. The acquisition also served shareholders well by growing earnings within the first year.

The people at Timken also have been recognised in the business world. Timken founders are in the Automotive Hall of Fame and the National Inventors Hall of Fame. In fact, Timken research scientists have earned more than a thousand patents. In more recent years, the company has grown to become one of the three largest bearing companies in the world.

Timken is recognised not only as one of America's best-managed companies (Forbes 2005 Best Big Companies list) but also as one of its best corporate citizens (BusinessEthics magazine, 2004).

In India, Timken won the Frost & Sullivan-IMEA Award for its Lean Six Sigma initiatives in 2004. It was also named Exporter of the Year 2005 by the Export Promotion Council Board.

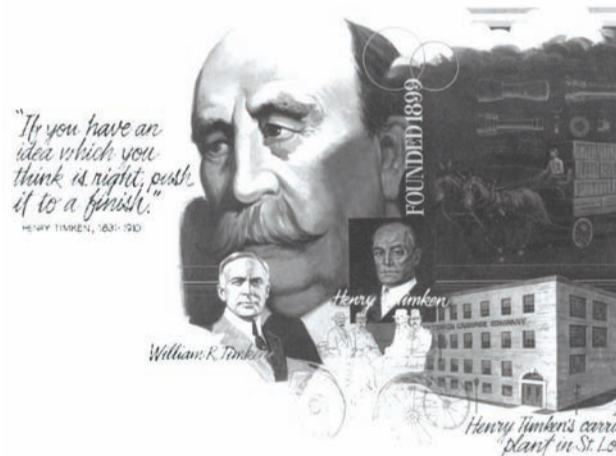
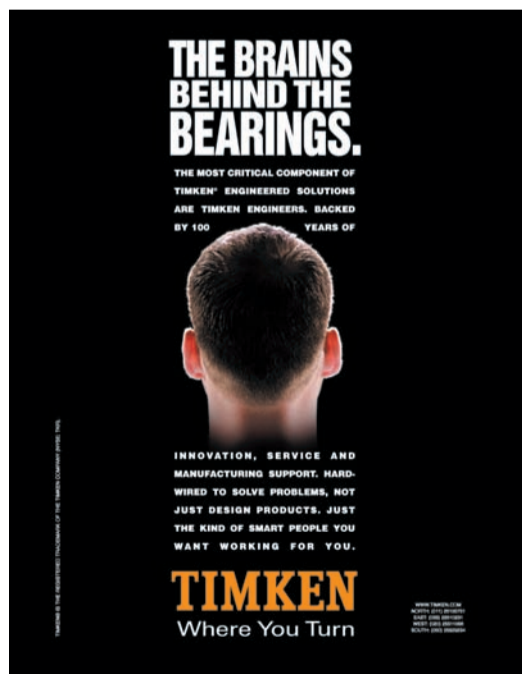
History

The company's life spans more than 100 years of industrial leadership. Timken has survived and thrived in industries where international



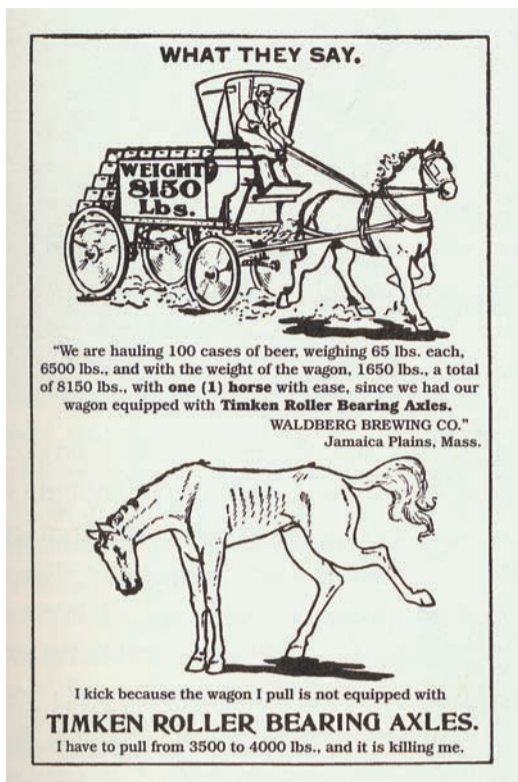
competition and restructuring have been particularly intense. Timken represents a clear case in which a strong brand backed by timely and sustained investments in its core businesses has been a critical factor in success and longevity. As a result, its history is linked with the major technological and institutional developments that have shaped the modern age.

Headquartered in Canton, Ohio, US, Timken began manufacturing bearings in 1899. The company set itself apart by vertical integration into steel in 1916. Timken led the bearings industry into automated mass production. Then, in the early 1980s, when seriously challenged by foreign-based competitors, Timken doubled its



investment in R&D and built a state-of-the-art steel mill in its hometown. Today, the tables are turned and Timken challenges its competitors in their home markets. The company grew by 50% when it acquired The Torrington Company in 2003 and continues to grow in sales around the world. Both the distinctiveness and the strength of the company's character have derived largely from the sustained role of its founding family.

Five generations of Timkens have maintained a financial stake and provided the company with sound leadership.



Product

More than 100 years ago, Henry Timken envisioned a business built on solving an age-old technical problem: friction, the force that impedes the motion of objects in contact with each other.

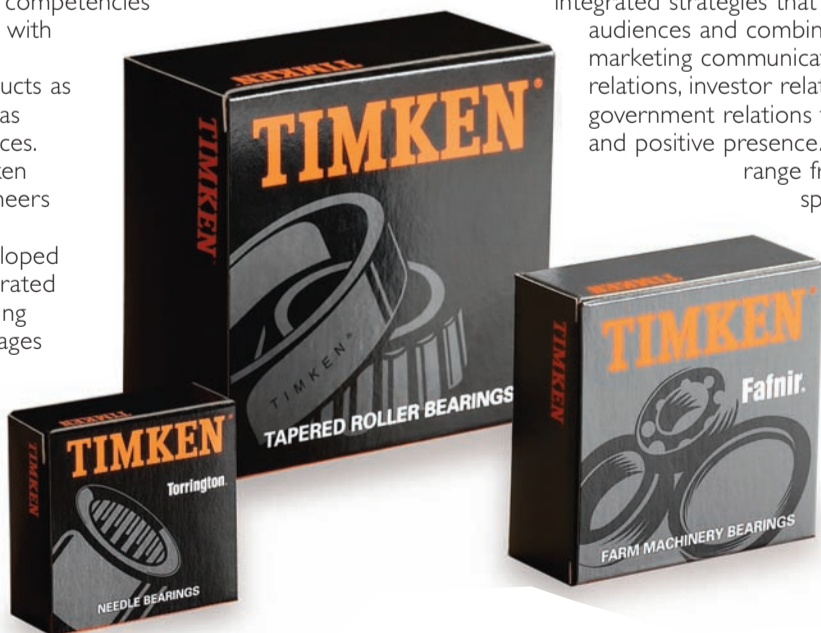
"The man who could devise something that would reduce friction fundamentally would achieve something of real value to the world," he observed. The first Timken bearing was designed for the wheels of a horse-drawn wagon. Today, the Timken brand and its Torrington and Fafnir sub-brands represent original equipment and replacement bearings for applications with far greater horsepower. Timken's range of over 30,000 bearings and integrated assemblies are found in passenger cars, trucks and trailers; in axles and wheels; and in transmissions, transaxles, continuously variable transmissions and steering systems.

Timken provides original equipment and replacement bearings for a variety of industrial markets. While antifriction bearings – including tapered, needle, spherical, cylindrical and ball bearings – continue to be a core product line, the brand has stretched to include related parts and services, such as bearing repair.

Timken provides alloy and specialty steel in the form of bars, tubing or precision steel components for bearing manufacturers, oil and gas drilling applications, aircraft engines and a variety of automotive applications.

Recent Developments

Timken innovation has built upon its core competencies both with new products as well as services. Timken engineers have developed integrated bearing packages



that include sensors that monitor speed, temperature and vibration data. Data from these 'smart bearings' is transmitted to antilock braking, traction control and other on-board systems in automotive applications.

A related development is condition-monitoring systems for industrial equipment. Working closely with customer design teams, Timken engineers have developed innovations such as fuel-efficient bearings and active differentials that contribute to an automobile's performance, handling and efficiency. They have also developed a line of surface enhancement technologies that improve the efficiency of customer applications that have moving parts.

Timken recently launched its own line of premium bearing lubricants as well as a line of devices that automatically dispense these products into industrial equipment.

Timken R&D engineers offer a range of general technical services tailored to the needs of the customer – from prototype development to application testing. One of Timken's most innovative services – MillTec on-site maintenance services – has met immense success in the world-class, cold and hot rolling mills in India.

In 2004, Timken unveiled its state-of-the-art engineering research facility at Bangalore, India. This seven-acre campus brings unbeatable innovation to customers around the world in all segments. Its engineers often work with customers on models due out several years in the future, for more efficient and sustainable friction management solutions.

Promotion

From its earliest days, the company has marketed the Timken brand in innovative ways. Initially, when the company was establishing its brand and the credibility of its new technology, Timken staged promotional events and heavily advertised in trade publications. When, for instance, the company decided to enter the rail bearing market, it launched a high-profile initiative to build its own locomotive. The Four Aces, as it was named, was unveiled in 1930 when four women in high heels almost effortlessly pulled the locomotive down a track to demonstrate how much Timken bearings reduced the friction in the wheels.

In more recent years, however, the company has supported its powerful brand with integrated strategies that touch all key audiences and combine the efforts of marketing communications, community relations, investor relations and government relations to create a strong and positive presence. Promotions range from motor sports sponsorships in places such as Brazil, which offer a live product demonstration; and technical seminars in countries such as India, where the company is still building the brand through core

advertising, media relations, trade fairs and technical materials for all markets.

Timken is also an active corporate citizen in the regions in which it operates, supporting local community, academic and charitable initiatives. From its support of local United Way campaigns to its sponsorship of the 2007 Special Olympics in China, Timken has a reputation for its commitment to people. Timken is a leader in industry associations.

Brand Values

The heart of the brand still lies in the words of the company's founder, Henry Timken: "If you want to lead in any line you must bring to it independence of thought, unfailing industry, aggression and indomitable purpose. If you have an idea which you think is right, push it to a finish. . . . But above all, don't set your name to anything you will ever have cause to be ashamed of."

That spirit is alive today in customers' perceptions of Timken. The brand is recognised for expertise in friction management and power transmission and for its partnerships with customers to solve their toughest problems. Behind that approach are the core values that its employees, customers and suppliers recognise: ethics and integrity, perpetual innovation, independence of thought and the highest quality.

A dedication to these brand values has been at the root of Timken's success. The company uses the brand, its most valuable asset, to achieve its vision of growing through unparalleled value and innovation.

www.timken.com

THINGS YOU DIDN'T KNOW ABOUT

Timken

- More than a century ago, Timken's founder patented the tapered roller bearing; the company is still the leading manufacturer of this product today.
- Bearings are all around us – in transportation on the road and in the air, in our computers, in our appliances . . . even in artificial hearts and dental drills.
- NASA space ships on Mars are fitted with Timken bearings.
- 95% of all commercial aircraft land on Timken bearings.
- In India, Timken was the first to introduce holographic pouches to encourage the purchase of genuine products in the automotive aftermarket. Such packaging has since become the norm.
- The world's most prestigious railway projects – the ICE in Germany, TGV in France and the Delhi Metro in India – are all fitted with Timken bearings.
- The Timken Foundation, a charity organisation owned by the Timken family, has contributed over Rs. 10 billion (US\$ 227.27 million) globally to communities where Timken is present, including funding projects worth over Rs. 90 million (US\$ 2 million) in India.